



Sen. Toi W. Hutchinson

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1 AMENDMENT TO SENATE BILL 523

2 AMENDMENT NO. _____. Amend Senate Bill 523 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Sugar-Sweetened Beverage Tax Act.

6 Section 5. Definitions. For purposes of this Act:

7 "Bottle" means any closed or sealed container regardless of
8 size or shape, including, without limitation, those made of
9 glass, metal, paper, plastic, or any other material or
10 combination of materials.

11 "Bottled sugar-sweetened beverage" means any
12 sugar-sweetened beverage contained in a bottle that is ready
13 for consumption without further processing such as, without
14 limitation, dilution or carbonation.

15 "Caloric sweetener" means any caloric substance suitable
16 for human consumption which adds calories to the diet of a

1 person who consumes that substance, is used as an ingredient of
2 a beverage, syrup, or powder, and includes, without limitation,
3 sucrose, fructose, glucose, fruit juice concentrate, or other
4 sugars. "Caloric sweetener" excludes non-caloric sweeteners.

5 "Consumer" means a person who purchases a sugar-sweetened
6 beverage for consumption and not for sale to another.

7 "Department" means the Department of Revenue.

8 "Distributor" means any person, including manufacturers
9 and wholesale dealers, who receives, stores, manufactures,
10 bottles, or distributes bottled sugar-sweetened beverages,
11 syrups, or powders, for sale to retailers doing business in the
12 State, whether or not that person also sells such products to
13 consumers.

14 "Non-caloric sweetener" means any non-caloric substance
15 suitable for human consumption which does not add calories to
16 the diet of a person who consumes that substance, is used as an
17 ingredient of a beverage, syrup, or powder, and includes,
18 without limitation, aspartame, saccharin, stevia, and
19 sucralose. "Non-caloric sweetener" excludes caloric
20 sweeteners.

21 "Person" means any natural person, partnership,
22 cooperative association, limited liability company,
23 corporation, personal representative, receiver, trustee,
24 assignee, or any other legal entity.

25 "Place of business" means any place where sugar-sweetened
26 beverages, syrups, or powders are manufactured or received for

1 sale in the State.

2 "Powders" means any solid mixture of ingredients used in
3 making, mixing, or compounding sugar-sweetened beverages by
4 mixing the powder with any one or more other ingredients,
5 including without limitation water, ice, syrup, simple syrup,
6 fruits, vegetables, fruit juice, vegetable juice, carbonation
7 or other gas. A powder which indicates on the label that it can
8 be mixed with water is subject to the tax. Notwithstanding any
9 other provision, a powder which indicates on the label that it
10 cannot be mixed with water and is intended by the manufacturer
11 to be mixed only with alcohol or milk is not subject to the
12 tax.

13 "Retailer" means any person who sells or otherwise
14 dispenses in the State a sugar-sweetened beverage to a consumer
15 whether or not that person is also a distributor as defined in
16 this Section.

17 "Sale" means the transfer of title or possession for
18 valuable consideration regardless of the manner by which the
19 transfer is completed.

20 "State" means the State of Illinois.

21 "Sugar-sweetened beverage" means any nonalcoholic
22 beverage, carbonated or noncarbonated, which is intended for
23 human consumption and contains more than 5 grams of caloric
24 sweetener per 12 fluid ounces. As used in this definition,
25 "nonalcoholic beverage" means any beverage that contains less
26 than one-half of one percent alcohol per volume. The term

1 "sugar-sweetened beverage" does not include:

2 (1) beverages sweetened solely with non-caloric
3 sweeteners;

4 (2) beverages sweetened with 5 grams or less of caloric
5 sweeteners per 12 fluid ounces;

6 (3) beverages consisting of 100% natural fruit or
7 vegetable juice with no caloric sweetener; for purposes of
8 this paragraph, "natural fruit juice" and "natural
9 vegetable juice" mean the original liquid resulting from
10 the pressing of fruits or vegetables, juice concentrate, or
11 the liquid resulting from the dilution with water of
12 dehydrated natural fruit juice or natural vegetable juice;

13 (4) beverages in which milk, or soy, rice, or similar
14 milk substitute, is the primary ingredient or the first
15 listed ingredient on the label of the beverage; for
16 purposes of this Act, "milk" means natural liquid milk
17 regardless of animal or plant source or butterfat content,
18 natural milk concentrate, whether or not reconstituted,
19 regardless of animal or plant source or butterfat content,
20 or dehydrated natural milk, whether or not reconstituted
21 and regardless of animal or plant source or butterfat
22 content;

23 (5) coffee or tea without caloric sweetener;

24 (6) infant formula;

25 (7) medically necessary foods, as defined in the
26 federal Orphan Drug Act; and

1 (8) water without any caloric sweeteners.

2 "Syrup" means a liquid mixture of ingredients used in
3 making, mixing, or compounding sugar-sweetened beverages using
4 one or more other ingredients including, without limitation,
5 water, ice, a powder, simple syrup, fruits, vegetables, fruit
6 juice, vegetable juice, carbonation, or other gas. A syrup
7 which indicates on the label that it can be mixed with water is
8 subject to the tax. Notwithstanding any other provision, a
9 syrup which indicates on the label that it cannot be mixed with
10 water, and is intended by the manufacturer to be mixed only
11 with alcohol or milk is not subject to the tax.

12 Section 10. Permit required.

13 (a) Beginning May 1, 2017, every distributor doing business
14 in the State who wishes to engage in the business of selling
15 sugar-sweetened beverages, syrups, or powders subject to tax
16 under this Act shall file with the Department an application
17 for a permit to engage in such business. An application shall
18 be filed for each place of business owned and operated by the
19 distributor. An application for a permit shall be filed on
20 forms to be furnished by the Department for that purpose. Each
21 such application shall be signed and verified and shall state:
22 (1) the name and social security number of the applicant; (2)
23 the address of his principal place of business; (3) the address
24 of the principal place of business from which he engages in the
25 business of distributing sugar-sweetened beverages, syrups, or

1 powders to retailers in this State and the addresses of all
2 other places of business, if any (enumerating such addresses,
3 if any, in a separate list attached to and made a part of the
4 application), from which he engages in the business of
5 distributing sugar-sweetened beverages, syrups, or powders to
6 retailers in this State; (4) the name and address of the person
7 or persons who will be responsible for filing returns and
8 payment of taxes due under this Act; (5) in the case of a
9 corporation, the name, title, and social security number of
10 each corporate officer; (6) in the case of a limited liability
11 company, the name, social security number, and FEIN number of
12 each manager and member; and (7) such other information as the
13 Department may reasonably require. The application shall
14 contain an acceptance of responsibility signed by the person or
15 persons who will be responsible for filing returns and payment
16 of the taxes due under this Act.

17 (b) The Department may deny a permit to any applicant if a
18 person who is named as the owner, a partner, a manager or
19 member of a limited liability company, or a corporate officer
20 of the applicant on the application for the certificate of
21 registration, is or has been named as the owner, a partner, a
22 manager or member of a limited liability company, or a
23 corporate officer, on the application for the permit or
24 certificate of registration of a retailer under the Retailers'
25 Occupation Tax Act that is in default for moneys due under this
26 Act or any other tax or fee Act administered by the Department.

1 For purposes of this paragraph only, in determining whether a
2 person is in default for moneys due, the Department shall
3 include only amounts established as a final liability within
4 the 20 years prior to the date of the Department's notice of
5 denial of a certificate of registration. The Department, in its
6 discretion, may require that the application for permit be
7 submitted electronically.

8 (c) Upon receipt of an application and the annual permit
9 fee of \$250, the Department may issue to the applicant, for the
10 place of business designated, a permit, authorizing the sale of
11 sugar-sweetened beverages, syrups, and powders in the State. No
12 distributor shall sell any sugar-sweetened beverage, syrup, or
13 powders without first obtaining a permit to do so under this
14 Act. Permits issued pursuant to this Section shall expire one
15 year from the date of issuance and may be renewed annually.
16 Fees shall be deposited into the Tax Compliance and
17 Administration Fund.

18 (d) A permit may not be transferred or assigned from one
19 person to another, and a permit shall at all times be
20 prominently displayed in a distributor's place of business. The
21 Department may refuse to issue a permit to any person
22 previously convicted of violations of this Act under such
23 procedures as the Department may establish by regulation.

24 (e) The Department may, in its discretion, issue the permit
25 electronically.

1 Section 15. Tax imposed.

2 (a) Beginning on May 1, 2017, there is imposed a tax on
3 every distributor for the privilege of selling the products
4 governed by this Act in the State. The tax shall be imposed at
5 the rate of \$0.01 per ounce of bottled sugar-sweetened
6 beverages sold or transferred to a retailer in the State. The
7 tax on syrup and powder sold or transferred to a retailer in
8 the State, either as syrup or powder or as a sugar-sweetened
9 beverage derived from that syrup or powder, is equal to \$0.01
10 per ounce for each ounce of sugar-sweetened beverage produced
11 from that syrup or powder. For purposes of calculating the tax,
12 the volume of sugar-sweetened beverage produced from syrup or
13 powder shall be the larger of (i) the largest volume resulting
14 from use of the syrup or powder according to any manufacturer's
15 instructions or (ii) the volume actually produced by the
16 retailer. The taxes imposed by this Section are in addition to
17 any other taxes that may apply to persons or products subject
18 to this Act.

19 (b) A retailer that sells bottled sugar-sweetened
20 beverages, syrups, or powders in the State to a consumer, on
21 which the tax imposed by this Section has not been paid by a
22 distributor, is liable for the tax imposed in subsection (a) at
23 the time of sale to a consumer.

24 Section 20. Pass-through of the tax. A distributor shall
25 add the amount of tax levied by this Act to the price of

1 sugar-sweetened beverages sold to a retailer, and the retailer
2 shall pass the amount of the tax through to the consumer as a
3 component of the final retail purchase price. The amount of the
4 taxes may be stated separately on all invoices, signs, sales or
5 delivery slips, bills, and statements that advertise or
6 indicate the price of those beverages.

7 Section 25. Report of sales and tax remittances.

8 (a) Any distributor or retailer liable for the tax imposed
9 by this Act shall, on or before the twentieth day of each
10 calendar month, return to the Department a statement containing
11 its name and place of business, the quantity of sugar-sweetened
12 beverages, syrup, and powders subject to the tax imposed by
13 this Act sold or offered for sale in the month preceding the
14 month in which the report is due, and any other information
15 required by the Department, along with the tax due.

16 (b) If the taxpayer's average monthly tax liability to the
17 Department under this Act, was \$20,000 or more during the
18 preceding 4 complete calendar quarters, he shall file a return
19 with the Department each month by the twentieth day of the
20 month next following the month during which such tax liability
21 is incurred and shall make payment to the Department on or
22 before the 7th, 15th, 22nd, and last day of the month during
23 which such liability is incurred.

24 (c) The Department, in its discretion, may require that
25 returns be submitted and payments be made electronically.

1 Section 30. Records of distributors. Every distributor and
2 every retailer subject to this Act shall maintain for not less
3 than 4 years accurate books and records, showing all
4 transactions that gave rise, or may have given rise, to tax
5 liability under this Act. Such records are subject to
6 inspection by the Department at all reasonable times during
7 normal business hours.

8 Section 35. Exemptions. The following shall be exempt from
9 the tax imposed under this Act:

10 (1) Bottled sugar-sweetened beverages, syrups, and powders
11 sold by a distributor or a retailer expressly for resale or
12 consumption outside of the State.

13 (2) Bottled sugar-sweetened beverages, syrups, and powders
14 sold by a distributor to another distributor that holds a
15 permit issued under Section 10 if the sales invoice clearly
16 indicates that the sale is exempt. If the sale is to a person
17 who is both a distributor and a retailer, the sale shall also
18 be tax exempt and the tax shall be paid when the purchasing
19 distributor-retailer resells the product to a retailer or a
20 consumer. This exemption does not apply to any other sale to a
21 retailer.

22 Section 40. Penalties.

23 (a) Any distributor, retailer, or other person subject to

1 the provisions of this Act who fails to pay the entire amount
2 of tax imposed by this Act by the date that payment is due,
3 fails to submit a report or maintain records required by this
4 Act, does business in the State of Illinois without first
5 obtaining a permit as required by this Act, or violates any
6 other provision of this Act, or rules and regulations adopted
7 by the Department for the enforcement of this Act, shall be
8 guilty of a misdemeanor and shall also be liable for the
9 penalties set forth and incorporated by reference into this
10 Section.

11 (b) Incorporation by reference. All of the provisions of
12 Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b,
13 6c, 8, 9, 10, 11, 11a, and 12 of the Retailers' Occupation Tax
14 Act, and all applicable provisions of the Uniform Penalty and
15 Interest Act that are not inconsistent with this Act, apply to
16 distributors of sugar-sweetened beverages to the same extent as
17 if those provisions were included in this Act. References in
18 the incorporated Sections of the Retailers' Occupation Tax Act
19 to retailers, to sellers, or to persons engaged in the business
20 of selling tangible personal property mean distributors and
21 retailers when used in this Act. References in the incorporated
22 Sections to sales of tangible personal property mean sales of
23 sugar-sweetened beverages, syrups, or powders when used in this
24 Act.

25 (c) In addition to any other penalty authorized by law, a
26 permit issued pursuant to Section 10 shall be suspended or

1 revoked if any court of competent jurisdiction determines, or
2 the Department finds based on a preponderance of the evidence,
3 after the permittee is afforded notice and an opportunity to be
4 heard, that the permittee, or any of the permittee's agents or
5 employees, has violated any of the requirements, conditions, or
6 prohibitions of this Act. For a first violation of this Act
7 within any 60-month period, the permit shall be suspended for
8 30 days. For a second violation of this Act within any 60-month
9 period, the permit shall be suspended for 90 days. For a third
10 violation of this Act within any 60-month period, the permit
11 shall be suspended for one year. For a fourth or subsequent
12 violation of this Act within any 60-month period, the license
13 shall be revoked.

14 (d) A decision of the Department under this Section is a
15 final administrative decision and is subject to review by the
16 Illinois Independent Tax Tribunal.

17 Section 45. Unpaid taxes a debt. The tax herein required to
18 be collected by any person distributing sugar-sweetened
19 beverages, powders, or syrup for sale to a retailer in the
20 State, and any such tax collected by that person shall
21 constitute a debt owed by that person to this State.

22 Section 50. Revenue distribution. All of the moneys
23 collected by the Department pursuant to the taxes imposed by
24 Section 15 shall be deposited as follows: 2% shall be deposited

1 into the Tax Compliance and Administration Fund for the
2 administrative costs of the Department, and 98% shall be
3 deposited into the General Revenue Fund. All interest earned on
4 moneys in the General Revenue Fund from the tax collected under
5 this Act shall remain in the General Revenue Fund.

6 Section 97. Severability. The provisions of the
7 Sugar-Sweetened Beverage Tax Act are severable under Section
8 1.31 of the Statute on Statutes.

9 Section 900. The Illinois Income Tax Act is amended by
10 changing Sections 201, 203, 212, 804, 901, and 1501 and by
11 adding Section 225 as follows:

12 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

13 Sec. 201. Tax Imposed.

14 (a) In general. A tax measured by net income is hereby
15 imposed on every individual, corporation, trust and estate for
16 each taxable year ending after July 31, 1969 on the privilege
17 of earning or receiving income in or as a resident of this
18 State. Such tax shall be in addition to all other occupation or
19 privilege taxes imposed by this State or by any municipal
20 corporation or political subdivision thereof.

