



Rep. Keith Wheeler

Filed: 4/17/2015

09900HB1715ham001

LRB099 06703 HLH 34044 a

1 AMENDMENT TO HOUSE BILL 1715

2 AMENDMENT NO. _____. Amend House Bill 1715 by replacing
3 everything after the enacting clause with the following:

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

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

16 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of adjusted gross income, except
4 stock dividends of qualified public utilities
5 described in Section 305(e) of the Internal Revenue
6 Code;

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 adjusted gross income for the
10 taxable year;

11 (C) An amount equal to the amount received during
12 the taxable year as a recovery or refund of real
13 property taxes paid with respect to the taxpayer's
14 principal residence under the Revenue Act of 1939 and
15 for which a deduction was previously taken under
16 subparagraph (L) of this paragraph (2) prior to July 1,
17 1991, the retrospective application date of Article 4
18 of Public Act 87-17. In the case of multi-unit or
19 multi-use structures and farm dwellings, the taxes on
20 the taxpayer's principal residence shall be that
21 portion of the total taxes for the entire property
22 which is attributable to such principal residence;

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

1 (D-5) An amount, to the extent not included in
2 adjusted gross income, equal to the amount of money
3 withdrawn by the taxpayer in the taxable year from a
4 medical care savings account and the interest earned on
5 the account in the taxable year of a withdrawal
6 pursuant to subsection (b) of Section 20 of the Medical
7 Care Savings Account Act or subsection (b) of Section
8 20 of the Medical Care Savings Account Act of 2000;

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

14 (D-15) For taxable years beginning on or after
15 January 1, 2001 and ending prior to December 31, 2015
16 ~~2001 and thereafter~~, an amount equal to the bonus
17 depreciation deduction taken on the taxpayer's federal
18 income tax return for the taxable year under subsection
19 (k) of Section 168 of the Internal Revenue Code;

20 (D-16) 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 the aggregate amount of the
25 deductions taken in all taxable years under
26 subparagraph (Z) with respect to that property.

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

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

11 (D-17) An amount equal to the amount otherwise
12 allowed as a deduction in computing base income for
13 interest paid, accrued, or incurred, directly or
14 indirectly, (i) for taxable years ending on or after
15 December 31, 2004, to a foreign person who would be a
16 member of the same unitary business group but for the
17 fact that foreign person's business activity outside
18 the United States is 80% or more of the foreign
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. The addition modification

1 required by this subparagraph shall be reduced to the
2 extent that dividends were included in base income of
3 the unitary group for the same taxable year and
4 received by the taxpayer or by a member of the
5 taxpayer's unitary business group (including amounts
6 included in gross income under Sections 951 through 964
7 of the Internal Revenue Code and amounts included in
8 gross income under Section 78 of the Internal Revenue
9 Code) with respect to the stock of the same person to
10 whom the interest was paid, accrued, or incurred.

11 This paragraph shall not apply to the following:

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

18 (ii) an item of interest paid, accrued, or
19 incurred, directly or indirectly, to a person if
20 the taxpayer can establish, based on a
21 preponderance of the evidence, both of the
22 following:

23 (a) the person, during the same taxable
24 year, paid, accrued, or incurred, the interest
25 to a person that is not a related member, and

26 (b) the transaction giving rise to the

1 interest expense between the taxpayer and the
2 person did not have as a principal purpose the
3 avoidance of Illinois income tax, and is paid
4 pursuant to a contract or agreement that
5 reflects an arm's-length interest rate and
6 terms; or

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

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

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

1 by which the Department will utilize its authority
2 under Section 404 of this Act;

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

1 Section 78 of the Internal Revenue Code) with respect
2 to the stock of the same person to whom the intangible
3 expenses and costs were directly or indirectly paid,
4 incurred, or accrued. The preceding sentence does not
5 apply to the extent that the same dividends caused a
6 reduction to the addition modification required under
7 Section 203(a)(2)(D-17) of this Act. As used in this
8 subparagraph, the term "intangible expenses and costs"
9 includes (1) expenses, losses, and costs for, or
10 related to, the direct or indirect acquisition, use,
11 maintenance or management, ownership, sale, exchange,
12 or any other disposition of intangible property; (2)
13 losses incurred, directly or indirectly, from
14 factoring transactions or discounting transactions;
15 (3) royalty, patent, technical, and copyright fees;
16 (4) licensing fees; and (5) other similar expenses and
17 costs. For purposes of this subparagraph, "intangible
18 property" includes patents, patent applications, trade
19 names, trademarks, service marks, copyrights, mask
20 works, trade secrets, and similar types of intangible
21 assets.

22 This paragraph shall not apply to the following:

23 (i) any item of intangible expenses or costs
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a person who is
26 subject in a foreign country or state, other than a

1 state which requires mandatory unitary reporting,
2 to a tax on or measured by net income with respect
3 to such item; or

4 (ii) any item of intangible expense or cost
5 paid, accrued, or incurred, directly or
6 indirectly, if the taxpayer can establish, based
7 on a preponderance of the evidence, both of the
8 following:

9 (a) the person during the same taxable
10 year paid, accrued, or incurred, the
11 intangible expense or cost to a person that is
12 not a related member, and

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

20 (iii) any item of intangible expense or cost
21 paid, accrued, or incurred, directly or
22 indirectly, from a transaction with a person if the
23 taxpayer establishes by clear and convincing
24 evidence, that the adjustments are unreasonable;
25 or if the taxpayer and the Director agree in
26 writing to the application or use of an alternative

1 method of apportionment under Section 304(f);

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

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

1 (including amounts included in gross income under
2 Sections 951 through 964 of the Internal Revenue Code
3 and amounts included in gross income under Section 78
4 of the Internal Revenue Code) with respect to the stock
5 of the same person to whom the premiums and costs were
6 directly or indirectly paid, incurred, or accrued. The
7 preceding sentence does not apply to the extent that
8 the same dividends caused a reduction to the addition
9 modification required under Section 203(a)(2)(D-17) or
10 Section 203(a)(2)(D-18) of this Act.