21 (b) Rates. The tax imposed by subsection (a) of this
22 Section shall be determined as follows, except as adjusted by
23 subsection (d-1):

1 (1) In the case of an individual, trust or estate, for
2 taxable years ending prior to July 1, 1989, an amount equal
3 to 2 1/2% of the taxpayer's net income for the taxable
4 year.

5 (2) In the case of an individual, trust or estate, for
6 taxable years beginning prior to July 1, 1989 and ending
7 after June 30, 1989, an amount equal to the sum of (i) 2
8 1/2% of the taxpayer's net income for the period prior to
9 July 1, 1989, as calculated under Section 202.3, and (ii)
10 3% of the taxpayer's net income for the period after June
11 30, 1989, as calculated under Section 202.3.

12 (3) In the case of an individual, trust or estate, for
13 taxable years beginning after June 30, 1989, and ending
14 prior to January 1, 2011, an amount equal to 3% of the
15 taxpayer's net income for the taxable year.

16 (4) In the case of an individual, trust, or estate, for
17 taxable years beginning prior to January 1, 2011, and
18 ending after December 31, 2010, an amount equal to the sum
19 of (i) 3% of the taxpayer's net income for the period prior
20 to January 1, 2011, as calculated under Section 202.5, and
21 (ii) 5% of the taxpayer's net income for the period after
22 December 31, 2010, as calculated under Section 202.5.

23 (5) In the case of an individual, trust, or estate, for
24 taxable years beginning on or after January 1, 2011, and
25 ending prior to January 1, 2015, an amount equal to 5% of
26 the taxpayer's net income for the taxable year.

1 (5.1) In the case of an individual, trust, or estate,
2 for taxable years beginning prior to January 1, 2015, and
3 ending after December 31, 2014, an amount equal to the sum
4 of (i) 5% of the taxpayer's net income for the period prior
5 to January 1, 2015, as calculated under Section 202.5, and
6 (ii) 3.75% of the taxpayer's net income for the period
7 after December 31, 2014, as calculated under Section 202.5.

8 (5.2) In the case of an individual, trust, or estate,
9 for taxable years beginning on or after January 1, 2015,
10 and ending prior to January 1, 2017 ~~January 1, 2025~~, an
11 amount equal to 3.75% of the taxpayer's net income for the
12 taxable year.

13 (5.3) In the case of an individual, trust, or estate,
14 for taxable years beginning prior to January 1, 2017
15 ~~January 1, 2025~~, and ending after December 31, 2016
16 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%
17 of the taxpayer's net income for the period prior to
18 January 1, 2017 ~~January 1, 2025~~, as calculated under
19 Section 202.5, and (ii) 4.95% ~~3.25%~~ of the taxpayer's net
20 income for the period after December 31, 2016 ~~December 31,~~
21 ~~2024~~, as calculated under Section 202.5.

22 (5.4) In the case of an individual, trust, or estate,
23 for taxable years beginning on or after January 1, 2017
24 ~~January 1, 2025~~, an amount equal to 4.95% ~~3.25%~~ of the
25 taxpayer's net income for the taxable year.

26 (6) In the case of a corporation, for taxable years

1 ending prior to July 1, 1989, an amount equal to 4% of the
2 taxpayer's net income for the taxable year.

3 (7) In the case of a corporation, for taxable years
4 beginning prior to July 1, 1989 and ending after June 30,
5 1989, an amount equal to the sum of (i) 4% of the
6 taxpayer's net income for the period prior to July 1, 1989,
7 as calculated under Section 202.3, and (ii) 4.8% of the
8 taxpayer's net income for the period after June 30, 1989,
9 as calculated under Section 202.3.

10 (8) In the case of a corporation, for taxable years
11 beginning after June 30, 1989, and ending prior to January
12 1, 2011, an amount equal to 4.8% of the taxpayer's net
13 income for the taxable year.

14 (9) In the case of a corporation, for taxable years
15 beginning prior to January 1, 2011, and ending after
16 December 31, 2010, an amount equal to the sum of (i) 4.8%
17 of the taxpayer's net income for the period prior to
18 January 1, 2011, as calculated under Section 202.5, and
19 (ii) 7% of the taxpayer's net income for the period after
20 December 31, 2010, as calculated under Section 202.5.

21 (10) In the case of a corporation, for taxable years
22 beginning on or after January 1, 2011, and ending prior to
23 January 1, 2015, an amount equal to 7% of the taxpayer's
24 net income for the taxable year.

25 (11) In the case of a corporation, for taxable years
26 beginning prior to January 1, 2015, and ending after

1 December 31, 2014, an amount equal to the sum of (i) 7% of
2 the taxpayer's net income for the period prior to January
3 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
4 of the taxpayer's net income for the period after December
5 31, 2014, as calculated under Section 202.5.

6 (12) In the case of a corporation, for taxable years
7 beginning on or after January 1, 2015, and ending prior to
8 January 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25%
9 of the taxpayer's net income for the taxable year.

10 (13) In the case of a corporation, for taxable years
11 beginning prior to January 1, 2017 ~~January 1, 2025~~, and
12 ending after December 31, 2016 ~~December 31, 2024~~, an amount
13 equal to the sum of (i) 5.25% of the taxpayer's net income
14 for the period prior to January 1, 2017 ~~January 1, 2025~~, as
15 calculated under Section 202.5, and (ii) 7% ~~4.8%~~ of the
16 taxpayer's net income for the period after December 31,
17 2016 ~~December 31, 2024~~, as calculated under Section 202.5.

18 (14) In the case of a corporation, for taxable years
19 beginning on or after January 1, 2017 ~~January 1, 2025~~, an
20 amount equal to 7% ~~4.8%~~ of the taxpayer's net income for
21 the taxable year.

22 The rates under this subsection (b) are subject to the
23 provisions of Section 201.5.

24 (c) Personal Property Tax Replacement Income Tax.
25 Beginning on July 1, 1979 and thereafter, in addition to such
26 income tax, there is also hereby imposed the Personal Property

1 Tax Replacement Income Tax measured by net income on every
2 corporation (including Subchapter S corporations), partnership
3 and trust, for each taxable year ending after June 30, 1979.
4 Such taxes are imposed on the privilege of earning or receiving
5 income in or as a resident of this State. The Personal Property
6 Tax Replacement Income Tax shall be in addition to the income
7 tax imposed by subsections (a) and (b) of this Section and in
8 addition to all other occupation or privilege taxes imposed by
9 this State or by any municipal corporation or political
10 subdivision thereof.

11 (d) Additional Personal Property Tax Replacement Income
12 Tax Rates. The personal property tax replacement income tax
13 imposed by this subsection and subsection (c) of this Section
14 in the case of a corporation, other than a Subchapter S
15 corporation and except as adjusted by subsection (d-1), shall
16 be an additional amount equal to 2.85% of such taxpayer's net
17 income for the taxable year, except that beginning on January
18 1, 1981, and thereafter, the rate of 2.85% specified in this
19 subsection shall be reduced to 2.5%, and in the case of a
20 partnership, trust or a Subchapter S corporation shall be an
21 additional amount equal to 1.5% of such taxpayer's net income
22 for the taxable year.

23 (d-1) Rate reduction for certain foreign insurers. In the
24 case of a foreign insurer, as defined by Section 35A-5 of the
25 Illinois Insurance Code, whose state or country of domicile
26 imposes on insurers domiciled in Illinois a retaliatory tax

1 (excluding any insurer whose premiums from reinsurance assumed
2 are 50% or more of its total insurance premiums as determined
3 under paragraph (2) of subsection (b) of Section 304, except
4 that for purposes of this determination premiums from
5 reinsurance do not include premiums from inter-affiliate
6 reinsurance arrangements), beginning with taxable years ending
7 on or after December 31, 1999, the sum of the rates of tax
8 imposed by subsections (b) and (d) shall be reduced (but not
9 increased) to the rate at which the total amount of tax imposed
10 under this Act, net of all credits allowed under this Act,
11 shall equal (i) the total amount of tax that would be imposed
12 on the foreign insurer's net income allocable to Illinois for
13 the taxable year by such foreign insurer's state or country of
14 domicile if that net income were subject to all income taxes
15 and taxes measured by net income imposed by such foreign
16 insurer's state or country of domicile, net of all credits
17 allowed or (ii) a rate of zero if no such tax is imposed on such
18 income by the foreign insurer's state of domicile. For the
19 purposes of this subsection (d-1), an inter-affiliate includes
20 a mutual insurer under common management.

21 (1) For the purposes of subsection (d-1), in no event
22 shall the sum of the rates of tax imposed by subsections
23 (b) and (d) be reduced below the rate at which the sum of:

24 (A) the total amount of tax imposed on such foreign
25 insurer under this Act for a taxable year, net of all
26 credits allowed under this Act, plus

1 (B) the privilege tax imposed by Section 409 of the
2 Illinois Insurance Code, the fire insurance company
3 tax imposed by Section 12 of the Fire Investigation
4 Act, and the fire department taxes imposed under
5 Section 11-10-1 of the Illinois Municipal Code,
6 equals 1.25% for taxable years ending prior to December 31,
7 2003, or 1.75% for taxable years ending on or after
8 December 31, 2003, of the net taxable premiums written for
9 the taxable year, as described by subsection (1) of Section
10 409 of the Illinois Insurance Code. This paragraph will in
11 no event increase the rates imposed under subsections (b)
12 and (d).

13 (2) Any reduction in the rates of tax imposed by this
14 subsection shall be applied first against the rates imposed
15 by subsection (b) and only after the tax imposed by
16 subsection (a) net of all credits allowed under this
17 Section other than the credit allowed under subsection (i)
18 has been reduced to zero, against the rates imposed by
19 subsection (d).

20 This subsection (d-1) is exempt from the provisions of
21 Section 250.

22 (e) Investment credit. A taxpayer shall be allowed a credit
23 against the Personal Property Tax Replacement Income Tax for
24 investment in qualified property.

25 (1) A taxpayer shall be allowed a credit equal to .5%
26 of the basis of qualified property placed in service during

1 the taxable year, provided such property is placed in
2 service on or after July 1, 1984. There shall be allowed an
3 additional credit equal to .5% of the basis of qualified
4 property placed in service during the taxable year,
5 provided such property is placed in service on or after
6 July 1, 1986, and the taxpayer's base employment within
7 Illinois has increased by 1% or more over the preceding
8 year as determined by the taxpayer's employment records
9 filed with the Illinois Department of Employment Security.
10 Taxpayers who are new to Illinois shall be deemed to have
11 met the 1% growth in base employment for the first year in
12 which they file employment records with the Illinois
13 Department of Employment Security. The provisions added to
14 this Section by Public Act 85-1200 (and restored by Public
15 Act 87-895) shall be construed as declaratory of existing
16 law and not as a new enactment. If, in any year, the
17 increase in base employment within Illinois over the
18 preceding year is less than 1%, the additional credit shall
19 be limited to that percentage times a fraction, the
20 numerator of which is .5% and the denominator of which is
21 1%, but shall not exceed .5%. The investment credit shall
22 not be allowed to the extent that it would reduce a
23 taxpayer's liability in any tax year below zero, nor may
24 any credit for qualified property be allowed for any year
25 other than the year in which the property was placed in
26 service in Illinois. For tax years ending on or after

1 December 31, 1987, and on or before December 31, 1988, the
2 credit shall be allowed for the tax year in which the
3 property is placed in service, or, if the amount of the
4 credit exceeds the tax liability for that year, whether it
5 exceeds the original liability or the liability as later
6 amended, such excess may be carried forward and applied to
7 the tax liability of the 5 taxable years following the
8 excess credit years if the taxpayer (i) makes investments
9 which cause the creation of a minimum of 2,000 full-time
10 equivalent jobs in Illinois, (ii) is located in an
11 enterprise zone established pursuant to the Illinois
12 Enterprise Zone Act and (iii) is certified by the
13 Department of Commerce and Community Affairs (now
14 Department of Commerce and Economic Opportunity) as
15 complying with the requirements specified in clause (i) and
16 (ii) by July 1, 1986. The Department of Commerce and
17 Community Affairs (now Department of Commerce and Economic
18 Opportunity) shall notify the Department of Revenue of all
19 such certifications immediately. For tax years ending
20 after December 31, 1988, the credit shall be allowed for
21 the tax year in which the property is placed in service,
22 or, if the amount of the credit exceeds the tax liability
23 for that year, whether it exceeds the original liability or
24 the liability as later amended, such excess may be carried
25 forward and applied to the tax liability of the 5 taxable
26 years following the excess credit years. The credit shall

1 be applied to the earliest year for which there is a
2 liability. If there is credit from more than one tax year
3 that is available to offset a liability, earlier credit
4 shall be applied first.

5 (2) The term "qualified property" means property
6 which:

7 (A) is tangible, whether new or used, including
8 buildings and structural components of buildings and
9 signs that are real property, but not including land or
10 improvements to real property that are not a structural
11 component of a building such as landscaping, sewer
12 lines, local access roads, fencing, parking lots, and
13 other appurtenances;

14 (B) is depreciable pursuant to Section 167 of the
15 Internal Revenue Code, except that "3-year property"
16 as defined in Section 168(c)(2)(A) of that Code is not
17 eligible for the credit provided by this subsection
18 (e);

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code;

21 (D) is used in Illinois by a taxpayer who is
22 primarily engaged in manufacturing, or in mining coal
23 or fluorite, or in retailing, or was placed in service
24 on or after July 1, 2006 in a River Edge Redevelopment
25 Zone established pursuant to the River Edge
26 Redevelopment Zone Act; and

1 (E) has not previously been used in Illinois in
2 such a manner and by such a person as would qualify for
3 the credit provided by this subsection (e) or
4 subsection (f).

5 (3) For purposes of this subsection (e),
6 "manufacturing" means the material staging and production
7 of tangible personal property by procedures commonly
8 regarded as manufacturing, processing, fabrication, or
9 assembling which changes some existing material into new
10 shapes, new qualities, or new combinations. For purposes of
11 this subsection (e) the term "mining" shall have the same
12 meaning as the term "mining" in Section 613(c) of the
13 Internal Revenue Code. For purposes of this subsection (e),
14 the term "retailing" means the sale of tangible personal
15 property for use or consumption and not for resale, or
16 services rendered in conjunction with the sale of tangible
17 personal property for use or consumption and not for
18 resale. For purposes of this subsection (e), "tangible
19 personal property" has the same meaning as when that term
20 is used in the Retailers' Occupation Tax Act, and, for
21 taxable years ending after December 31, 2008, does not
22 include the generation, transmission, or distribution of
23 electricity.

24 (4) The basis of qualified property shall be the basis
25 used to compute the depreciation deduction for federal
26 income tax purposes.

1 (5) If the basis of the property for federal income tax
2 depreciation purposes is increased after it has been placed
3 in service in Illinois by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

6 (6) The term "placed in service" shall have the same
7 meaning as under Section 46 of the Internal Revenue Code.

8 (7) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside Illinois within 48
12 months after being placed in service, the Personal Property
13 Tax Replacement Income Tax for such taxable year shall be
14 increased. Such increase shall be determined by (i)
15 recomputing the investment credit which would have been
16 allowed for the year in which credit for such property was
17 originally allowed by eliminating such property from such
18 computation and, (ii) subtracting such recomputed credit
19 from the amount of credit previously allowed. For the
20 purposes of this paragraph (7), a reduction of the basis of
21 qualified property resulting from a redetermination of the
22 purchase price shall be deemed a disposition of qualified
23 property to the extent of such reduction.

24 (8) Unless the investment credit is extended by law,
25 the basis of qualified property shall not include costs
26 incurred after December 31, 2018, except for costs incurred

1 pursuant to a binding contract entered into on or before
2 December 31, 2018.

3 (9) Each taxable year ending before December 31, 2000,
4 a partnership may elect to pass through to its partners the
5 credits to which the partnership is entitled under this
6 subsection (e) for the taxable year. A partner may use the
7 credit allocated to him or her under this paragraph only
8 against the tax imposed in subsections (c) and (d) of this
9 Section. If the partnership makes that election, those
10 credits shall be allocated among the partners in the
11 partnership in accordance with the rules set forth in
12 Section 704(b) of the Internal Revenue Code, and the rules
13 promulgated under that Section, and the allocated amount of
14 the credits shall be allowed to the partners for that
15 taxable year. The partnership shall make this election on
16 its Personal Property Tax Replacement Income Tax return for
17 that taxable year. The election to pass through the credits
18 shall be irrevocable.

19 For taxable years ending on or after December 31, 2000,
20 a partner that qualifies its partnership for a subtraction
21 under subparagraph (I) of paragraph (2) of subsection (d)
22 of Section 203 or a shareholder that qualifies a Subchapter
23 S corporation for a subtraction under subparagraph (S) of
24 paragraph (2) of subsection (b) of Section 203 shall be
25 allowed a credit under this subsection (e) equal to its
26 share of the credit earned under this subsection (e) during

1 the taxable year by the partnership or Subchapter S
2 corporation, determined in accordance with the
3 determination of income and distributive share of income
4 under Sections 702 and 704 and Subchapter S of the Internal
5 Revenue Code. This paragraph is exempt from the provisions
6 of Section 250.

7 (f) Investment credit; Enterprise Zone; River Edge
8 Redevelopment Zone.

9 (1) A taxpayer shall be allowed a credit against the
10 tax imposed by subsections (a) and (b) of this Section for
11 investment in qualified property which is placed in service
12 in an Enterprise Zone created pursuant to the Illinois
13 Enterprise Zone Act or, for property placed in service on
14 or after July 1, 2006, a River Edge Redevelopment Zone
15 established pursuant to the River Edge Redevelopment Zone
16 Act. For partners, shareholders of Subchapter S
17 corporations, and owners of limited liability companies,
18 if the liability company is treated as a partnership for
19 purposes of federal and State income taxation, there shall
20 be allowed a credit under this subsection (f) to be
21 determined in accordance with the determination of income
22 and distributive share of income under Sections 702 and 704
23 and Subchapter S of the Internal Revenue Code. The credit
24 shall be .5% of the basis for such property. The credit
25 shall be available only in the taxable year in which the
26 property is placed in service in the Enterprise Zone or

1 River Edge Redevelopment Zone and shall not be allowed to
2 the extent that it would reduce a taxpayer's liability for
3 the tax imposed by subsections (a) and (b) of this Section
4 to below zero. For tax years ending on or after December
5 31, 1985, the credit shall be allowed for the tax year in
6 which the property is placed in service, or, if the amount
7 of the credit exceeds the tax liability for that year,
8 whether it exceeds the original liability or the liability
9 as later amended, such excess may be carried forward and
10 applied to the tax liability of the 5 taxable years
11 following the excess credit year. The credit shall be
12 applied to the earliest year for which there is a
13 liability. If there is credit from more than one tax year
14 that is available to offset a liability, the credit
15 accruing first in time shall be applied first.

16 (2) The term qualified property means property which:

17 (A) is tangible, whether new or used, including
18 buildings and structural components of buildings;

19 (B) is depreciable pursuant to Section 167 of the
20 Internal Revenue Code, except that "3-year property"
21 as defined in Section 168(c)(2)(A) of that Code is not
22 eligible for the credit provided by this subsection
23 (f);

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code;

26 (D) is used in the Enterprise Zone or River Edge

1 Redevelopment Zone by the taxpayer; and

2 (E) has not been previously used in Illinois in
3 such a manner and by such a person as would qualify for
4 the credit provided by this subsection (f) or
5 subsection (e).

6 (3) The basis of qualified property shall be the basis
7 used to compute the depreciation deduction for federal
8 income tax purposes.

9 (4) If the basis of the property for federal income tax
10 depreciation purposes is increased after it has been placed
11 in service in the Enterprise Zone or River Edge
12 Redevelopment Zone by the taxpayer, the amount of such
13 increase shall be deemed property placed in service on the
14 date of such increase in basis.

15 (5) The term "placed in service" shall have the same
16 meaning as under Section 46 of the Internal Revenue Code.

17 (6) If during any taxable year, any property ceases to
18 be qualified property in the hands of the taxpayer within
19 48 months after being placed in service, or the situs of
20 any qualified property is moved outside the Enterprise Zone
21 or River Edge Redevelopment Zone within 48 months after
22 being placed in service, the tax imposed under subsections
23 (a) and (b) of this Section for such taxable year shall be
24 increased. Such increase shall be determined by (i)
25 recomputing the investment credit which would have been
26 allowed for the year in which credit for such property was

1 originally allowed by eliminating such property from such
2 computation, and (ii) subtracting such recomputed credit
3 from the amount of credit previously allowed. For the
4 purposes of this paragraph (6), a reduction of the basis of
5 qualified property resulting from a redetermination of the
6 purchase price shall be deemed a disposition of qualified
7 property to the extent of such reduction.

8 (7) There shall be allowed an additional credit equal
9 to 0.5% of the basis of qualified property placed in
10 service during the taxable year in a River Edge
11 Redevelopment Zone, provided such property is placed in
12 service on or after July 1, 2006, and the taxpayer's base
13 employment within Illinois has increased by 1% or more over
14 the preceding year as determined by the taxpayer's
15 employment records filed with the Illinois Department of
16 Employment Security. Taxpayers who are new to Illinois
17 shall be deemed to have met the 1% growth in base
18 employment for the first year in which they file employment
19 records with the Illinois Department of Employment
20 Security. If, in any year, the increase in base employment
21 within Illinois over the preceding year is less than 1%,
22 the additional credit shall be limited to that percentage
23 times a fraction, the numerator of which is 0.5% and the
24 denominator of which is 1%, but shall not exceed 0.5%.

25 (g) (Blank).

26 (h) Investment credit; High Impact Business.

1 (1) Subject to subsections (b) and (b-5) of Section 5.5
2 of the Illinois Enterprise Zone Act, a taxpayer shall be
3 allowed a credit against the tax imposed by subsections (a)
4 and (b) of this Section for investment in qualified
5 property which is placed in service by a Department of
6 Commerce and Economic Opportunity designated High Impact
7 Business. The credit shall be .5% of the basis for such
8 property. The credit shall not be available (i) until the
9 minimum investments in qualified property set forth in
10 subdivision (a)(3)(A) of Section 5.5 of the Illinois
11 Enterprise Zone Act have been satisfied or (ii) until the
12 time authorized in subsection (b-5) of the Illinois
13 Enterprise Zone Act for entities designated as High Impact
14 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
15 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
16 Act, and shall not be allowed to the extent that it would
17 reduce a taxpayer's liability for the tax imposed by
18 subsections (a) and (b) of this Section to below zero. The
19 credit applicable to such investments shall be taken in the
20 taxable year in which such investments have been completed.
21 The credit for additional investments beyond the minimum
22 investment by a designated high impact business authorized
23 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
24 Enterprise Zone Act shall be available only in the taxable
25 year in which the property is placed in service and shall
26 not be allowed to the extent that it would reduce a

1 taxpayer's liability for the tax imposed by subsections (a)
2 and (b) of this Section to below zero. For tax years ending
3 on or after December 31, 1987, the credit shall be allowed
4 for the tax year in which the property is placed in
5 service, or, if the amount of the credit exceeds the tax
6 liability for that year, whether it exceeds the original
7 liability or the liability as later amended, such excess
8 may be carried forward and applied to the tax liability of
9 the 5 taxable years following the excess credit year. The
10 credit shall be applied to the earliest year for which
11 there is a liability. If there is credit from more than one
12 tax year that is available to offset a liability, the
13 credit accruing first in time shall be applied first.

14 Changes made in this subdivision (h) (1) by Public Act
15 88-670 restore changes made by Public Act 85-1182 and
16 reflect existing law.

17 (2) The term qualified property means property which:

18 (A) is tangible, whether new or used, including
19 buildings and structural components of buildings;

20 (B) is depreciable pursuant to Section 167 of the
21 Internal Revenue Code, except that "3-year property"
22 as defined in Section 168(c) (2) (A) of that Code is not
23 eligible for the credit provided by this subsection
24 (h);

25 (C) is acquired by purchase as defined in Section
26 179(d) of the Internal Revenue Code; and

1 (D) is not eligible for the Enterprise Zone
2 Investment Credit provided by subsection (f) of this
3 Section.

4 (3) The basis of qualified property shall be the basis
5 used to compute the depreciation deduction for federal
6 income tax purposes.

7 (4) If the basis of the property for federal income tax
8 depreciation purposes is increased after it has been placed
9 in service in a federally designated Foreign Trade Zone or
10 Sub-Zone located in Illinois by the taxpayer, the amount of
11 such increase shall be deemed property placed in service on
12 the date of such increase in basis.

13 (5) The term "placed in service" shall have the same
14 meaning as under Section 46 of the Internal Revenue Code.

15 (6) If during any taxable year ending on or before
16 December 31, 1996, any property ceases to be qualified
17 property in the hands of the taxpayer within 48 months
18 after being placed in service, or the situs of any
19 qualified property is moved outside Illinois within 48
20 months after being placed in service, the tax imposed under
21 subsections (a) and (b) of this Section for such taxable
22 year shall be increased. Such increase shall be determined
23 by (i) recomputing the investment credit which would have
24 been allowed for the year in which credit for such property
25 was originally allowed by eliminating such property from
26 such computation, and (ii) subtracting such recomputed

1 credit from the amount of credit previously allowed. For
2 the purposes of this paragraph (6), a reduction of the
3 basis of qualified property resulting from a
4 redetermination of the purchase price shall be deemed a
5 disposition of qualified property to the extent of such
6 reduction.

7 (7) Beginning with tax years ending after December 31,
8 1996, if a taxpayer qualifies for the credit under this
9 subsection (h) and thereby is granted a tax abatement and
10 the taxpayer relocates its entire facility in violation of
11 the explicit terms and length of the contract under Section
12 18-183 of the Property Tax Code, the tax imposed under
13 subsections (a) and (b) of this Section shall be increased
14 for the taxable year in which the taxpayer relocated its
15 facility by an amount equal to the amount of credit
16 received by the taxpayer under this subsection (h).

17 (i) Credit for Personal Property Tax Replacement Income
18 Tax. For tax years ending prior to December 31, 2003, a credit
19 shall be allowed against the tax imposed by subsections (a) and
20 (b) of this Section for the tax imposed by subsections (c) and
21 (d) of this Section. This credit shall be computed by
22 multiplying the tax imposed by subsections (c) and (d) of this
23 Section by a fraction, the numerator of which is base income
24 allocable to Illinois and the denominator of which is Illinois
25 base income, and further multiplying the product by the tax
26 rate imposed by subsections (a) and (b) of this Section.

1 Any credit earned on or after December 31, 1986 under this
2 subsection which is unused in the year the credit is computed
3 because it exceeds the tax liability imposed by subsections (a)
4 and (b) for that year (whether it exceeds the original
5 liability or the liability as later amended) may be carried
6 forward and applied to the tax liability imposed by subsections
7 (a) and (b) of the 5 taxable years following the excess credit
8 year, provided that no credit may be carried forward to any
9 year ending on or after December 31, 2003. This credit shall be
10 applied first to the earliest year for which there is a
11 liability. If there is a credit under this subsection from more
12 than one tax year that is available to offset a liability the
13 earliest credit arising under this subsection shall be applied
14 first.

15 If, during any taxable year ending on or after December 31,
16 1986, the tax imposed by subsections (c) and (d) of this
17 Section for which a taxpayer has claimed a credit under this
18 subsection (i) is reduced, the amount of credit for such tax
19 shall also be reduced. Such reduction shall be determined by
20 recomputing the credit to take into account the reduced tax
21 imposed by subsections (c) and (d). If any portion of the
22 reduced amount of credit has been carried to a different
23 taxable year, an amended return shall be filed for such taxable
24 year to reduce the amount of credit claimed.

25 (j) Training expense credit. Beginning with tax years
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) under this Section for all
3 amounts paid or accrued, on behalf of all persons employed by
4 the taxpayer in Illinois or Illinois residents employed outside
5 of Illinois by a taxpayer, for educational or vocational
6 training in semi-technical or technical fields or semi-skilled
7 or skilled fields, which were deducted from gross income in the
8 computation of taxable income. The credit against the tax
9 imposed by subsections (a) and (b) shall be 1.6% of such
10 training expenses. For partners, shareholders of subchapter S
11 corporations, and owners of limited liability companies, if the
12 liability company is treated as a partnership for purposes of
13 federal and State income taxation, there shall be allowed a
14 credit under this subsection (j) to be determined in accordance
15 with the determination of income and distributive share of
16 income under Sections 702 and 704 and subchapter S of the
17 Internal Revenue Code.

18 Any credit allowed under this subsection which is unused in
19 the year the credit is earned may be carried forward to each of
20 the 5 taxable years following the year for which the credit is
21 first computed until it is used. This credit shall be applied
22 first to the earliest year for which there is a liability. If
23 there is a credit under this subsection from more than one tax
24 year that is available to offset a liability the earliest
25 credit arising under this subsection shall be applied first. No
26 carryforward credit may be claimed in any tax year ending on or

1 after December 31, 2003.

2 (k) Research and development credit. For tax years ending
3 after July 1, 1990 and prior to December 31, 2003, and
4 beginning again for tax years ending on or after December 31,
5 2004, and ending prior to January 1, 2027 ~~January 1, 2016~~, a
6 taxpayer shall be allowed a credit against the tax imposed by
7 subsections (a) and (b) of this Section for increasing research
8 activities in this State. The credit allowed against the tax
9 imposed by subsections (a) and (b) shall be equal to 6 1/2% of
10 the qualifying expenditures for increasing research activities
11 in this State. For partners, shareholders of subchapter S
12 corporations, and owners of limited liability companies, if the
13 liability company is treated as a partnership for purposes of
14 federal and State income taxation, there shall be allowed a
15 credit under this subsection to be determined in accordance
16 with the determination of income and distributive share of
17 income under Sections 702 and 704 and subchapter S of the
18 Internal Revenue Code.

19 For purposes of this subsection, "qualifying expenditures"
20 means the qualifying expenditures as defined for the federal
21 credit for increasing research activities which would be
22 allowable under Section 41 of the Internal Revenue Code and
23 which are conducted in this State, "qualifying expenditures for
24 increasing research activities in this State" means the excess
25 of qualifying expenditures for the taxable year in which
26 incurred over qualifying expenditures for the base period,

1 "qualifying expenditures for the base period" means the average
2 of the qualifying expenditures for each year in the base
3 period, and "base period" means the 3 taxable years immediately
4 preceding the taxable year for which the determination is being
5 made.