11 (D-20) For taxable years beginning on or after
12 January 1, 2002 and ending on or before December 31,
13 2006, in the case of a distribution from a qualified
14 tuition program under Section 529 of the Internal
15 Revenue Code, other than (i) a distribution from a
16 College Savings Pool created under Section 16.5 of the
17 State Treasurer Act or (ii) a distribution from the
18 Illinois Prepaid Tuition Trust Fund, an amount equal to
19 the amount excluded from gross income under Section
20 529(c)(3)(B). For taxable years beginning on or after
21 January 1, 2007, in the case of a distribution from a
22 qualified tuition program under Section 529 of the
23 Internal Revenue Code, other than (i) a distribution
24 from a College Savings Pool created under Section 16.5
25 of the State Treasurer Act, (ii) a distribution from
26 the Illinois Prepaid Tuition Trust Fund, or (iii) a

1 distribution from a qualified tuition program under
2 Section 529 of the Internal Revenue Code that (I)
3 adopts and determines that its offering materials
4 comply with the College Savings Plans Network's
5 disclosure principles and (II) has made reasonable
6 efforts to inform in-state residents of the existence
7 of in-state qualified tuition programs by informing
8 Illinois residents directly and, where applicable, to
9 inform financial intermediaries distributing the
10 program to inform in-state residents of the existence
11 of in-state qualified tuition programs at least
12 annually, an amount equal to the amount excluded from
13 gross income under Section 529(c)(3)(B).

14 For the purposes of this subparagraph (D-20), a
15 qualified tuition program has made reasonable efforts
16 if it makes disclosures (which may use the term
17 "in-state program" or "in-state plan" and need not
18 specifically refer to Illinois or its qualified
19 programs by name) (i) directly to prospective
20 participants in its offering materials or makes a
21 public disclosure, such as a website posting; and (ii)
22 where applicable, to intermediaries selling the
23 out-of-state program in the same manner that the
24 out-of-state program distributes its offering
25 materials;

26 (D-21) For taxable years beginning on or after

1 January 1, 2007, in the case of transfer of moneys from
2 a qualified tuition program under Section 529 of the
3 Internal Revenue Code that is administered by the State
4 to an out-of-state program, an amount equal to the
5 amount of moneys previously deducted from base income
6 under subsection (a) (2) (Y) of this Section;

7 (D-22) For taxable years beginning on or after
8 January 1, 2009, in the case of a nonqualified
9 withdrawal or refund of moneys from a qualified tuition
10 program under Section 529 of the Internal Revenue Code
11 administered by the State that is not used for
12 qualified expenses at an eligible education
13 institution, an amount equal to the contribution
14 component of the nonqualified withdrawal or refund
15 that was previously deducted from base income under
16 subsection (a) (2) (y) of this Section, provided that
17 the withdrawal or refund did not result from the
18 beneficiary's death or disability;

19 (D-23) An amount equal to the credit allowable to
20 the taxpayer under Section 218(a) of this Act,
21 determined without regard to Section 218(c) of this
22 Act;

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

25 (E) For taxable years ending before December 31,
26 2001, any amount included in such total in respect of

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

1 December 31, 2007, the National Guard of any other
2 state. The provisions of this subparagraph (E) are
3 exempt from the provisions of Section 250;

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

15 (G) The valuation limitation amount;

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

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

24 (J) An amount equal to those dividends included in
25 such total which were paid by a corporation which
26 conducts business operations in a River Edge

1 Redevelopment Zone or zones created under the River
2 Edge Redevelopment Zone Act, and conducts
3 substantially all of its operations in a River Edge
4 Redevelopment Zone or zones. This subparagraph (J) is
5 exempt from the provisions of Section 250;

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

15 (L) For taxable years ending after December 31,
16 1983, an amount equal to all social security benefits
17 and railroad retirement benefits included in such
18 total pursuant to Sections 72(r) and 86 of the Internal
19 Revenue Code;

20 (M) With the exception of any amounts subtracted
21 under subparagraph (N), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a) (2), and 265(2) of the Internal Revenue Code,
24 and all amounts of expenses allocable to interest and
25 disallowed as deductions by Section 265(1) of the
26 Internal Revenue Code; and (ii) for taxable years

1 ending on or after August 13, 1999, Sections 171(a)(2),
2 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue
3 Code, plus, for taxable years ending on or after
4 December 31, 2011, Section 45G(e)(3) of the Internal
5 Revenue Code and, for taxable years ending on or after
6 December 31, 2008, any amount included in gross income
7 under Section 87 of the Internal Revenue Code; the
8 provisions of this subparagraph are exempt from the
9 provisions of Section 250;

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

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

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

1 taken from adjusted gross income in the computation of
2 taxable income for restoration of substantial amounts
3 held under claim of right for the taxable year;

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

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

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

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

26 (U) For one taxable year beginning on or after

1 January 1, 1994, an amount equal to the total amount of
2 tax imposed and paid under subsections (a) and (b) of
3 Section 201 of this Act on grant amounts received by
4 the taxpayer under the Nursing Home Grant Assistance
5 Act during the taxpayer's taxable years 1992 and 1993;

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

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

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

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

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

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

1 years beginning on or after January 1, 2005, a maximum
2 of \$10,000 contributed in the taxable year to (i) a
3 College Savings Pool account under Section 16.5 of the
4 State Treasurer Act or (ii) the Illinois Prepaid
5 Tuition Trust Fund, except that amounts excluded from
6 gross income under Section 529(c)(3)(C)(i) of the
7 Internal Revenue Code shall not be considered moneys
8 contributed under this subparagraph (Y). For purposes
9 of this subparagraph, contributions made by an
10 employer on behalf of an employee, or matching
11 contributions made by an employee, shall be treated as
12 made by the employee. This subparagraph (Y) is exempt
13 from the provisions of Section 250;

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

20 (1) "y" equals the amount of the depreciation
21 deduction taken for the taxable year on the
22 taxpayer's federal income tax return on property
23 for which the bonus depreciation deduction ~~was~~
24 taken in any year under subsection (k) of Section
25 168 of the Internal Revenue Code was required to be
26 added back under subparagraph (D-15), but not

1 including the bonus depreciation deduction;

2 (2) for taxable years ending on or before
3 December 31, 2005, "x" equals "y" multiplied by 30
4 and then divided by 70 (or "y" multiplied by
5 0.429); and

6 (3) for taxable years ending after December
7 31, 2005:

8 (i) for property on which a bonus
9 depreciation deduction of 30% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 30 and then divided by 70 (or "y" multiplied by
12 0.429); and

13 (ii) for property on which a bonus
14 depreciation deduction of 50% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 1.0.