6 Any credit in excess of the tax liability for the taxable
7 year may be carried forward. A taxpayer may elect to have the
8 unused credit shown on its final completed return carried over
9 as a credit against the tax liability for the following 5
10 taxable years or until it has been fully used, whichever occurs
11 first; provided that no credit earned in a tax year ending
12 prior to December 31, 2003 may be carried forward to any year
13 ending on or after December 31, 2003.

14 If an unused credit is carried forward to a given year from
15 2 or more earlier years, that credit arising in the earliest
16 year will be applied first against the tax liability for the
17 given year. If a tax liability for the given year still
18 remains, the credit from the next earliest year will then be
19 applied, and so on, until all credits have been used or no tax
20 liability for the given year remains. Any remaining unused
21 credit or credits then will be carried forward to the next
22 following year in which a tax liability is incurred, except
23 that no credit can be carried forward to a year which is more
24 than 5 years after the year in which the expense for which the
25 credit is given was incurred.

26 No inference shall be drawn from this amendatory Act of the

1 91st General Assembly in construing this Section for taxable
2 years beginning before January 1, 1999.

3 It is the intent of the General Assembly that the research
4 and development credit under this subsection (k) shall apply
5 for all tax years ending on or after December 31, 2004 and
6 ending prior to January 1, 2027, including, but not limited to,
7 the period beginning on January 1, 2016 and ending on the
8 effective date of this amendatory Act of the 99th General
9 Assembly. All actions taken in reliance on the continuation of
10 the credit under this subsection (k) by any taxpayer are hereby
11 validated.

12 (l) Environmental Remediation Tax Credit.

13 (i) For tax years ending after December 31, 1997 and on
14 or before December 31, 2001, a taxpayer shall be allowed a
15 credit against the tax imposed by subsections (a) and (b)
16 of this Section for certain amounts paid for unreimbursed
17 eligible remediation costs, as specified in this
18 subsection. For purposes of this Section, "unreimbursed
19 eligible remediation costs" means costs approved by the
20 Illinois Environmental Protection Agency ("Agency") under
21 Section 58.14 of the Environmental Protection Act that were
22 paid in performing environmental remediation at a site for
23 which a No Further Remediation Letter was issued by the
24 Agency and recorded under Section 58.10 of the
25 Environmental Protection Act. The credit must be claimed
26 for the taxable year in which Agency approval of the

1 eligible remediation costs is granted. The credit is not
2 available to any taxpayer if the taxpayer or any related
3 party caused or contributed to, in any material respect, a
4 release of regulated substances on, in, or under the site
5 that was identified and addressed by the remedial action
6 pursuant to the Site Remediation Program of the
7 Environmental Protection Act. After the Pollution Control
8 Board rules are adopted pursuant to the Illinois
9 Administrative Procedure Act for the administration and
10 enforcement of Section 58.9 of the Environmental
11 Protection Act, determinations as to credit availability
12 for purposes of this Section shall be made consistent with
13 those rules. For purposes of this Section, "taxpayer"
14 includes a person whose tax attributes the taxpayer has
15 succeeded to under Section 381 of the Internal Revenue Code
16 and "related party" includes the persons disallowed a
17 deduction for losses by paragraphs (b), (c), and (f) (1) of
18 Section 267 of the Internal Revenue Code by virtue of being
19 a related taxpayer, as well as any of its partners. The
20 credit allowed against the tax imposed by subsections (a)
21 and (b) shall be equal to 25% of the unreimbursed eligible
22 remediation costs in excess of \$100,000 per site, except
23 that the \$100,000 threshold shall not apply to any site
24 contained in an enterprise zone as determined by the
25 Department of Commerce and Community Affairs (now
26 Department of Commerce and Economic Opportunity). The

1 total credit allowed shall not exceed \$40,000 per year with
2 a maximum total of \$150,000 per site. For partners and
3 shareholders of subchapter S corporations, there shall be
4 allowed a credit under this subsection to be determined in
5 accordance with the determination of income and
6 distributive share of income under Sections 702 and 704 and
7 subchapter S of the Internal Revenue Code.

8 (ii) A credit allowed under this subsection that is
9 unused in the year the credit is earned may be carried
10 forward to each of the 5 taxable years following the year
11 for which the credit is first earned until it is used. The
12 term "unused credit" does not include any amounts of
13 unreimbursed eligible remediation costs in excess of the
14 maximum credit per site authorized under paragraph (i).
15 This credit shall be applied first to the earliest year for
16 which there is a liability. If there is a credit under this
17 subsection from more than one tax year that is available to
18 offset a liability, the earliest credit arising under this
19 subsection shall be applied first. A credit allowed under
20 this subsection may be sold to a buyer as part of a sale of
21 all or part of the remediation site for which the credit
22 was granted. The purchaser of a remediation site and the
23 tax credit shall succeed to the unused credit and remaining
24 carry-forward period of the seller. To perfect the
25 transfer, the assignor shall record the transfer in the
26 chain of title for the site and provide written notice to

1 the Director of the Illinois Department of Revenue of the
2 assignor's intent to sell the remediation site and the
3 amount of the tax credit to be transferred as a portion of
4 the sale. In no event may a credit be transferred to any
5 taxpayer if the taxpayer or a related party would not be
6 eligible under the provisions of subsection (i).

7 (iii) For purposes of this Section, the term "site"
8 shall have the same meaning as under Section 58.2 of the
9 Environmental Protection Act.

10 (m) Education expense credit. Beginning with tax years
11 ending after December 31, 1999, a taxpayer who is the custodian
12 of one or more qualifying pupils shall be allowed a credit
13 against the tax imposed by subsections (a) and (b) of this
14 Section for qualified education expenses incurred on behalf of
15 the qualifying pupils. The credit shall be equal to 25% of
16 qualified education expenses, but in no event may the total
17 credit under this subsection claimed by a family that is the
18 custodian of qualifying pupils exceed (i) \$500 for tax years
19 ending prior to December 31, 2017, and (ii) \$750 for tax years
20 ending on or after December 31, 2017. In no event shall a
21 credit under this subsection reduce the taxpayer's liability
22 under this Act to less than zero. This subsection is exempt
23 from the provisions of Section 250 of this Act.

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten through
4 twelfth grade education program at any school, as defined in
5 this subsection.

6 "Qualified education expense" means the amount incurred on
7 behalf of a qualifying pupil in excess of \$250 for tuition,
8 book fees, and lab fees at the school in which the pupil is
9 enrolled during the regular school year.

10 "School" means any public or nonpublic elementary or
11 secondary school in Illinois that is in compliance with Title
12 VI of the Civil Rights Act of 1964 and attendance at which
13 satisfies the requirements of Section 26-1 of the School Code,
14 except that nothing shall be construed to require a child to
15 attend any particular public or nonpublic school to qualify for
16 the credit under this Section.

17 "Custodian" means, with respect to qualifying pupils, an
18 Illinois resident who is a parent, the parents, a legal
19 guardian, or the legal guardians of the qualifying pupils.

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

22 (i) For tax years ending on or after December 31, 2006,
23 a taxpayer shall be allowed a credit against the tax
24 imposed by subsections (a) and (b) of this Section for
25 certain amounts paid for unreimbursed eligible remediation
26 costs, as specified in this subsection. For purposes of

1 this Section, "unreimbursed eligible remediation costs"
2 means costs approved by the Illinois Environmental
3 Protection Agency ("Agency") under Section 58.14a of the
4 Environmental Protection Act that were paid in performing
5 environmental remediation at a site within a River Edge
6 Redevelopment Zone for which a No Further Remediation
7 Letter was issued by the Agency and recorded under Section
8 58.10 of the Environmental Protection Act. The credit must
9 be claimed for the taxable year in which Agency approval of
10 the eligible remediation costs is granted. The credit is
11 not available to any taxpayer if the taxpayer or any
12 related party caused or contributed to, in any material
13 respect, a release of regulated substances on, in, or under
14 the site that was identified and addressed by the remedial
15 action pursuant to the Site Remediation Program of the
16 Environmental Protection Act. Determinations as to credit
17 availability for purposes of this Section shall be made
18 consistent with rules adopted by the Pollution Control
19 Board pursuant to the Illinois Administrative Procedure
20 Act for the administration and enforcement of Section 58.9
21 of the Environmental Protection Act. For purposes of this
22 Section, "taxpayer" includes a person whose tax attributes
23 the taxpayer has succeeded to under Section 381 of the
24 Internal Revenue Code and "related party" includes the
25 persons disallowed a deduction for losses by paragraphs
26 (b), (c), and (f) (1) of Section 267 of the Internal Revenue

1 Code by virtue of being a related taxpayer, as well as any
2 of its partners. The credit allowed against the tax imposed
3 by subsections (a) and (b) shall be equal to 25% of the
4 unreimbursed eligible remediation costs in excess of
5 \$100,000 per site.

6 (ii) A credit allowed under this subsection that is
7 unused in the year the credit is earned may be carried
8 forward to each of the 5 taxable years following the year
9 for which the credit is first earned until it is used. This
10 credit shall be applied first to the earliest year for
11 which there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available to
13 offset a liability, the earliest credit arising under this
14 subsection shall be applied first. A credit allowed under
15 this subsection may be sold to a buyer as part of a sale of
16 all or part of the remediation site for which the credit
17 was granted. The purchaser of a remediation site and the
18 tax credit shall succeed to the unused credit and remaining
19 carry-forward period of the seller. To perfect the
20 transfer, the assignor shall record the transfer in the
21 chain of title for the site and provide written notice to
22 the Director of the Illinois Department of Revenue of the
23 assignor's intent to sell the remediation site and the
24 amount of the tax credit to be transferred as a portion of
25 the sale. In no event may a credit be transferred to any
26 taxpayer if the taxpayer or a related party would not be

1 eligible under the provisions of subsection (i).

2 (iii) For purposes of this Section, the term "site"
3 shall have the same meaning as under Section 58.2 of the
4 Environmental Protection Act.

5 (o) For each of taxable years during the Compassionate Use
6 of Medical Cannabis Pilot Program, a surcharge is imposed on
7 all taxpayers on income arising from the sale or exchange of
8 capital assets, depreciable business property, real property
9 used in the trade or business, and Section 197 intangibles of
10 an organization registrant under the Compassionate Use of
11 Medical Cannabis Pilot Program Act. The amount of the surcharge
12 is equal to the amount of federal income tax liability for the
13 taxable year attributable to those sales and exchanges. The
14 surcharge imposed does not apply if:

15 (1) the medical cannabis cultivation center
16 registration, medical cannabis dispensary registration, or
17 the property of a registration is transferred as a result
18 of any of the following:

19 (A) bankruptcy, a receivership, or a debt
20 adjustment initiated by or against the initial
21 registration or the substantial owners of the initial
22 registration;

23 (B) cancellation, revocation, or termination of
24 any registration by the Illinois Department of Public
25 Health;

26 (C) a determination by the Illinois Department of

1 Public Health that transfer of the registration is in
2 the best interests of Illinois qualifying patients as
3 defined by the Compassionate Use of Medical Cannabis
4 Pilot Program Act;

5 (D) the death of an owner of the equity interest in
6 a registrant;

7 (E) the acquisition of a controlling interest in
8 the stock or substantially all of the assets of a
9 publicly traded company;

10 (F) a transfer by a parent company to a wholly
11 owned subsidiary; or

12 (G) the transfer or sale to or by one person to
13 another person where both persons were initial owners
14 of the registration when the registration was issued;
15 or

16 (2) the cannabis cultivation center registration,
17 medical cannabis dispensary registration, or the
18 controlling interest in a registrant's property is
19 transferred in a transaction to lineal descendants in which
20 no gain or loss is recognized or as a result of a
21 transaction in accordance with Section 351 of the Internal
22 Revenue Code in which no gain or loss is recognized.

23 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
24 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
25 eff. 7-16-14.)

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

2 Sec. 203. Base income defined.

3 (a) Individuals.

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

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

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

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

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

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

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

12 (D-5) An amount, to the extent not included in
13 adjusted gross income, equal to the amount of money
14 withdrawn by the taxpayer in the taxable year from a
15 medical care savings account and the interest earned on
16 the account in the taxable year of a withdrawal
17 pursuant to subsection (b) of Section 20 of the Medical
18 Care Savings Account Act or subsection (b) of Section
19 20 of the Medical Care Savings Account Act of 2000;

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

25 (D-15) For taxable years 2001 and thereafter, an
26 amount equal to the bonus depreciation deduction taken

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

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

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

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

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

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

21 This paragraph shall not apply to the following:

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

1 with respect to such interest; or

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

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

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

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

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

1 if the taxpayer and the Director agree in writing
2 to the application or use of an alternative method
3 of apportionment under Section 304(f).

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

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

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

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

6 This paragraph shall not apply to the following:

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

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

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

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

1 income tax, and is paid pursuant to a contract
2 or agreement that reflects arm's-length terms;
3 or

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

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

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

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

21 (D-20) For taxable years beginning on or after
22 January 1, 2002 and ending on or before December 31,
23 2006, in the case of a distribution from a qualified
24 tuition program under Section 529 of the Internal
25 Revenue Code, other than (i) a distribution from a
26 College Savings Pool created under Section 16.5 of the

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

24 For the purposes of this subparagraph (D-20), a
25 qualified tuition program has made reasonable efforts
26 if it makes disclosures (which may use the term

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

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

17 (D-22) For taxable years beginning on or after
18 January 1, 2009, in the case of a nonqualified
19 withdrawal or refund of moneys from a qualified tuition
20 program under Section 529 of the Internal Revenue Code
21 administered by the State that is not used for
22 qualified expenses at an eligible education
23 institution, an amount equal to the contribution
24 component of the nonqualified withdrawal or refund
25 that was previously deducted from base income under
26 subsection (a) (2) (y) of this Section, provided that

1 the withdrawal or refund did not result from the
2 beneficiary's death or disability;

3 (D-23) An amount equal to the credit allowable to
4 the taxpayer under Section 218(a) of this Act,
5 determined without regard to Section 218(c) of this
6 Act;

7 (D-24) For taxable years beginning on or after
8 January 1, 2017, an amount equal to the deduction
9 allowed under Section 199 of the Internal Revenue Code
10 for the taxable year;

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

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

1 after December 31, 2007, the National Guard of any
2 other state. For taxable years ending on or after
3 December 31, 2001, any amount included in such total in
4 respect of any compensation (including but not limited
5 to any compensation paid or accrued to a serviceman
6 while a prisoner of war or missing in action) paid to a
7 resident by reason of being a member of any component
8 of the Armed Forces of the United States and in respect
9 of any compensation paid or accrued to a resident who
10 as a governmental employee was a prisoner of war or
11 missing in action, and in respect of any compensation
12 paid to a resident in 2001 or thereafter by reason of
13 being a member of the Illinois National Guard or,
14 beginning with taxable years ending on or after
15 December 31, 2007, the National Guard of any other
16 state. The provisions of this subparagraph (E) are
17 exempt from the provisions of Section 250;

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

1 Internal Revenue Code and regulations adopted pursuant
2 thereto;

3 (G) The valuation limitation amount;

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

7 (I) An amount equal to all amounts included in such
8 total pursuant to the provisions of Section 111 of the
9 Internal Revenue Code as a recovery of items previously
10 deducted from adjusted gross income in the computation
11 of taxable income;