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

26 (AA) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (D-15), then
4 an amount equal to that addition modification.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which the
7 taxpayer may claim a depreciation deduction for
8 federal income tax purposes and for which the taxpayer
9 was required in any taxable year to make an addition
10 modification under subparagraph (D-15), then an amount
11 equal to that addition modification.

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

15 This subparagraph (AA) is exempt from the
16 provisions of Section 250;

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

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

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

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

1 taxable year under Section 203(a)(2)(D-17) for
2 interest paid, accrued, or incurred, directly or
3 indirectly, to the same person. This subparagraph (DD)
4 is exempt from the provisions of Section 250;

5 (EE) An amount equal to the income from intangible
6 property taken into account for the taxable year (net
7 of the 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-18) for
22 intangible expenses and costs paid, accrued, or
23 incurred, directly or indirectly, to the same foreign
24 person. This subparagraph (EE) is exempt from the
25 provisions of Section 250;

26 (FF) An amount equal to any amount awarded to the

1 taxpayer during the taxable year by the Court of Claims
2 under subsection (c) of Section 8 of the Court of
3 Claims Act for time unjustly served in a State prison.
4 This subparagraph (FF) is exempt from the provisions of
5 Section 250; and

6 (GG) For taxable years ending on or after December
7 31, 2011, in the case of a taxpayer who was required to
8 add back any insurance premiums under Section
9 203(a)(2)(D-19), such taxpayer may elect to subtract
10 that part of a reimbursement received from the
11 insurance company equal to the amount of the expense or
12 loss (including expenses incurred by the insurance
13 company) that would have been taken into account as a
14 deduction for federal income tax purposes if the
15 expense or loss had been uninsured. If a taxpayer makes
16 the election provided for by this subparagraph (GG),
17 the insurer to which the premiums were paid must add
18 back to income the amount subtracted by the taxpayer
19 pursuant to this subparagraph (GG). This subparagraph
20 (GG) is exempt from the provisions of Section 250.

21 (b) Corporations.

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

25 (2) Modifications. The taxable income referred to in

1 paragraph (1) shall be modified by adding thereto the sum
2 of the following amounts:

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

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

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

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

25 (E) For taxable years in which a net operating loss
26 carryback or carryforward from a taxable year ending

1 prior to December 31, 1986 is an element of taxable
2 income under paragraph (1) of subsection (e) or
3 subparagraph (E) of paragraph (2) of subsection (e),
4 the amount by which addition modifications other than
5 those provided by this subparagraph (E) exceeded
6 subtraction modifications in such earlier taxable
7 year, with the following limitations applied in the
8 order that they are listed:

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

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

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

1 independently under the preceding provisions of this
2 subparagraph (E) for each such taxable year;

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

8 (E-10) For taxable years beginning on or after
9 January 1, 2001 and ending prior to December 31, 2015
10 ~~2001 and thereafter~~, an amount equal to the bonus
11 depreciation deduction taken on the taxpayer's federal
12 income tax return for the taxable year under subsection
13 (k) of Section 168 of the Internal Revenue Code;

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

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 allowed in any taxable year to make a subtraction
26 modification under subparagraph (T), then an amount

1 equal to that subtraction modification.

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

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

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

6 This paragraph shall not apply to the following:

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

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

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

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

1 terms; or

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

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

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

24 (E-13) An amount equal to the amount of intangible
25 expenses and costs otherwise allowed as a deduction in
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable
2 years ending on or after December 31, 2004, to a
3 foreign person who would be a member of the same
4 unitary business group but for the fact that the
5 foreign person's business activity outside the United
6 States is 80% or more of that person's total business
7 activity and (ii) for taxable years ending on or after
8 December 31, 2008, to a person who would be a member of
9 the same unitary business group but for the fact that
10 the person is prohibited under Section 1501(a)(27)
11 from being included in the unitary business group
12 because he or she is ordinarily required to apportion
13 business income under different subsections of Section
14 304. The addition modification required by this
15 subparagraph shall be reduced to the extent that
16 dividends were included in base income of the unitary
17 group for the same taxable year and received by the
18 taxpayer or by a member of the taxpayer's unitary
19 business group (including amounts included in gross
20 income pursuant to Sections 951 through 964 of the
21 Internal Revenue Code and amounts included in gross
22 income under Section 78 of the Internal Revenue Code)
23 with respect to the stock of the same person to whom
24 the intangible expenses and costs were directly or
25 indirectly paid, incurred, or accrued. The preceding
26 sentence shall not apply to the extent that the same

1 dividends caused a reduction to the addition
2 modification required under Section 203(b)(2)(E-12) of
3 this Act. As used in this subparagraph, the term
4 "intangible expenses and costs" includes (1) expenses,
5 losses, and costs for, or related to, the direct or
6 indirect acquisition, use, maintenance or management,
7 ownership, sale, exchange, or any other disposition of
8 intangible property; (2) losses incurred, directly or
9 indirectly, from factoring transactions or discounting
10 transactions; (3) royalty, patent, technical, and
11 copyright fees; (4) licensing fees; and (5) other
12 similar expenses and costs. For purposes of this
13 subparagraph, "intangible property" includes patents,
14 patent applications, trade names, trademarks, service
15 marks, copyrights, mask works, trade secrets, and
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

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

25 (ii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

1 indirectly, if the taxpayer can establish, based
2 on a preponderance of the evidence, both of the
3 following:

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

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

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

23 Nothing in this subsection shall preclude the
24 Director from making any other adjustment
25 otherwise allowed under Section 404 of this Act for
26 any tax year beginning after the effective date of

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

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

1 directly or indirectly paid, incurred, or accrued. The
2 preceding sentence does not apply to the extent that
3 the same dividends caused a reduction to the addition
4 modification required under Section 203(b) (2) (E-12) or
5 Section 203(b) (2) (E-13) of this Act;