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

20 (K) An amount equal to those dividends included in
21 such total that were paid by a corporation that
22 conducts business operations in a federally designated
23 Foreign Trade Zone or Sub-Zone and that is designated a
24 High Impact Business located in Illinois; provided
25 that dividends eligible for the deduction provided in
26 subparagraph (J) of paragraph (2) of this subsection

1 shall not be eligible for the deduction provided under
2 this subparagraph (K);

3 (L) For taxable years ending after December 31,
4 1983, an amount equal to all social security benefits
5 and railroad retirement benefits included in such
6 total pursuant to Sections 72(r) and 86 of the Internal
7 Revenue Code;

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

24 (N) An amount equal to all amounts included in such
25 total which are exempt from taxation by this State
26 either by reason of its statutes or Constitution or by

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

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

10 (P) An amount equal to the amount of the deduction
11 used to compute the federal income tax credit for
12 restoration of substantial amounts held under claim of
13 right for the taxable year pursuant to Section 1341 of
14 the Internal Revenue Code or of any itemized deduction
15 taken from adjusted gross income in the computation of
16 taxable income for restoration of substantial amounts
17 held under claim of right for the taxable year;

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

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

25 (S) An amount, to the extent included in adjusted
26 gross income, equal to the amount of a contribution

1 made in the taxable year on behalf of the taxpayer to a
2 medical care savings account established under the
3 Medical Care Savings Account Act or the Medical Care
4 Savings Account Act of 2000 to the extent the
5 contribution is accepted by the account administrator
6 as provided in that Act;

7 (T) An amount, to the extent included in adjusted
8 gross income, equal to the amount of interest earned in
9 the taxable year on a medical care savings account
10 established under the Medical Care Savings Account Act
11 or the Medical Care Savings Account Act of 2000 on
12 behalf of the taxpayer, other than interest added
13 pursuant to item (D-5) of this paragraph (2);

14 (U) For one taxable year beginning on or after
15 January 1, 1994, an amount equal to the total amount of
16 tax imposed and paid under subsections (a) and (b) of
17 Section 201 of this Act on grant amounts received by
18 the taxpayer under the Nursing Home Grant Assistance
19 Act during the taxpayer's taxable years 1992 and 1993;

20 (V) Beginning with tax years ending on or after
21 December 31, 1995 and ending with tax years ending on
22 or before December 31, 2004, an amount equal to the
23 amount paid by a taxpayer who is a self-employed
24 taxpayer, a partner of a partnership, or a shareholder
25 in a Subchapter S corporation for health insurance or
26 long-term care insurance for that taxpayer or that

1 taxpayer's spouse or dependents, to the extent that the
2 amount paid for that health insurance or long-term care
3 insurance may be deducted under Section 213 of the
4 Internal Revenue Code, has not been deducted on the
5 federal income tax return of the taxpayer, and does not
6 exceed the taxable income attributable to that
7 taxpayer's income, self-employment income, or
8 Subchapter S corporation income; except that no
9 deduction shall be allowed under this item (V) if the
10 taxpayer is eligible to participate in any health
11 insurance or long-term care insurance plan of an
12 employer of the taxpayer or the taxpayer's spouse. The
13 amount of the health insurance and long-term care
14 insurance subtracted under this item (V) shall be
15 determined by multiplying total health insurance and
16 long-term care insurance premiums paid by the taxpayer
17 times a number that represents the fractional
18 percentage of eligible medical expenses under Section
19 213 of the Internal Revenue Code of 1986 not actually
20 deducted on the taxpayer's federal income tax return;

21 (W) For taxable years beginning on or after January
22 1, 1998, all amounts included in the taxpayer's federal
23 gross income in the taxable year from amounts converted
24 from a regular IRA to a Roth IRA. This paragraph is
25 exempt from the provisions of Section 250;

26 (X) For taxable year 1999 and thereafter, an amount

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

1 victim. The amount of and the eligibility for any
2 public assistance, benefit, or similar entitlement is
3 not affected by the inclusion of items (i) and (ii) of
4 this paragraph in gross income for federal income tax
5 purposes. This paragraph is exempt from the provisions
6 of Section 250;

7 (Y) For taxable years beginning on or after January
8 1, 2002 and ending on or before December 31, 2004,
9 moneys contributed in the taxable year to a College
10 Savings Pool account under Section 16.5 of the State
11 Treasurer Act, except that amounts excluded from gross
12 income under Section 529(c)(3)(C)(i) of the Internal
13 Revenue Code shall not be considered moneys
14 contributed under this subparagraph (Y). For taxable
15 years beginning on or after January 1, 2005, a maximum
16 of \$10,000 contributed in the taxable year to (i) a
17 College Savings Pool account under Section 16.5 of the
18 State Treasurer Act or (ii) the Illinois Prepaid
19 Tuition Trust Fund, except that amounts excluded from
20 gross income under Section 529(c)(3)(C)(i) of the
21 Internal Revenue Code shall not be considered moneys
22 contributed under this subparagraph (Y). For purposes
23 of this subparagraph, contributions made by an
24 employer on behalf of an employee, or matching
25 contributions made by an employee, shall be treated as
26 made by the employee. This subparagraph (Y) is exempt

1 from the provisions of Section 250;

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

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

15 (2) for taxable years ending on or before
16 December 31, 2005, "x" equals "y" multiplied by 30
17 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (3) for taxable years ending after December
20 31, 2005:

21 (i) for property on which a bonus
22 depreciation deduction of 30% of the adjusted
23 basis was taken, "x" equals "y" multiplied by
24 30 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 1.0.

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

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

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

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

1 This subparagraph (AA) is exempt from the
2 provisions of Section 250;

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

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

23 (DD) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 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(a)(2)(D-17) for
14 interest paid, accrued, or incurred, directly or
15 indirectly, to the same person. This subparagraph (DD)
16 is exempt from the provisions of Section 250;

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

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304, but not to exceed the
6 addition modification required to be made for the same
7 taxable year under Section 203(a)(2)(D-18) for
8 intangible expenses and costs paid, accrued, or
9 incurred, directly or indirectly, to the same foreign
10 person. This subparagraph (EE) is exempt from the
11 provisions of Section 250;

12 (FF) An amount equal to any amount awarded to the
13 taxpayer during the taxable year by the Court of Claims
14 under subsection (c) of Section 8 of the Court of
15 Claims Act for time unjustly served in a State prison.
16 This subparagraph (FF) is exempt from the provisions of
17 Section 250; and

18 (GG) For taxable years ending on or after December
19 31, 2011, in the case of a taxpayer who was required to
20 add back any insurance premiums under Section
21 203(a)(2)(D-19), such taxpayer may elect to subtract
22 that part of a reimbursement received from the
23 insurance company equal to the amount of the expense or
24 loss (including expenses incurred by the insurance
25 company) that would have been taken into account as a
26 deduction for federal income tax purposes if the

1 expense or loss had been uninsured. If a taxpayer makes
2 the election provided for by this subparagraph (GG),
3 the insurer to which the premiums were paid must add
4 back to income the amount subtracted by the taxpayer
5 pursuant to this subparagraph (GG). This subparagraph
6 (GG) is exempt from the provisions of Section 250.

7 (b) Corporations.

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

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

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

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

22 (C) In the case of a regulated investment company,
23 an amount equal to the excess of (i) the net long-term
24 capital gain for the taxable year, over (ii) the amount
25 of the capital gain dividends designated as such in

1 accordance with Section 852(b)(3)(C) of the Internal
2 Revenue Code and any amount designated under Section
3 852(b)(3)(D) of the Internal Revenue Code,
4 attributable to the taxable year (this amendatory Act
5 of 1995 (Public Act 89-89) is declarative of existing
6 law and is not a new enactment);

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

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

21 (i) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall be reduced by the amount of
25 addition modification under this subparagraph (E)
26 which related to that net operating loss and which

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

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

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

15 (E-5) For taxable years ending after December 31,
16 1997, an amount equal to any eligible remediation costs
17 that the corporation deducted in computing adjusted
18 gross income and for which the corporation claims a
19 credit under subsection (l) of Section 201;

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

25 (E-11) If the taxpayer sells, transfers, abandons,
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an
2 addition modification under subparagraph (E-10), then
3 an amount equal to the aggregate amount of the
4 deductions taken in all taxable years under
5 subparagraph (T) with respect to that property.

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

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

16 (E-12) An amount equal to the amount otherwise
17 allowed as a deduction in computing base income for
18 interest paid, accrued, or incurred, directly or
19 indirectly, (i) for taxable years ending on or after
20 December 31, 2004, to a foreign person who would be a
21 member of the same unitary business group but for the
22 fact the foreign person's business activity outside
23 the United States is 80% or more of the foreign
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

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

17 This paragraph shall not apply to the following:

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

24 (ii) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer can establish, based on a

1 preponderance of the evidence, both of the
2 following:

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

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

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

19 (iv) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person if
21 the taxpayer establishes by clear and convincing
22 evidence that the adjustments are unreasonable; or
23 if the taxpayer and the Director agree in writing
24 to the application or use of an alternative method
25 of apportionment under Section 304(f).

26 Nothing in this subsection shall preclude the

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

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

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

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) any item of intangible expense or cost

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

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

17 (E-14) For taxable years ending on or after
18 December 31, 2008, an amount equal to the amount of
19 insurance premium expenses and costs otherwise allowed
20 as a deduction in computing base income, and that were
21 paid, accrued, or incurred, directly or indirectly, to
22 a person who would be a member of the same unitary
23 business group but for the fact that the person is
24 prohibited under Section 1501(a)(27) from being
25 included in the unitary business group because he or
26 she is ordinarily required to apportion business

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

17 (E-15) For taxable years beginning after December
18 31, 2008, any deduction for dividends paid by a captive
19 real estate investment trust that is allowed to a real
20 estate investment trust under Section 857(b)(2)(B) of
21 the Internal Revenue Code for dividends paid;

22 (E-16) An amount equal to the credit allowable to
23 the taxpayer under Section 218(a) of this Act,
24 determined without regard to Section 218(c) of this
25 Act;

26 (E-17) For taxable years beginning on or after

1 January 1, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

4 (E-18) For taxable years beginning on or after
5 January 1, 2017, any deduction allowed to the taxpayer
6 under Sections 243 through 246A of the Internal Revenue
7 Code;

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

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

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

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

20 (I) With the exception of any amounts subtracted
21 under subparagraph (J), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a) (2), and 265(a) (2) and amounts disallowed as
24 interest expense by Section 291(a) (3) of the Internal
25 Revenue Code, and all amounts of expenses allocable to
26 interest and disallowed as deductions by Section

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

20 (J) An amount equal to all amounts included in such
21 total which are exempt from taxation by this State
22 either by reason of its statutes or Constitution or by
23 reason of the Constitution, treaties or statutes of the
24 United States; provided that, in the case of any
25 statute of this State that exempts income derived from
26 bonds or other obligations from the tax imposed under

1 this Act, the amount exempted shall be the interest net
2 of bond premium amortization;

3 (K) 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 (K) is exempt from the
10 provisions of Section 250;

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

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

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

16 (M-1) For any taxpayer that is a financial
17 organization within the meaning of Section 304(c) of
18 this Act, an amount included in such total as interest
19 income from a loan or loans made by such taxpayer to a
20 borrower, to the extent that such a loan is secured by
21 property which is eligible for the High Impact Business
22 Investment Credit. To determine the portion of a loan
23 or loans that is secured by property eligible for a
24 Section 201(h) investment credit to the borrower, the
25 entire principal amount of the loan or loans between
26 the taxpayer and the borrower should be divided into

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

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

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

1 ending on or before December 31, 1992, or, a percentage
2 equal to the percentage allowable under Section
3 243(a)(1) of the Internal Revenue Code of 1986 for
4 taxable years ending after December 31, 1992, of the
5 amount by which dividends included in taxable income
6 and received from a corporation that is not created or
7 organized under the laws of the United States or any
8 state or political subdivision thereof, including, for
9 taxable years ending on or after December 31, 1988,
10 dividends received or deemed received or paid or deemed
11 paid under Sections 951 through 965 of the Internal
12 Revenue Code, exceed the amount of the modification
13 provided under subparagraph (G) of paragraph (2) of
14 this subsection (b) which is related to such dividends,
15 and including, for taxable years ending on or after
16 December 31, 2008, dividends received from a captive
17 real estate investment trust; plus (ii) 100% of the
18 amount by which dividends, included in taxable income
19 and received, including, for taxable years ending on or
20 after December 31, 1988, dividends received or deemed
21 received or paid or deemed paid under Sections 951
22 through 964 of the Internal Revenue Code and including,
23 for taxable years ending on or after December 31, 2008,
24 dividends received from a captive real estate
25 investment trust, from any such corporation specified
26 in clause (i) that would but for the provisions of

1 Section 1504 (b) (3) of the Internal Revenue Code be
2 treated as a member of the affiliated group which
3 includes the dividend recipient, exceed the amount of
4 the modification provided under subparagraph (G) of
5 paragraph (2) of this subsection (b) which is related
6 to such dividends. This subparagraph (O) shall not
7 apply to taxable years beginning on or after January 1,
8 2017 is exempt from the provisions of Section 250 of
9 ~~this Act;~~

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

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

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

1 attorney-in-fact under Section 835(b) of the Internal
2 Revenue Code for the taxable year; the provisions of
3 this subparagraph are exempt from the provisions of
4 Section 250;

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

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

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

1 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. This
23 subparagraph (T) is exempt from the provisions of
24 Section 250;

25 (U) If the taxpayer sells, transfers, abandons, or
26 otherwise disposes of property for which the taxpayer

1 was required in any taxable year to make an addition
2 modification under subparagraph (E-10), then an amount
3 equal to that addition modification.

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which the
6 taxpayer may claim a depreciation deduction for
7 federal income tax purposes and 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 The taxpayer is allowed to take the deduction under
12 this subparagraph only once with respect to any one
13 piece of property.

14 This subparagraph (U) is exempt from the
15 provisions of Section 250;

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

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

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

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304, but not to exceed the
4 addition modification required to be made for the same
5 taxable year under Section 203(b)(2)(E-12) for
6 interest paid, accrued, or incurred, directly or
7 indirectly, to the same person. This subparagraph (W)
8 is exempt from the provisions of Section 250;

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

1 incurred, directly or indirectly, to the same foreign
2 person. This subparagraph (X) is exempt from the
3 provisions of Section 250;

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(b)(2)(E-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; and

19 (Z) The difference between the nondeductible
20 controlled foreign corporation dividends under Section
21 965(e)(3) of the Internal Revenue Code over the taxable
22 income of the taxpayer, computed without regard to
23 Section 965(e)(2)(A) of the Internal Revenue Code, and
24 without regard to any net operating loss deduction.
25 This subparagraph (Z) is exempt from the provisions of
26 Section 250.

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

9 (c) Trusts and estates.