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

11 (E-16) An amount equal to the credit allowable to
12 the taxpayer under Section 218(a) of this Act,
13 determined without regard to Section 218(c) of this
14 Act;

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

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 any amount included in such
21 total under Section 78 of the Internal Revenue Code;

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

1 (I) With the exception of any amounts subtracted
2 under subparagraph (J), an amount equal to the sum of
3 all amounts disallowed as deductions by (i) Sections
4 171(a) (2), and 265(a)(2) and amounts disallowed as
5 interest expense by Section 291(a)(3) of the Internal
6 Revenue Code, and all amounts of expenses allocable to
7 interest and disallowed as deductions by Section
8 265(a)(1) of the Internal Revenue Code; and (ii) for
9 taxable years ending on or after August 13, 1999,
10 Sections 171(a)(2), 265, 280C, 291(a)(3), and
11 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
12 for tax years ending on or after December 31, 2011,
13 amounts disallowed as deductions by Section 45G(e)(3)
14 of the Internal Revenue Code and, for taxable years
15 ending on or after December 31, 2008, any amount
16 included in gross income under Section 87 of the
17 Internal Revenue Code and the policyholders' share of
18 tax-exempt interest of a life insurance company under
19 Section 807(a)(2)(B) of the Internal Revenue Code (in
20 the case of a life insurance company with gross income
21 from a decrease in reserves for the tax year) or
22 Section 807(b)(1)(B) of the Internal Revenue Code (in
23 the case of a life insurance company allowed a
24 deduction for an increase in reserves for the tax
25 year); the provisions of this subparagraph are exempt
26 from the provisions of Section 250;

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

10 (K) An amount equal to those dividends included in
11 such total which were paid by a corporation which
12 conducts business operations in a River Edge
13 Redevelopment Zone or zones created under the River
14 Edge Redevelopment Zone Act and conducts substantially
15 all of its operations in a River Edge Redevelopment
16 Zone or zones. This subparagraph (K) is exempt from the
17 provisions of Section 250;

18 (L) 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 (L);

1 (M) For any taxpayer that is a financial
2 organization within the meaning of Section 304(c) of
3 this Act, an amount included in such total as interest
4 income from a loan or loans made by such taxpayer to a
5 borrower, to the extent that such a loan is secured by
6 property which is eligible for the River Edge
7 Redevelopment Zone Investment Credit. To determine the
8 portion of a loan or loans that is secured by property
9 eligible for a Section 201(f) investment credit to the
10 borrower, the entire principal amount of the loan or
11 loans between the taxpayer and the borrower should be
12 divided into the basis of the Section 201(f) investment
13 credit property which secures the loan or loans, using
14 for this purpose the original basis of such property on
15 the date that it was placed in service in the River
16 Edge Redevelopment Zone. The subtraction modification
17 available to taxpayer in any year under this subsection
18 shall be that portion of the total interest paid by the
19 borrower with respect to such loan attributable to the
20 eligible property as calculated under the previous
21 sentence. This subparagraph (M) is exempt from the
22 provisions of Section 250;

23 (M-1) For any taxpayer that is a financial
24 organization within the meaning of Section 304(c) of
25 this Act, an amount included in such total as interest
26 income from a loan or loans made by such taxpayer to a

1 borrower, to the extent that such a loan is secured by
2 property which is eligible for the High Impact Business
3 Investment Credit. To determine the portion of a loan
4 or loans that is secured by property eligible for a
5 Section 201(h) investment credit to the borrower, the
6 entire principal amount of the loan or loans between
7 the taxpayer and the borrower should be divided into
8 the basis of the Section 201(h) investment credit
9 property which secures the loan or loans, using for
10 this purpose the original basis of such property on the
11 date that it was placed in service in a federally
12 designated Foreign Trade Zone or Sub-Zone located in
13 Illinois. No taxpayer that is eligible for the
14 deduction provided in subparagraph (M) of paragraph
15 (2) of this subsection shall be eligible for the
16 deduction provided under this subparagraph (M-1). The
17 subtraction modification available to taxpayers in any
18 year under this subsection shall be that portion of the
19 total interest paid by the borrower with respect to
20 such loan attributable to the eligible property as
21 calculated under the previous sentence;

22 (N) Two times any contribution made during the
23 taxable year to a designated zone organization to the
24 extent that the contribution (i) qualifies as a
25 charitable contribution under subsection (c) of
26 Section 170 of the Internal Revenue Code and (ii) must,

1 by its terms, be used for a project approved by the
2 Department of Commerce and Economic Opportunity under
3 Section 11 of the Illinois Enterprise Zone Act or under
4 Section 10-10 of the River Edge Redevelopment Zone Act.
5 This subparagraph (N) is exempt from the provisions of
6 Section 250;

7 (O) An amount equal to: (i) 85% for taxable years
8 ending on or before December 31, 1992, or, a percentage
9 equal to the percentage allowable under Section
10 243(a)(1) of the Internal Revenue Code of 1986 for
11 taxable years ending after December 31, 1992, of the
12 amount by which dividends included in taxable income
13 and received from a corporation that is not created or
14 organized under the laws of the United States or any
15 state or political subdivision thereof, including, for
16 taxable years ending on or after December 31, 1988,
17 dividends received or deemed received or paid or deemed
18 paid under Sections 951 through 965 of the Internal
19 Revenue Code, exceed the amount of the modification
20 provided under subparagraph (G) of paragraph (2) of
21 this subsection (b) which is related to such dividends,
22 and including, for taxable years ending on or after
23 December 31, 2008, dividends received from a captive
24 real estate investment trust; plus (ii) 100% of the
25 amount by which dividends, included in taxable income
26 and received, including, for taxable years ending on or

1 after December 31, 1988, dividends received or deemed
2 received or paid or deemed paid under Sections 951
3 through 964 of the Internal Revenue Code and including,
4 for taxable years ending on or after December 31, 2008,
5 dividends received from a captive real estate
6 investment trust, from any such corporation specified
7 in clause (i) that would but for the provisions of
8 Section 1504 (b) (3) of the Internal Revenue Code be
9 treated as a member of the affiliated group which
10 includes the dividend recipient, exceed the amount of
11 the modification provided under subparagraph (G) of
12 paragraph (2) of this subsection (b) which is related
13 to such dividends. This subparagraph (O) is exempt from
14 the provisions of Section 250 of this Act;

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

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

23 (R) On and after July 20, 1999, in the case of an
24 attorney-in-fact with respect to whom an interinsurer
25 or a reciprocal insurer has made the election under
26 Section 835 of the Internal Revenue Code, 26 U.S.C.