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

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

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

21 (B) In the case of (i) an estate, \$600; (ii) a
22 trust which, under its governing instrument, is
23 required to distribute all of its income currently,
24 \$300; and (iii) any other trust, \$100, but in each such
25 case, only to the extent such amount was deducted in

1 the computation of taxable income;

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

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

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

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

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

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

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

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

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

1 credit under subsection (l) of Section 201;

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

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

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

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

24 (G-12) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

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

25 This paragraph shall not apply to the following:

26 (i) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person who
2 is subject in a foreign country or state, other
3 than a state which requires mandatory unitary
4 reporting, to a tax on or measured by net income
5 with respect to such interest; or

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

11 (a) the person, during the same taxable
12 year, paid, accrued, or incurred, the interest
13 to a person that is not a related member, and

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

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

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

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

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

1 December 31, 2008, to a person who would be a member of
2 the same unitary business group but for the fact that
3 the person is prohibited under Section 1501(a)(27)
4 from being included in the unitary business group
5 because he or she is ordinarily required to apportion
6 business income under different subsections of Section
7 304. The addition modification required by this
8 subparagraph shall be reduced to the extent that
9 dividends were included in base income of the unitary
10 group for the same taxable year and received by the
11 taxpayer or by a member of the taxpayer's unitary
12 business group (including amounts included in gross
13 income pursuant to Sections 951 through 964 of the
14 Internal Revenue Code and amounts included in gross
15 income under Section 78 of the Internal Revenue Code)
16 with respect to the stock of the same person to whom
17 the intangible expenses and costs were directly or
18 indirectly paid, incurred, or accrued. The preceding
19 sentence shall not apply to the extent that the same
20 dividends caused a reduction to the addition
21 modification required under Section 203(c)(2)(G-12) of
22 this Act. As used in this subparagraph, the term
23 "intangible expenses and costs" includes: (1)
24 expenses, losses, and costs for or related to the
25 direct or indirect acquisition, use, maintenance or
26 management, ownership, sale, exchange, or any other

1 disposition of intangible property; (2) losses
2 incurred, directly or indirectly, from factoring
3 transactions or discounting transactions; (3) royalty,
4 patent, technical, and copyright fees; (4) licensing
5 fees; and (5) other similar expenses and costs. For
6 purposes of this subparagraph, "intangible property"
7 includes patents, patent applications, trade names,
8 trademarks, service marks, copyrights, mask works,
9 trade secrets, and similar types of intangible assets.

10 This paragraph shall not apply to the following:

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

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

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

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

8 (iii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person if the
11 taxpayer establishes by clear and convincing
12 evidence, that the adjustments are unreasonable;
13 or if the taxpayer and the Director agree in
14 writing to the application or use of an alternative
15 method 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-14) For taxable years ending on or after
26 December 31, 2008, an amount equal to the amount of

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

25 (G-15) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this
2 Act;

3 (G-16) For taxable years beginning on or after
4 January 1, 2017, an amount equal to the deduction
5 allowed under Section 199 of the Internal Revenue Code
6 for the taxable year;

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

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

20 (I) The valuation limitation amount;

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

24 (K) An amount equal to all amounts included in
25 taxable income as modified by subparagraphs (A), (B),
26 (C), (D), (E), (F) and (G) which are exempt from

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

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

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

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

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

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

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

24 (Q) For taxable year 1999 and thereafter, an amount
25 equal to the amount of any (i) distributions, to the
26 extent includible in gross income for federal income

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

1 not affected by the inclusion of items (i) and (ii) of
2 this paragraph in gross income for federal income tax
3 purposes. This paragraph is exempt from the provisions
4 of Section 250;

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

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

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

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

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied by
2 0.429); and

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

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

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

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

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

4 This subparagraph (S) is exempt from the
5 provisions of Section 250;

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

23 (U) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 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 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-12) for
14 interest paid, accrued, or incurred, directly or
15 indirectly, to the same person. This subparagraph (U)
16 is exempt from the provisions of Section 250;

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

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

12 (W) in the case of an estate, an amount equal to
13 all amounts included in such total pursuant to the
14 provisions of Section 111 of the Internal Revenue Code
15 as a recovery of items previously deducted by the
16 decedent from adjusted gross income in the computation
17 of taxable income. This subparagraph (W) is exempt from
18 Section 250;

19 (X) an amount equal to the refund included in such
20 total of any tax deducted for federal income tax
21 purposes, to the extent that deduction was added back
22 under subparagraph (F). This subparagraph (X) is
23 exempt from the provisions of Section 250; and

24 (Y) For taxable years ending on or after December
25 31, 2011, in the case of a taxpayer who was required to
26 add back any insurance premiums under Section

1 203(c)(2)(G-14), such taxpayer may elect to subtract
2 that part of a reimbursement received from the
3 insurance company equal to the amount of the expense or
4 loss (including expenses incurred by the insurance
5 company) that would have been taken into account as a
6 deduction for federal income tax purposes if the
7 expense or loss had been uninsured. If a taxpayer makes
8 the election provided for by this subparagraph (Y), the
9 insurer to which the premiums were paid must add back
10 to income the amount subtracted by the taxpayer
11 pursuant to this subparagraph (Y). This subparagraph
12 (Y) is exempt from the provisions of Section 250.

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

20 (d) Partnerships.

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

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

1 of the following amounts:

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

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

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

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

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

21 (D-6) If the taxpayer sells, transfers, abandons,
22 or otherwise disposes of property for which the
23 taxpayer was required in any taxable year to make an
24 addition modification under subparagraph (D-5), then
25 an amount equal to the aggregate amount of the
26 deductions taken in all taxable years under

1 subparagraph (O) with respect to that property.

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

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

12 (D-7) An amount equal to the amount otherwise
13 allowed as a deduction in computing base income for
14 interest paid, accrued, or incurred, directly or
15 indirectly, (i) for taxable years ending on or after
16 December 31, 2004, to a foreign person who would be a
17 member of the same unitary business group but for the
18 fact the foreign person's business activity outside
19 the United States is 80% or more of the foreign
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. The addition modification
2 required by this subparagraph shall be reduced to the
3 extent that dividends were included in base income of
4 the unitary group for the same taxable year and
5 received by the taxpayer or by a member of the
6 taxpayer's unitary business group (including amounts
7 included in gross income pursuant to Sections 951
8 through 964 of the Internal Revenue Code and amounts
9 included in gross income under Section 78 of the
10 Internal Revenue Code) with respect to the stock of the
11 same person to whom the interest was paid, accrued, or
12 incurred.

13 This paragraph shall not apply to the following:

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

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

25 (a) the person, during the same taxable
26 year, paid, accrued, or incurred, the interest

1 to a person that is not a related member, and

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

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

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

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

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

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

1 income pursuant to Sections 951 through 964 of the
2 Internal Revenue Code and amounts included in gross
3 income under Section 78 of the Internal Revenue Code)
4 with respect to the stock of the same person to whom
5 the intangible expenses and costs were directly or
6 indirectly paid, incurred or accrued. The preceding
7 sentence shall not apply to the extent that the same
8 dividends caused a reduction to the addition
9 modification required under Section 203(d)(2)(D-7) of
10 this Act. As used in this subparagraph, the term
11 "intangible expenses and costs" includes (1) expenses,
12 losses, and costs for, or related to, the direct or
13 indirect acquisition, use, maintenance or management,
14 ownership, sale, exchange, or any other disposition of
15 intangible property; (2) losses incurred, directly or
16 indirectly, from factoring transactions or discounting
17 transactions; (3) royalty, patent, technical, and
18 copyright fees; (4) licensing fees; and (5) other
19 similar expenses and costs. For purposes of this
20 subparagraph, "intangible property" includes patents,
21 patent applications, trade names, trademarks, service
22 marks, copyrights, mask works, trade secrets, and
23 similar types of intangible assets;

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs
26 paid, accrued, or incurred, directly or

1 indirectly, from a transaction with a person who is
2 subject in a foreign country or state, other than a
3 state which requires mandatory unitary reporting,
4 to a tax on or measured by net income with respect
5 to such item; or

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

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

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

22 (iii) any item of intangible expense or cost
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person if the
25 taxpayer establishes by clear and convincing
26 evidence, that the adjustments are unreasonable;

1 or if the taxpayer and the Director agree in
2 writing to the application or use of an alternative
3 method of apportionment under Section 304(f);

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

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

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

13 (D-10) An amount equal to the credit allowable to
14 the taxpayer under Section 218(a) of this Act,
15 determined without regard to Section 218(c) of this
16 Act;

17 (D-11) For taxable years beginning on or after
18 January 1, 2017, an amount equal to the deduction
19 allowed under Section 199 of the Internal Revenue Code
20 for the taxable year;

21 and by deducting from the total so obtained the following
22 amounts:

23 (E) The valuation limitation amount;

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

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

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

19 (I) An amount equal to all amounts of income
20 distributable to an entity subject to the Personal
21 Property Tax Replacement Income Tax imposed by
22 subsections (c) and (d) of Section 201 of this Act
23 including amounts distributable to organizations
24 exempt from federal income tax by reason of Section
25 501(a) of the Internal Revenue Code; this subparagraph
26 (I) is exempt from the provisions of Section 250;

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

17 (K) An amount equal to those dividends included in
18 such total which were paid by a corporation which
19 conducts business operations in a River Edge
20 Redevelopment Zone or zones created under the River
21 Edge Redevelopment Zone Act and conducts substantially
22 all of its operations from a River Edge Redevelopment
23 Zone or zones. This subparagraph (K) is exempt from the
24 provisions of Section 250;

25 (L) An amount equal to any contribution made to a
26 job training project established pursuant to the Real

1 Property Tax Increment Allocation Redevelopment Act;

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

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

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

22 (1) "y" equals the amount of the depreciation
23 deduction taken for the taxable year on the
24 taxpayer's federal income tax return on property
25 for which the bonus depreciation deduction was
26 taken in any year under subsection (k) of Section

1 168 of the Internal Revenue Code, but not including
2 the bonus depreciation deduction;

3 (2) for taxable years ending on or before
4 December 31, 2005, "x" equals "y" multiplied by 30
5 and then divided by 70 (or "y" multiplied by
6 0.429); and

7 (3) for taxable years ending after December
8 31, 2005:

9 (i) for property on which a bonus
10 depreciation deduction of 30% of the adjusted
11 basis was taken, "x" equals "y" multiplied by
12 30 and then divided by 70 (or "y" multiplied by
13 0.429); and

14 (ii) for property on which a bonus
15 depreciation deduction of 50% of the adjusted
16 basis was taken, "x" equals "y" multiplied by
17 1.0.

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

26 (P) If the taxpayer sells, transfers, abandons, or

1 otherwise disposes of property for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (D-5), then an amount
4 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-5), 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 (P) is exempt from the
16 provisions of Section 250;

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

1 year with respect to a transaction with a taxpayer that
2 is required to make an addition modification with
3 respect to such transaction under Section
4 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
5 203(d)(2)(D-8), but not to exceed the amount of such
6 addition modification. This subparagraph (Q) is exempt
7 from Section 250;

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

1 Section 250;

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

22 (T) For taxable years ending on or after December
23 31, 2011, in the case of a taxpayer who was required to
24 add back any insurance premiums under Section
25 203(d)(2)(D-9), such taxpayer may elect to subtract
26 that part of a reimbursement received from the

1 insurance company equal to the amount of the expense or
2 loss (including expenses incurred by the insurance
3 company) that would have been taken into account as a
4 deduction for federal income tax purposes if the
5 expense or loss had been uninsured. If a taxpayer makes
6 the election provided for by this subparagraph (T), the
7 insurer to which the premiums were paid must add back
8 to income the amount subtracted by the taxpayer
9 pursuant to this subparagraph (T). This subparagraph
10 (T) is exempt from the provisions of Section 250.

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

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

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

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

22 (A) Certain life insurance companies. In the case
23 of a life insurance company subject to the tax imposed
24 by Section 801 of the Internal Revenue Code, life
25 insurance company taxable income, plus the amount of
26 distribution from pre-1984 policyholder surplus

1 accounts as calculated under Section 815a of the
2 Internal Revenue Code;

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

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

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

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

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

1 any resulting Illinois net loss and the standards to be
2 used by the Director in evaluating requests to revoke
3 elections. Public Act 96-932 is declaratory of
4 existing law;

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

21 (H) Partnerships. In the case of a partnership,
22 taxable income determined in accordance with Section
23 703 of the Internal Revenue Code, except that taxable
24 income shall take into account those items which are
25 required by Section 703(a)(1) to be separately stated
26 but which would be taken into account by an individual

1 in calculating his taxable income.

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

19 (f) Valuation limitation amount.

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

23 (A) The sum of the pre-August 1, 1969 appreciation
24 amounts (to the extent consisting of gain reportable
25 under the provisions of Section 1245 or 1250 of the

1 Internal Revenue Code) for all property in respect of
2 which such gain was reported for the taxable year; plus

3 (B) The lesser of (i) the sum of the pre-August 1,
4 1969 appreciation amounts (to the extent consisting of
5 capital gain) for all property in respect of which such
6 gain was reported for federal income tax purposes for
7 the taxable year, or (ii) the net capital gain for the
8 taxable year, reduced in either case by any amount of
9 such gain included in the amount determined under
10 subsection (a) (2) (F) or (c) (2) (H).

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

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

23 (B) If the fair market value of property referred
24 to in paragraph (1) was not readily ascertainable on
25 August 1, 1969, the pre-August 1, 1969 appreciation
26 amount for such property is that amount which bears the

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

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

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

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

23 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
24 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;

1 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
2 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
3 eff. 8-23-11; 97-905, eff. 8-7-12.)

4 (35 ILCS 5/212)

5 Sec. 212. Earned income tax credit.

6 (a) With respect to the federal earned income tax credit
7 allowed for the taxable year under Section 32 of the federal
8 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
9 is entitled to a credit against the tax imposed by subsections
10 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
11 federal tax credit for each taxable year beginning on or after
12 January 1, 2000 and ending prior to December 31, 2012, (ii)
13 7.5% of the federal tax credit for each taxable year beginning
14 on or after January 1, 2012 and ending prior to December 31,
15 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
16 year beginning on or after January 1, 2013 and beginning prior
17 to January 1, 2017, and (iv) 15% of the federal tax credit for
18 each taxable year beginning on or after January 1, 2017.

19 For a non-resident or part-year resident, the amount of the
20 credit under this Section shall be in proportion to the amount
21 of income attributable to this State.

22 (b) For taxable years beginning before January 1, 2003, in
23 no event shall a credit under this Section reduce the
24 taxpayer's liability to less than zero. For each taxable year
25 beginning on or after January 1, 2003, if the amount of the

1 credit exceeds the income tax liability for the applicable tax
2 year, then the excess credit shall be refunded to the taxpayer.
3 The amount of a refund shall not be included in the taxpayer's
4 income or resources for the purposes of determining eligibility
5 or benefit level in any means-tested benefit program
6 administered by a governmental entity unless required by
7 federal law.

8 (c) This Section is exempt from the provisions of Section
9 250.

10 (Source: P.A. 97-652, eff. 6-1-12.)

11 (35 ILCS 5/225 new)

12 Sec. 225. Credit for instructional materials and supplies.
13 For taxable years beginning on and after January 1, 2017, a
14 taxpayer shall be allowed a credit in the amount paid by the
15 taxpayer during the taxable year for instructional materials
16 and supplies with respect to classroom based instruction in a
17 qualified school, or \$250, whichever is less, provided that the
18 taxpayer is a teacher, instructor, counselor, principal, or
19 aide in a qualified school for at least 900 hours during a
20 school year.

21 The credit may not be carried back and may not reduce the
22 taxpayer's liability to less than zero. If the amount of the
23 credit exceeds the tax liability for the year, the excess may
24 be carried forward and applied to the tax liability of the 5
25 taxable years following the excess credit year. The tax credit

1 shall be applied to the earliest year for which there is a tax
2 liability. If there are credits for more than one year that are
3 available to offset a liability, the earlier credit shall be
4 applied first.

5 For purposes of this Section, the term "materials and
6 supplies" means amounts paid for instructional materials or
7 supplies that are designated for classroom use in any qualified
8 school. For purposes of this Section, the term "qualified
9 school" has the meaning given to that term in the Invest in
10 Kids Act.

11 This Section is exempt from the provisions of Section 250.

12 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

13 Sec. 804. Failure to Pay Estimated Tax.

14 (a) In general. In case of any underpayment of estimated
15 tax by a taxpayer, except as provided in subsection (d) or (e),
16 the taxpayer shall be liable to a penalty in an amount
17 determined at the rate prescribed by Section 3-3 of the Uniform
18 Penalty and Interest Act upon the amount of the underpayment
19 (determined under subsection (b)) for each required
20 installment.

21 (b) Amount of underpayment. For purposes of subsection (a),
22 the amount of the underpayment shall be the excess of:

23 (1) the amount of the installment which would be
24 required to be paid under subsection (c), over

25 (2) the amount, if any, of the installment paid on or

1 before the last date prescribed for payment.

2 (c) Amount of Required Installments.

3 (1) Amount.

4 (A) In General. Except as provided in paragraphs
5 (2) and (3), the amount of any required installment
6 shall be 25% of the required annual payment.

7 (B) Required Annual Payment. For purposes of
8 subparagraph (A), the term "required annual payment"
9 means the lesser of:

10 (i) 90% of the tax shown on the return for the
11 taxable year, or if no return is filed, 90% of the
12 tax for such year;

13 (ii) for installments due prior to February 1,
14 2011, and after January 31, 2012, 100% of the tax
15 shown on the return of the taxpayer for the
16 preceding taxable year if a return showing a
17 liability for tax was filed by the taxpayer for the
18 preceding taxable year and such preceding year was
19 a taxable year of 12 months; or

20 (iii) for installments due after January 31,
21 2011, and prior to February 1, 2012, 150% of the
22 tax shown on the return of the taxpayer for the
23 preceding taxable year if a return showing a
24 liability for tax was filed by the taxpayer for the
25 preceding taxable year and such preceding year was
26 a taxable year of 12 months.

1 (2) Lower Required Installment where Annualized Income
2 Installment is Less Than Amount Determined Under Paragraph
3 (1).

4 (A) In General. In the case of any required
5 installment if a taxpayer establishes that the
6 annualized income installment is less than the amount
7 determined under paragraph (1),

8 (i) the amount of such required installment
9 shall be the annualized income installment, and

10 (ii) any reduction in a required installment
11 resulting from the application of this
12 subparagraph shall be recaptured by increasing the
13 amount of the next required installment determined
14 under paragraph (1) by the amount of such
15 reduction, and by increasing subsequent required
16 installments to the extent that the reduction has
17 not previously been recaptured under this clause.

18 (B) Determination of Annualized Income
19 Installment. In the case of any required installment,
20 the annualized income installment is the excess, if
21 any, of:

22 (i) an amount equal to the applicable
23 percentage of the tax for the taxable year computed
24 by placing on an annualized basis the net income
25 for months in the taxable year ending before the
26 due date for the installment, over

1 (ii) the aggregate amount of any prior
2 required installments for the taxable year.

3 (C) Applicable Percentage.

4	In the case of the following	The applicable
5	required installments:	percentage is:
6	1st.....	22.5%
7	2nd.....	45%
8	3rd.....	67.5%
9	4th.....	90%

10 (D) Annualized Net Income; Individuals. For
11 individuals, net income shall be placed on an
12 annualized basis by:

13 (i) multiplying by 12, or in the case of a
14 taxable year of less than 12 months, by the number
15 of months in the taxable year, the net income
16 computed without regard to the standard exemption
17 for the months in the taxable year ending before
18 the month in which the installment is required to
19 be paid;

20 (ii) dividing the resulting amount by the
21 number of months in the taxable year ending before
22 the month in which such installment date falls; and

23 (iii) deducting from such amount the standard
24 exemption allowable for the taxable year, such
25 standard exemption being determined as of the last
26 date prescribed for payment of the installment.

1 (E) Annualized Net Income; Corporations. For
2 corporations, net income shall be placed on an
3 annualized basis by multiplying by 12 the taxable
4 income

5 (i) for the first 3 months of the taxable year,
6 in the case of the installment required to be paid
7 in the 4th month,

8 (ii) for the first 3 months or for the first 5
9 months of the taxable year, in the case of the
10 installment required to be paid in the 6th month,

11 (iii) for the first 6 months or for the first 8
12 months of the taxable year, in the case of the
13 installment required to be paid in the 9th month,
14 and

15 (iv) for the first 9 months or for the first 11
16 months of the taxable year, in the case of the
17 installment required to be paid in the 12th month
18 of the taxable year,

19 then dividing the resulting amount by the number of
20 months in the taxable year (3, 5, 6, 8, 9, or 11 as the
21 case may be).

22 (3) Notwithstanding any other provision of this
23 subsection (c), in the case of a federally regulated
24 exchange that elects to apportion its income under Section
25 304(c-1) of this Act, the amount of each required
26 installment due prior to June 30 of the first taxable year

1 to which the election applies shall be 25% of the tax that
2 would have been shown on the return for that taxable year
3 if the taxpayer had not made such election.

4 (d) Exceptions. Notwithstanding the provisions of the
5 preceding subsections, the penalty imposed by subsection (a)
6 shall not be imposed if the taxpayer was not required to file
7 an Illinois income tax return for the preceding taxable year,
8 or, for individuals, if the taxpayer had no tax liability for
9 the preceding taxable year and such year was a taxable year of
10 12 months. The penalty imposed by subsection (a) shall also not
11 be imposed on any underpayments of estimated tax due before the
12 effective date of this amendatory Act of 1998 which
13 underpayments are solely attributable to the change in
14 apportionment from subsection (a) to subsection (h) of Section
15 304. The provisions of this amendatory Act of 1998 apply to tax
16 years ending on or after December 31, 1998.

17 (e) The penalty imposed for underpayment of estimated tax
18 by subsection (a) of this Section shall not be imposed to the
19 extent that the Director or his or her designate determines,
20 pursuant to Section 3-8 of the Uniform Penalty and Interest Act
21 that the penalty should not be imposed.

22 (f) Definition of tax. For purposes of subsections (b) and
23 (c), the term "tax" means the excess of the tax imposed under
24 Article 2 of this Act, over the amounts credited against such
25 tax under Sections 601(b) (3) and (4).

26 (g) Application of Section in case of tax withheld under

1 Article 7. For purposes of applying this Section:

2 (1) tax withheld from compensation for the taxable year
3 shall be deemed a payment of estimated tax, and an equal
4 part of such amount shall be deemed paid on each
5 installment date for such taxable year, unless the taxpayer
6 establishes the dates on which all amounts were actually
7 withheld, in which case the amounts so withheld shall be
8 deemed payments of estimated tax on the dates on which such
9 amounts were actually withheld;

10 (2) amounts timely paid by a partnership, Subchapter S
11 corporation, or trust on behalf of a partner, shareholder,
12 or beneficiary pursuant to subsection (f) of Section 502 or
13 Section 709.5 and claimed as a payment of estimated tax
14 shall be deemed a payment of estimated tax made on the last
15 day of the taxable year of the partnership, Subchapter S
16 corporation, or trust for which the income from the
17 withholding is made was computed; and

18 (3) all other amounts pursuant to Article 7 shall be
19 deemed a payment of estimated tax on the date the payment
20 is made to the taxpayer of the amount from which the tax is
21 withheld.

22 (g-5) Amounts withheld under the State Salary and Annuity
23 Withholding Act. An individual who has amounts withheld under
24 paragraph (10) of Section 4 of the State Salary and Annuity
25 Withholding Act may elect to have those amounts treated as
26 payments of estimated tax made on the dates on which those

1 amounts are actually withheld.

2 (g-10) Notwithstanding any other provision of law, no
3 penalty shall apply with respect to an underpayment of
4 estimated tax for the first, second, or third quarter of any
5 taxable year beginning on or after January 1, 2017 and
6 beginning prior to January 1, 2018 if (i) the underpayment was
7 due to the changes made by this amendatory Act of the 99th
8 General Assembly, (ii) the payment was otherwise timely made,
9 and (iii) the balance due is included with the taxpayer's
10 estimated tax payment for the fourth quarter.

11 (i) Short taxable year. The application of this Section to
12 taxable years of less than 12 months shall be in accordance
13 with regulations prescribed by the Department.

14 The changes in this Section made by Public Act 84-127 shall
15 apply to taxable years ending on or after January 1, 1986.

16 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11;
17 97-636, eff. 6-1-12.)

18 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

19 Sec. 901. Collection authority.

20 (a) In general.

21 The Department shall collect the taxes imposed by this Act.
22 The Department shall collect certified past due child support
23 amounts under Section 2505-650 of the Department of Revenue Law
24 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
25 (e), (f), (g), and (h) of this Section, money collected

1 pursuant to subsections (a) and (b) of Section 201 of this Act
2 shall be paid into the General Revenue Fund in the State
3 treasury; money collected pursuant to subsections (c) and (d)
4 of Section 201 of this Act shall be paid into the Personal
5 Property Tax Replacement Fund, a special fund in the State
6 Treasury; and money collected under Section 2505-650 of the
7 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
8 into the Child Support Enforcement Trust Fund, a special fund
9 outside the State Treasury, or to the State Disbursement Unit
10 established under Section 10-26 of the Illinois Public Aid
11 Code, as directed by the Department of Healthcare and Family
12 Services.

13 (b) Local Government Distributive Fund.

14 Beginning August 1, 1969, and continuing through June 30,
15 1994, the Treasurer shall transfer each month from the General
16 Revenue Fund to a special fund in the State treasury, to be
17 known as the "Local Government Distributive Fund", an amount
18 equal to 1/12 of the net revenue realized from the tax imposed
19 by subsections (a) and (b) of Section 201 of this Act during
20 the preceding month. Beginning July 1, 1994, and continuing
21 through June 30, 1995, the Treasurer shall transfer each month
22 from the General Revenue Fund to the Local Government
23 Distributive Fund an amount equal to 1/11 of the net revenue
24 realized from the tax imposed by subsections (a) and (b) of
25 Section 201 of this Act during the preceding month. Beginning
26 July 1, 1995 and continuing through January 31, 2011, the

1 Treasurer shall transfer each month from the General Revenue
2 Fund to the Local Government Distributive Fund an amount equal
3 to the net of (i) 1/10 of the net revenue realized from the tax
4 imposed by subsections (a) and (b) of Section 201 of the
5 Illinois Income Tax Act during the preceding month (ii) minus,
6 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
7 and beginning July 1, 2004, zero. Beginning February 1, 2011,
8 and continuing through January 31, 2015, the Treasurer shall
9 transfer each month from the General Revenue Fund to the Local
10 Government Distributive Fund an amount equal to the sum of (i)
11 6% (10% of the ratio of the 3% individual income tax rate prior
12 to 2011 to the 5% individual income tax rate after 2010) of the
13 net revenue realized from the tax imposed by subsections (a)
14 and (b) of Section 201 of this Act upon individuals, trusts,
15 and estates during the preceding month and (ii) 6.86% (10% of
16 the ratio of the 4.8% corporate income tax rate prior to 2011
17 to the 7% corporate income tax rate after 2010) of the net
18 revenue realized from the tax imposed by subsections (a) and
19 (b) of Section 201 of this Act upon corporations during the
20 preceding month. Beginning February 1, 2015 and continuing
21 through January 31, 2017 ~~January 31, 2025~~, the Treasurer shall
22 transfer each month from the General Revenue Fund to the Local
23 Government Distributive Fund an amount equal to the sum of (i)
24 8% (10% of the ratio of the 3% individual income tax rate prior
25 to 2011 to the 3.75% individual income tax rate after 2014) of
26 the net revenue realized from the tax imposed by subsections

1 (a) and (b) of Section 201 of this Act upon individuals,
2 trusts, and estates during the preceding month and (ii) 9.14%
3 (10% of the ratio of the 4.8% corporate income tax rate prior
4 to 2011 to the 5.25% corporate income tax rate after 2014) of
5 the net revenue realized from the tax imposed by subsections
6 (a) and (b) of Section 201 of this Act upon corporations during
7 the preceding month. Beginning February 1, 2017 ~~February 1,~~
8 ~~2025~~, the Treasurer shall transfer each month from the General
9 Revenue Fund to the Local Government Distributive Fund an
10 amount equal to the sum of (i) 6.06% ~~9.23%~~ (10% of the ratio of
11 the 3% individual income tax rate prior to 2011 to the 4.95%
12 ~~3.25%~~ individual income tax rate beginning in 2017 ~~after 2024~~)
13 of the net revenue realized from the tax imposed by subsections
14 (a) and (b) of Section 201 of this Act upon individuals,
15 trusts, and estates during the preceding month and (ii) 6.86%
16 (10% of the ratio of the 4.8% corporate income tax rate prior
17 to 2011 to the 7% corporate income tax rate beginning in 2017)
18 ~~10%~~ of the net revenue realized from the tax imposed by
19 subsections (a) and (b) of Section 201 of this Act upon
20 corporations during the preceding month. Net revenue realized
21 for a month shall be defined as the revenue from the tax
22 imposed by subsections (a) and (b) of Section 201 of this Act
23 which is deposited in the General Revenue Fund, the Education
24 Assistance Fund, the Income Tax Surcharge Local Government
25 Distributive Fund, the Fund for the Advancement of Education,
26 and the Commitment to Human Services Fund during the month

1 minus the amount paid out of the General Revenue Fund in State
2 warrants during that same month as refunds to taxpayers for
3 overpayment of liability under the tax imposed by subsections
4 (a) and (b) of Section 201 of this Act.

5 Beginning on August 26, 2014 (the effective date of Public
6 Act 98-1052), the Comptroller shall perform the transfers
7 required by this subsection (b) no later than 60 days after he
8 or she receives the certification from the Treasurer as
9 provided in Section 1 of the State Revenue Sharing Act.

10 (c) Deposits Into Income Tax Refund Fund.