1 835, an amount equal to the excess, if any, of the
2 amounts paid or incurred by that interinsurer or
3 reciprocal insurer in the taxable year to the
4 attorney-in-fact over the deduction allowed to that
5 interinsurer or reciprocal insurer with respect to the
6 attorney-in-fact under Section 835(b) of the Internal
7 Revenue Code for the taxable year; the provisions of
8 this subparagraph are exempt from the provisions of
9 Section 250;

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

20 (T) For taxable years 2001 and thereafter, for the
21 taxable year in which the bonus depreciation deduction
22 is taken on the taxpayer's federal income tax return
23 under subsection (k) of Section 168 of the Internal
24 Revenue Code and for each applicable taxable year
25 thereafter, an amount equal to "x", where:

26 (1) "y" equals the amount of the depreciation

1 deduction taken for the taxable year on the
2 taxpayer's federal income tax return on property
3 for which the bonus depreciation deduction ~~was~~
4 taken in any year under subsection (k) of Section
5 168 of the Internal Revenue Code was required to be
6 added back under subparagraph (E-10), but not
7 including the bonus depreciation deduction;

8 (2) for taxable years ending on or before
9 December 31, 2005, "x" equals "y" multiplied by 30
10 and then divided by 70 (or "y" multiplied by
11 0.429); and

12 (3) for taxable years ending after December
13 31, 2005:

14 (i) for property on which a bonus
15 depreciation deduction of 30% of the adjusted
16 basis was taken, "x" equals "y" multiplied by
17 30 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (ii) for property on which a bonus
20 depreciation deduction of 50% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 1.0.

23 The aggregate amount deducted under this
24 subparagraph in all taxable years for any one piece of
25 property may not exceed the amount of the bonus
26 depreciation deduction taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code that
3 was required to be added back under subparagraph
4 (E-10). This subparagraph (T) is exempt from the
5 provisions of Section 250;

6 (U) If the taxpayer sells, transfers, abandons, or
7 otherwise disposes of property for which the taxpayer
8 was required in any taxable year to make an addition
9 modification under subparagraph (E-10), then an amount
10 equal to that addition modification.

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 required in any taxable year to make an addition
16 modification under subparagraph (E-10), then an amount
17 equal to that addition modification.

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

21 This subparagraph (U) is exempt from the
22 provisions of Section 250;

23 (V) The amount of: (i) any interest income (net of
24 the deductions allocable thereto) taken into account
25 for the taxable year with respect to a transaction with
26 a taxpayer that is required to make an addition

1 modification with respect to such transaction under
2 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
3 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
4 the amount of such addition modification, (ii) any
5 income from intangible property (net of the deductions
6 allocable thereto) taken into account for the taxable
7 year with respect to a transaction with a taxpayer that
8 is required to make an addition modification with
9 respect to such transaction under Section
10 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
11 203(d)(2)(D-8), but not to exceed the amount of such
12 addition modification, and (iii) any insurance premium
13 income (net of deductions allocable thereto) taken
14 into account for the taxable year with respect to a
15 transaction with a taxpayer that is required to make an
16 addition modification with respect to such transaction
17 under Section 203(a)(2)(D-19), Section
18 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
19 203(d)(2)(D-9), but not to exceed the amount of that
20 addition modification. This subparagraph (V) is exempt
21 from the provisions of Section 250;

22 (W) An amount equal to the interest income taken
23 into account for the taxable year (net of the
24 deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but for

1 the fact that the foreign person's business activity
2 outside the United States is 80% or more of that
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, but not to exceed the
11 addition modification required to be made for the same
12 taxable year under Section 203(b)(2)(E-12) for
13 interest paid, accrued, or incurred, directly or
14 indirectly, to the same person. This subparagraph (W)
15 is exempt from the provisions of Section 250;

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

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(b)(2)(E-13) for
7 intangible expenses and costs paid, accrued, or
8 incurred, directly or indirectly, to the same foreign
9 person. This subparagraph (X) is exempt from the
10 provisions of Section 250;

11 (Y) For taxable years ending on or after December
12 31, 2011, in the case of a taxpayer who was required to
13 add back any insurance premiums under Section
14 203(b)(2)(E-14), such taxpayer may elect to subtract
15 that part of a reimbursement received from the
16 insurance company equal to the amount of the expense or
17 loss (including expenses incurred by the insurance
18 company) that would have been taken into account as a
19 deduction for federal income tax purposes if the
20 expense or loss had been uninsured. If a taxpayer makes
21 the election provided for by this subparagraph (Y), the
22 insurer to which the premiums were paid must add back
23 to income the amount subtracted by the taxpayer
24 pursuant to this subparagraph (Y). This subparagraph
25 (Y) is exempt from the provisions of Section 250; and

26 (Z) The difference between the nondeductible

1 controlled foreign corporation dividends under Section
2 965(e) (3) of the Internal Revenue Code over the taxable
3 income of the taxpayer, computed without regard to
4 Section 965(e) (2) (A) of the Internal Revenue Code, and
5 without regard to any net operating loss deduction.
6 This subparagraph (Z) is exempt from the provisions of
7 Section 250.

8 (3) Special rule. For purposes of paragraph (2) (A),
9 "gross income" in the case of a life insurance company, for
10 tax years ending on and after December 31, 1994, and prior
11 to December 31, 2011, shall mean the gross investment
12 income for the taxable year and, for tax years ending on or
13 after December 31, 2011, shall mean all amounts included in
14 life insurance gross income under Section 803(a) (3) of the
15 Internal Revenue Code.

16 (c) Trusts and estates.

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

20 (2) Modifications. Subject to the provisions of
21 paragraph (3), the taxable income referred to in paragraph
22 (1) shall be modified by adding thereto the sum of the
23 following amounts:

24 (A) An amount equal to all amounts paid or accrued
25 to the taxpayer as interest or dividends during the

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

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

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

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

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

26 (i) the addition modification relating to the

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

8 (ii) 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 not exceed the amount of
12 such carryback or carryforward;

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

20 (F) For taxable years ending on or after January 1,
21 1989, an amount equal to the tax deducted pursuant to
22 Section 164 of the Internal Revenue Code if the trust
23 or estate is claiming the same tax for purposes of the
24 Illinois foreign tax credit under Section 601 of this
25 Act;

26 (G) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue
2 Code, to the extent deducted from gross income in the
3 computation of taxable income;

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

9 (G-10) For taxable years beginning on or after
10 January 1, 2001 and ending prior to December 31, 2015
11 ~~2001 and thereafter~~, an amount equal to the bonus
12 depreciation deduction taken on the taxpayer's federal
13 income tax return for the taxable year under subsection
14 (k) of Section 168 of the Internal Revenue Code; and

15 (G-11) 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 (G-10), then
19 an amount equal to the aggregate amount of the
20 deductions taken in all taxable years under
21 subparagraph (R) 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 (R), 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 (G-12) 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 that the foreign person's business activity
13 outside 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;

25 (G-13) 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(c)(2)(G-12) of
4 this Act. As used in this subparagraph, the term
5 "intangible expenses and costs" includes: (1)
6 expenses, losses, and costs for or related to the
7 direct or indirect acquisition, use, maintenance or
8 management, ownership, sale, exchange, or any other
9 disposition of intangible property; (2) losses
10 incurred, directly or indirectly, from factoring
11 transactions or discounting transactions; (3) royalty,
12 patent, technical, and copyright fees; (4) licensing
13 fees; and (5) other similar expenses and costs. For
14 purposes of this subparagraph, "intangible property"
15 includes patents, patent applications, trade names,
16 trademarks, service marks, copyrights, mask works,
17 trade secrets, and 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 (G-14) For taxable years ending on or after
8 December 31, 2008, an amount equal to the amount of
9 insurance premium expenses and costs otherwise allowed
10 as a deduction in computing base income, and that were
11 paid, accrued, or incurred, directly or indirectly, to
12 a 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(c) (2) (G-12) or
6 Section 203(c) (2) (G-13) of this Act;

7 (G-15) An amount equal to the credit allowable to
8 the taxpayer under Section 218(a) of this Act,
9 determined without regard to Section 218(c) of this
10 Act;

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

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

24 (I) The valuation limitation amount;

25 (J) An amount equal to the amount of any tax
26 imposed by this Act which was refunded to the taxpayer

1 and included in such total for the taxable year;

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

13 (L) With the exception of any amounts subtracted
14 under subparagraph (K), an amount equal to the sum of
15 all amounts disallowed as deductions by (i) Sections
16 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
17 and all amounts of expenses allocable to interest and
18 disallowed as deductions by Section 265(1) of the
19 Internal Revenue Code; and (ii) for taxable years
20 ending on or after August 13, 1999, Sections 171(a) (2),
21 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
22 Code, plus, (iii) for taxable years ending on or after
23 December 31, 2011, Section 45G(e) (3) of the Internal
24 Revenue Code and, for taxable years ending on or after
25 December 31, 2008, any amount included in gross income
26 under Section 87 of the Internal Revenue Code; the

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

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

11 (N) An amount equal to any contribution made to a
12 job training project established pursuant to the Tax
13 Increment Allocation Redevelopment Act;

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

23 (P) An amount equal to the amount of the deduction
24 used to compute the federal income tax credit for
25 restoration of substantial amounts held under claim of
26 right for the taxable year pursuant to Section 1341 of

1 the Internal Revenue Code;

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

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

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

15 (1) "y" equals the amount of the depreciation
16 deduction taken for the taxable year on the
17 taxpayer's federal income tax return on property
18 for which the bonus depreciation deduction ~~was~~
19 taken in any year under subsection (k) of Section
20 168 of the Internal Revenue Code was required to be
21 added back under subparagraph (G-10), but not
22 including 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 that
18 was required to be added back under subparagraph
19 (G-10). This subparagraph (R) is exempt from the
20 provisions of Section 250;

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

26 If the taxpayer continues to own property through

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

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

10 This subparagraph (S) is exempt from the
11 provisions of Section 250;

12 (T) The amount of (i) any interest income (net of
13 the deductions allocable thereto) taken into account
14 for the taxable year with respect to a transaction with
15 a taxpayer that is required to make an addition
16 modification with respect to such transaction under
17 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
18 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
19 the amount of such addition modification and (ii) any
20 income from intangible property (net of the deductions
21 allocable thereto) taken into account for the taxable
22 year with respect to a transaction with a taxpayer that
23 is required to make an addition modification with
24 respect to such transaction under Section
25 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
26 203(d)(2)(D-8), but not to exceed the amount of such

1 addition modification. This subparagraph (T) is exempt
2 from the provisions of Section 250;

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

23 (V) An amount equal to the income from intangible
24 property taken into account for the taxable year (net
25 of the deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but for
2 the fact that the foreign person's business activity
3 outside the United States is 80% or more of that
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, but not to exceed the
12 addition modification required to be made for the same
13 taxable year under Section 203(c)(2)(G-13) for
14 intangible expenses and costs paid, accrued, or
15 incurred, directly or indirectly, to the same foreign
16 person. This subparagraph (V) is exempt from the
17 provisions of Section 250;

18 (W) in the case of an estate, an amount equal to
19 all amounts included in such total pursuant to the
20 provisions of Section 111 of the Internal Revenue Code
21 as a recovery of items previously deducted by the
22 decedent from adjusted gross income in the computation
23 of taxable income. This subparagraph (W) is exempt from
24 Section 250;

25 (X) an amount equal to the refund included in such
26 total of any tax deducted for federal income tax

1 purposes, to the extent that deduction was added back
2 under subparagraph (F). This subparagraph (X) is
3 exempt from the provisions of Section 250; and

4 (Y) For taxable years ending on or after December
5 31, 2011, in the case of a taxpayer who was required to
6 add back any insurance premiums under Section
7 203(c)(2)(G-14), such taxpayer may elect to subtract
8 that part of a reimbursement received from the
9 insurance company equal to the amount of the expense or
10 loss (including expenses incurred by the insurance
11 company) that would have been taken into account as a
12 deduction for federal income tax purposes if the
13 expense or loss had been uninsured. If a taxpayer makes
14 the election provided for by this subparagraph (Y), the
15 insurer to which the premiums were paid must add back
16 to income the amount subtracted by the taxpayer
17 pursuant to this subparagraph (Y). This subparagraph
18 (Y) is exempt from the provisions of Section 250.

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

1 (d) Partnerships.

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

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

8 (A) An amount equal to all amounts paid or accrued
9 to the taxpayer as interest or dividends during the
10 taxable year to the extent excluded from gross income
11 in the computation of taxable income;

12 (B) An amount equal to the amount of tax imposed by
13 this Act to the extent deducted from gross income for
14 the taxable year;

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

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

22 (D-5) For taxable years beginning on or after
23 January 1, 2001 and ending prior to December 31, 2015
24 ~~2001 and thereafter~~, an amount equal to the bonus
25 depreciation deduction taken on the taxpayer's federal
26 income tax return for the taxable year under subsection

1 (k) of Section 168 of the Internal Revenue Code;

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

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

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

19 (D-7) An amount equal to the amount otherwise
20 allowed as a deduction in computing base income for
21 interest paid, accrued, or incurred, directly or
22 indirectly, (i) for taxable years ending on or after
23 December 31, 2004, to a foreign person who would be a
24 member of the same unitary business group but for the
25 fact the foreign person's business activity outside
26 the United States is 80% or more of the foreign

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

20 This paragraph shall not apply to the following:

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

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

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

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

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

22 (iv) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer establishes by clear and convincing
25 evidence that the adjustments are unreasonable; or
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method
2 of apportionment under Section 304(f).

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

12 (D-8) An amount equal to the amount of intangible
13 expenses and costs otherwise allowed as a deduction in
14 computing base income, and that were paid, accrued, or
15 incurred, directly or indirectly, (i) for taxable
16 years ending on or after December 31, 2004, to a
17 foreign person who would be a member of the same
18 unitary business group but for the fact that the
19 foreign person's business activity outside the United
20 States is 80% or more of that person's total business
21 activity and (ii) for taxable years ending on or after
22 December 31, 2008, to a person who would be a member of
23 the same unitary business group but for the fact that
24 the person is prohibited under Section 1501(a)(27)
25 from being included in the unitary business group
26 because he or she is ordinarily required to apportion

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

1 subparagraph, "intangible property" includes patents,
2 patent applications, trade names, trademarks, service
3 marks, copyrights, mask works, trade secrets, and
4 similar types of intangible assets;

5 This paragraph shall not apply to the following:

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

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

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

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

1 or agreement that reflects arm's-length terms;

2 or

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

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

20 (D-9) For taxable years ending on or after December
21 31, 2008, an amount equal to the amount of insurance
22 premium expenses and costs otherwise allowed as a
23 deduction in computing base income, and that were paid,
24 accrued, or incurred, directly or indirectly, to a
25 person who would be a member of the same unitary
26 business group but for the fact that the person is

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

20 (D-10) An amount equal to the credit allowable to
21 the taxpayer under Section 218(a) of this Act,
22 determined without regard to Section 218(c) of this
23 Act;

24 and by deducting from the total so obtained the following
25 amounts:

26 (E) The valuation limitation amount;

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

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

14 (H) Any income of the partnership which
15 constitutes personal service income as defined in
16 Section 1348 (b) (1) of the Internal Revenue Code (as
17 in effect December 31, 1981) or a reasonable allowance
18 for compensation paid or accrued for services rendered
19 by partners to the partnership, whichever is greater;
20 this subparagraph (H) is exempt from the provisions of
21 Section 250;

22 (I) An amount equal to all amounts of income
23 distributable to an entity subject to the Personal
24 Property Tax Replacement Income Tax imposed by
25 subsections (c) and (d) of Section 201 of this Act
26 including amounts distributable to organizations

1 exempt from federal income tax by reason of Section
2 501(a) of the Internal Revenue Code; this subparagraph
3 (I) is exempt from the provisions of Section 250;

4 (J) With the exception of any amounts subtracted
5 under subparagraph (G), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a) (2), and 265(2) of the Internal Revenue Code,
8 and all amounts of expenses allocable to interest and
9 disallowed as deductions by Section 265(1) of the
10 Internal Revenue Code; and (ii) for taxable years
11 ending on or after August 13, 1999, Sections 171(a) (2),
12 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
13 Code, plus, (iii) for taxable years ending on or after
14 December 31, 2011, Section 45G(e) (3) of the Internal
15 Revenue Code and, for taxable years ending on or after
16 December 31, 2008, any amount included in gross income
17 under Section 87 of the Internal Revenue Code; the
18 provisions of this subparagraph are exempt from the
19 provisions of Section 250;

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

1 provisions of Section 250;

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

5 (M) 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 (K) of paragraph (2) of this subsection
12 shall not be eligible for the deduction provided under
13 this subparagraph (M);

14 (N) 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;

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

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

1 taxpayer's federal income tax return on property
2 for which the bonus depreciation deduction ~~was~~
3 taken in any year under subsection (k) of Section
4 168 of the Internal Revenue Code was required to be
5 added back under subparagraph (D-5), but not
6 including the bonus depreciation deduction;

7 (2) for taxable years ending on or before
8 December 31, 2005, "x" equals "y" multiplied by 30
9 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (3) for taxable years ending after December
12 31, 2005:

13 (i) for property on which a bonus
14 depreciation deduction of 30% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 30 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (ii) for property on which a bonus
19 depreciation deduction of 50% of the adjusted
20 basis was taken, "x" equals "y" multiplied by
21 1.0.

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code that
2 was required to be added back under subparagraph (D-5).

3 This subparagraph (O) is exempt from the provisions of
4 Section 250;

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

10 If the taxpayer continues to own property through
11 the last day of the last tax year for which the
12 taxpayer may claim a depreciation deduction for
13 federal income tax purposes and for which the taxpayer
14 was required in any taxable year to make an addition
15 modification under subparagraph (D-5), then an amount
16 equal to that addition modification.

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

20 This subparagraph (P) is exempt from the
21 provisions of Section 250;

22 (Q) The amount of (i) any interest income (net of
23 the deductions allocable thereto) taken into account
24 for the taxable year with respect to a transaction with
25 a taxpayer that is required to make an addition
26 modification with respect to such transaction under

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

13 (R) 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(d)(2)(D-7) for interest
4 paid, accrued, or incurred, directly or indirectly, to
5 the same person. This subparagraph (R) is exempt from
6 Section 250;

7 (S) 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(d)(2)(D-8) for
24 intangible expenses and costs paid, accrued, or
25 incurred, directly or indirectly, to the same person.
26 This subparagraph (S) is exempt from Section 250; and

1 (T) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(d)(2)(D-9), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense or
7 loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer makes
11 the election provided for by this subparagraph (T), the
12 insurer to which the premiums were paid must add back
13 to income the amount subtracted by the taxpayer
14 pursuant to this subparagraph (T). This subparagraph
15 (T) is exempt from the provisions of Section 250.

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

17 (1) In general. Subject to the provisions of paragraph
18 (2) and subsection (b) (3), for purposes of this Section
19 and Section 803(e), a taxpayer's gross income, adjusted
20 gross income, or taxable income for the taxable year shall
21 mean the amount of gross income, adjusted gross income or
22 taxable income properly reportable for federal income tax
23 purposes for the taxable year under the provisions of the
24 Internal Revenue Code. Taxable income may be less than
25 zero. However, for taxable years ending on or after

1 December 31, 1986, net operating loss carryforwards from
2 taxable years ending prior to December 31, 1986, may not
3 exceed the sum of federal taxable income for the taxable
4 year before net operating loss deduction, plus the excess
5 of addition modifications over subtraction modifications
6 for the taxable year. For taxable years ending prior to
7 December 31, 1986, taxable income may never be an amount in
8 excess of the net operating loss for the taxable year as
9 defined in subsections (c) and (d) of Section 172 of the
10 Internal Revenue Code, provided that when taxable income of
11 a corporation (other than a Subchapter S corporation),
12 trust, or estate is less than zero and addition
13 modifications, other than those provided by subparagraph
14 (E) of paragraph (2) of subsection (b) for corporations or
15 subparagraph (E) of paragraph (2) of subsection (c) for
16 trusts and estates, exceed subtraction modifications, an
17 addition modification must be made under those
18 subparagraphs for any other taxable year to which the
19 taxable income less than zero (net operating loss) is
20 applied under Section 172 of the Internal Revenue Code or
21 under subparagraph (E) of paragraph (2) of this subsection
22 (e) applied in conjunction with Section 172 of the Internal
23 Revenue Code.

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

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

8 (B) Certain other insurance companies. In the case
9 of mutual insurance companies subject to the tax
10 imposed by Section 831 of the Internal Revenue Code,
11 insurance company taxable income;

12 (C) Regulated investment companies. In the case of
13 a regulated investment company subject to the tax
14 imposed by Section 852 of the Internal Revenue Code,
15 investment company taxable income;

16 (D) Real estate investment trusts. In the case of a
17 real estate investment trust subject to the tax imposed
18 by Section 857 of the Internal Revenue Code, real
19 estate investment trust taxable income;

20 (E) Consolidated corporations. In the case of a
21 corporation which is a member of an affiliated group of
22 corporations filing a consolidated income tax return
23 for the taxable year for federal income tax purposes,
24 taxable income determined as if such corporation had
25 filed a separate return for federal income tax purposes
26 for the taxable year and each preceding taxable year

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

6 (F) Cooperatives. In the case of a cooperative
7 corporation or association, the taxable income of such
8 organization determined in accordance with the
9 provisions of Section 1381 through 1388 of the Internal
10 Revenue Code, but without regard to the prohibition
11 against offsetting losses from patronage activities
12 against income from nonpatronage activities; except
13 that a cooperative corporation or association may make
14 an election to follow its federal income tax treatment
15 of patronage losses and nonpatronage losses. In the
16 event such election is made, such losses shall be
17 computed and carried over in a manner consistent with
18 subsection (a) of Section 207 of this Act and
19 apportioned by the apportionment factor reported by
20 the cooperative on its Illinois income tax return filed
21 for the taxable year in which the losses are incurred.
22 The election shall be effective for all taxable years
23 with original returns due on or after the date of the
24 election. In addition, the cooperative may file an
25 amended return or returns, as allowed under this Act,
26 to provide that the election shall be effective for

1 losses incurred or carried forward for taxable years
2 occurring prior to the date of the election. Once made,
3 the election may only be revoked upon approval of the
4 Director. The Department shall adopt rules setting
5 forth requirements for documenting the elections and
6 any resulting Illinois net loss and the standards to be
7 used by the Director in evaluating requests to revoke
8 elections. Public Act 96-932 is declaratory of
9 existing law;

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

26 (H) Partnerships. In the case of a partnership,

1 taxable income determined in accordance with Section
2 703 of the Internal Revenue Code, except that taxable
3 income shall take into account those items which are
4 required by Section 703(a)(1) to be separately stated
5 but which would be taken into account by an individual
6 in calculating his taxable income.

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

24 (f) Valuation limitation amount.

25 (1) In general. The valuation limitation amount

1 referred to in subsections (a) (2) (G), (c) (2) (I) and
2 (d) (2) (E) is an amount equal to:

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

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

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

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

1 such property.

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

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

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

19 (h) Legislative intention. Except as expressly provided by
20 this Section there shall be no modifications or limitations on
21 the amounts of income, gain, loss or deduction taken into
22 account in determining gross income, adjusted gross income or
23 taxable income for federal income tax purposes for the taxable
24 year, or in the amount of such items entering into the

1 computation of base income and net income under this Act for
2 such taxable year, whether in respect of property values as of
3 August 1, 1969 or otherwise.

4 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
5 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
6 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
7 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
8 eff. 8-23-11; 97-905, eff. 8-7-12.)

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