11 (1) Beginning on January 1, 1989 and thereafter, the
12 Department shall deposit a percentage of the amounts
13 collected pursuant to subsections (a) and (b)(1), (2), and
14 (3), of Section 201 of this Act into a fund in the State
15 treasury known as the Income Tax Refund Fund. The
16 Department shall deposit 6% of such amounts during the
17 period beginning January 1, 1989 and ending on June 30,
18 1989. Beginning with State fiscal year 1990 and for each
19 fiscal year thereafter, the percentage deposited into the
20 Income Tax Refund Fund during a fiscal year shall be the
21 Annual Percentage. For fiscal years 1999 through 2001, the
22 Annual Percentage shall be 7.1%. For fiscal year 2003, the
23 Annual Percentage shall be 8%. For fiscal year 2004, the
24 Annual Percentage shall be 11.7%. Upon the effective date
25 of this amendatory Act of the 93rd General Assembly, the
26 Annual Percentage shall be 10% for fiscal year 2005. For

1 fiscal year 2006, the Annual Percentage shall be 9.75%. For
2 fiscal year 2007, the Annual Percentage shall be 9.75%. For
3 fiscal year 2008, the Annual Percentage shall be 7.75%. For
4 fiscal year 2009, the Annual Percentage shall be 9.75%. For
5 fiscal year 2010, the Annual Percentage shall be 9.75%. For
6 fiscal year 2011, the Annual Percentage shall be 8.75%. For
7 fiscal year 2012, the Annual Percentage shall be 8.75%. For
8 fiscal year 2013, the Annual Percentage shall be 9.75%. For
9 fiscal year 2014, the Annual Percentage shall be 9.5%. For
10 fiscal year 2015, the Annual Percentage shall be 10%. For
11 all other fiscal years, the Annual Percentage shall be
12 calculated as a fraction, the numerator of which shall be
13 the amount of refunds approved for payment by the
14 Department during the preceding fiscal year as a result of
15 overpayment of tax liability under subsections (a) and
16 (b) (1), (2), and (3) of Section 201 of this Act plus the
17 amount of such refunds remaining approved but unpaid at the
18 end of the preceding fiscal year, minus the amounts
19 transferred into the Income Tax Refund Fund from the
20 Tobacco Settlement Recovery Fund, and the denominator of
21 which shall be the amounts which will be collected pursuant
22 to subsections (a) and (b) (1), (2), and (3) of Section 201
23 of this Act during the preceding fiscal year; except that
24 in State fiscal year 2002, the Annual Percentage shall in
25 no event exceed 7.6%. The Director of Revenue shall certify
26 the Annual Percentage to the Comptroller on the last

1 business day of the fiscal year immediately preceding the
2 fiscal year for which it is to be effective.

3 (2) Beginning on January 1, 1989 and thereafter, the
4 Department shall deposit a percentage of the amounts
5 collected pursuant to subsections (a) and (b)(6), (7), and
6 (8), (c) and (d) of Section 201 of this Act into a fund in
7 the State treasury known as the Income Tax Refund Fund. The
8 Department shall deposit 18% of such amounts during the
9 period beginning January 1, 1989 and ending on June 30,
10 1989. Beginning with State fiscal year 1990 and for each
11 fiscal year thereafter, the percentage deposited into the
12 Income Tax Refund Fund during a fiscal year shall be the
13 Annual Percentage. For fiscal years 1999, 2000, and 2001,
14 the Annual Percentage shall be 19%. For fiscal year 2003,
15 the Annual Percentage shall be 27%. For fiscal year 2004,
16 the Annual Percentage shall be 32%. Upon the effective date
17 of this amendatory Act of the 93rd General Assembly, the
18 Annual Percentage shall be 24% for fiscal year 2005. For
19 fiscal year 2006, the Annual Percentage shall be 20%. For
20 fiscal year 2007, the Annual Percentage shall be 17.5%. For
21 fiscal year 2008, the Annual Percentage shall be 15.5%. For
22 fiscal year 2009, the Annual Percentage shall be 17.5%. For
23 fiscal year 2010, the Annual Percentage shall be 17.5%. For
24 fiscal year 2011, the Annual Percentage shall be 17.5%. For
25 fiscal year 2012, the Annual Percentage shall be 17.5%. For
26 fiscal year 2013, the Annual Percentage shall be 14%. For

1 fiscal year 2014, the Annual Percentage shall be 13.4%. For
2 fiscal year 2015, the Annual Percentage shall be 14%. For
3 all other fiscal years, the Annual Percentage shall be
4 calculated as a fraction, the numerator of which shall be
5 the amount of refunds approved for payment by the
6 Department during the preceding fiscal year as a result of
7 overpayment of tax liability under subsections (a) and
8 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
9 Act plus the amount of such refunds remaining approved but
10 unpaid at the end of the preceding fiscal year, and the
11 denominator of which shall be the amounts which will be
12 collected pursuant to subsections (a) and (b) (6), (7), and
13 (8), (c) and (d) of Section 201 of this Act during the
14 preceding fiscal year; except that in State fiscal year
15 2002, the Annual Percentage shall in no event exceed 23%.
16 The Director of Revenue shall certify the Annual Percentage
17 to the Comptroller on the last business day of the fiscal
18 year immediately preceding the fiscal year for which it is
19 to be effective.

20 (3) The Comptroller shall order transferred and the
21 Treasurer shall transfer from the Tobacco Settlement
22 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
23 in January, 2001, (ii) \$35,000,000 in January, 2002, and
24 (iii) \$35,000,000 in January, 2003.

25 (d) Expenditures from Income Tax Refund Fund.

26 (1) Beginning January 1, 1989, money in the Income Tax

1 Refund Fund shall be expended exclusively for the purpose
2 of paying refunds resulting from overpayment of tax
3 liability under Section 201 of this Act, for paying rebates
4 under Section 208.1 in the event that the amounts in the
5 Homeowners' Tax Relief Fund are insufficient for that
6 purpose, and for making transfers pursuant to this
7 subsection (d).

8 (2) The Director shall order payment of refunds
9 resulting from overpayment of tax liability under Section
10 201 of this Act from the Income Tax Refund Fund only to the
11 extent that amounts collected pursuant to Section 201 of
12 this Act and transfers pursuant to this subsection (d) and
13 item (3) of subsection (c) have been deposited and retained
14 in the Fund.

15 (3) As soon as possible after the end of each fiscal
16 year, the Director shall order transferred and the State
17 Treasurer and State Comptroller shall transfer from the
18 Income Tax Refund Fund to the Personal Property Tax
19 Replacement Fund an amount, certified by the Director to
20 the Comptroller, equal to the excess of the amount
21 collected pursuant to subsections (c) and (d) of Section
22 201 of this Act deposited into the Income Tax Refund Fund
23 during the fiscal year over the amount of refunds resulting
24 from overpayment of tax liability under subsections (c) and
25 (d) of Section 201 of this Act paid from the Income Tax
26 Refund Fund during the fiscal year.

1 (4) As soon as possible after the end of each fiscal
2 year, the Director shall order transferred and the State
3 Treasurer and State Comptroller shall transfer from the
4 Personal Property Tax Replacement Fund to the Income Tax
5 Refund Fund an amount, certified by the Director to the
6 Comptroller, equal to the excess of the amount of refunds
7 resulting from overpayment of tax liability under
8 subsections (c) and (d) of Section 201 of this Act paid
9 from the Income Tax Refund Fund during the fiscal year over
10 the amount collected pursuant to subsections (c) and (d) of
11 Section 201 of this Act deposited into the Income Tax
12 Refund Fund during the fiscal year.

13 (4.5) As soon as possible after the end of fiscal year
14 1999 and of each fiscal year thereafter, the Director shall
15 order transferred and the State Treasurer and State
16 Comptroller shall transfer from the Income Tax Refund Fund
17 to the General Revenue Fund any surplus remaining in the
18 Income Tax Refund Fund as of the end of such fiscal year;
19 excluding for fiscal years 2000, 2001, and 2002 amounts
20 attributable to transfers under item (3) of subsection (c)
21 less refunds resulting from the earned income tax credit.

22 (5) This Act shall constitute an irrevocable and
23 continuing appropriation from the Income Tax Refund Fund
24 for the purpose of paying refunds upon the order of the
25 Director in accordance with the provisions of this Section.

26 (e) Deposits into the Education Assistance Fund and the

1 Income Tax Surcharge Local Government Distributive Fund.

2 On July 1, 1991, and thereafter, of the amounts collected
3 pursuant to subsections (a) and (b) of Section 201 of this Act,
4 minus deposits into the Income Tax Refund Fund, the Department
5 shall deposit 7.3% into the Education Assistance Fund in the
6 State Treasury. Beginning July 1, 1991, and continuing through
7 January 31, 1993, of the amounts collected pursuant to
8 subsections (a) and (b) of Section 201 of the Illinois Income
9 Tax Act, minus deposits into the Income Tax Refund Fund, the
10 Department shall deposit 3.0% into the Income Tax Surcharge
11 Local Government Distributive Fund in the State Treasury.
12 Beginning February 1, 1993 and continuing through June 30,
13 1993, of the amounts collected pursuant to subsections (a) and
14 (b) of Section 201 of the Illinois Income Tax Act, minus
15 deposits into the Income Tax Refund Fund, the Department shall
16 deposit 4.4% into the Income Tax Surcharge Local Government
17 Distributive Fund in the State Treasury. Beginning July 1,
18 1993, and continuing through June 30, 1994, of the amounts
19 collected under subsections (a) and (b) of Section 201 of this
20 Act, minus deposits into the Income Tax Refund Fund, the
21 Department shall deposit 1.475% into the Income Tax Surcharge
22 Local Government Distributive Fund in the State Treasury.

23 (f) Deposits into the Fund for the Advancement of
24 Education. Beginning February 1, 2015, the Department shall
25 deposit the following portions of the revenue realized from the
26 tax imposed upon individuals, trusts, and estates by

1 subsections (a) and (b) of Section 201 of this Act during the
2 preceding month, minus deposits into the Income Tax Refund
3 Fund, into the Fund for the Advancement of Education:

4 (1) beginning February 1, 2015, and prior to February
5 1, 2025, 1/30; and

6 (2) beginning February 1, 2025, 1/26.

7 If the rate of tax imposed by subsection (a) and (b) of
8 Section 201 is reduced pursuant to Section 201.5 of this Act,
9 the Department shall not make the deposits required by this
10 subsection (f) on or after the effective date of the reduction.

11 (g) Deposits into the Commitment to Human Services Fund.
12 Beginning February 1, 2015, the Department shall deposit the
13 following portions of the revenue realized from the tax imposed
14 upon individuals, trusts, and estates by subsections (a) and
15 (b) of Section 201 of this Act during the preceding month,
16 minus deposits into the Income Tax Refund Fund, into the
17 Commitment to Human Services Fund:

18 (1) beginning February 1, 2015, and prior to February
19 1, 2025, 1/30; and

20 (2) beginning February 1, 2025, 1/26.

21 If the rate of tax imposed by subsection (a) and (b) of
22 Section 201 is reduced pursuant to Section 201.5 of this Act,
23 the Department shall not make the deposits required by this
24 subsection (g) on or after the effective date of the reduction.

25 (h) Deposits into the Tax Compliance and Administration
26 Fund. Beginning on the first day of the first calendar month to

1 occur on or after August 26, 2014 (the effective date of Public
2 Act 98-1098), each month the Department shall pay into the Tax
3 Compliance and Administration Fund, to be used, subject to
4 appropriation, to fund additional auditors and compliance
5 personnel at the Department, an amount equal to 1/12 of 5% of
6 the cash receipts collected during the preceding fiscal year by
7 the Audit Bureau of the Department from the tax imposed by
8 subsections (a), (b), (c), and (d) of Section 201 of this Act,
9 net of deposits into the Income Tax Refund Fund made from those
10 cash receipts.

11 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
12 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
13 7-20-15.)

14 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

15 Sec. 1501. Definitions.

16 (a) In general. When used in this Act, where not otherwise
17 distinctly expressed or manifestly incompatible with the
18 intent thereof:

19 (1) Business income. The term "business income" means
20 all income that may be treated as apportionable business
21 income under the Constitution of the United States.
22 Business income is net of the deductions allocable thereto.
23 Such term does not include compensation or the deductions
24 allocable thereto. For each taxable year beginning on or
25 after January 1, 2003, a taxpayer may elect to treat all

1 income other than compensation as business income. This
2 election shall be made in accordance with rules adopted by
3 the Department and, once made, shall be irrevocable.

4 (1.5) Captive real estate investment trust:

5 (A) The term "captive real estate investment
6 trust" means a corporation, trust, or association:

7 (i) that is considered a real estate
8 investment trust for the taxable year under
9 Section 856 of the Internal Revenue Code;

10 (ii) the certificates of beneficial interest
11 or shares of which are not regularly traded on an
12 established securities market; and

13 (iii) of which more than 50% of the voting
14 power or value of the beneficial interest or
15 shares, at any time during the last half of the
16 taxable year, is owned or controlled, directly,
17 indirectly, or constructively, by a single
18 corporation.

19 (B) The term "captive real estate investment
20 trust" does not include:

21 (i) a real estate investment trust of which
22 more than 50% of the voting power or value of the
23 beneficial interest or shares is owned or
24 controlled, directly, indirectly, or
25 constructively, by:

26 (a) a real estate investment trust, other

1 than a captive real estate investment trust;

2 (b) a person who is exempt from taxation
3 under Section 501 of the Internal Revenue Code,
4 and who is not required to treat income
5 received from the real estate investment trust
6 as unrelated business taxable income under
7 Section 512 of the Internal Revenue Code;

8 (c) a listed Australian property trust, if
9 no more than 50% of the voting power or value
10 of the beneficial interest or shares of that
11 trust, at any time during the last half of the
12 taxable year, is owned or controlled, directly
13 or indirectly, by a single person;

14 (d) an entity organized as a trust,
15 provided a listed Australian property trust
16 described in subparagraph (c) owns or
17 controls, directly or indirectly, or
18 constructively, 75% or more of the voting power
19 or value of the beneficial interests or shares
20 of such entity; or

21 (e) an entity that is organized outside of
22 the laws of the United States and that
23 satisfies all of the following criteria:

24 (1) at least 75% of the entity's total
25 asset value at the close of its taxable
26 year is represented by real estate assets

1 (as defined in Section 856(c)(5)(B) of the
2 Internal Revenue Code, thereby including
3 shares or certificates of beneficial
4 interest in any real estate investment
5 trust), cash and cash equivalents, and
6 U.S. Government securities;

7 (2) the entity is not subject to tax on
8 amounts that are distributed to its
9 beneficial owners or is exempt from
10 entity-level taxation;

11 (3) the entity distributes at least
12 85% of its taxable income (as computed in
13 the jurisdiction in which it is organized)
14 to the holders of its shares or
15 certificates of beneficial interest on an
16 annual basis;

17 (4) either (i) the shares or
18 beneficial interests of the entity are
19 regularly traded on an established
20 securities market or (ii) not more than 10%
21 of the voting power or value in the entity
22 is held, directly, indirectly, or
23 constructively, by a single entity or
24 individual; and

25 (5) the entity is organized in a
26 country that has entered into a tax treaty

1 with the United States; or

2 (ii) during its first taxable year for which it
3 elects to be treated as a real estate investment
4 trust under Section 856(c)(1) of the Internal
5 Revenue Code, a real estate investment trust the
6 certificates of beneficial interest or shares of
7 which are not regularly traded on an established
8 securities market, but only if the certificates of
9 beneficial interest or shares of the real estate
10 investment trust are regularly traded on an
11 established securities market prior to the earlier
12 of the due date (including extensions) for filing
13 its return under this Act for that first taxable
14 year or the date it actually files that return.

15 (C) For the purposes of this subsection (1.5), the
16 constructive ownership rules prescribed under Section
17 318(a) of the Internal Revenue Code, as modified by
18 Section 856(d)(5) of the Internal Revenue Code, apply
19 in determining the ownership of stock, assets, or net
20 profits of any person.

21 (D) For the purposes of this item (1.5), for
22 taxable years ending on or after August 16, 2007, the
23 voting power or value of the beneficial interest or
24 shares of a real estate investment trust does not
25 include any voting power or value of beneficial
26 interest or shares in a real estate investment trust

1 held directly or indirectly in a segregated asset
2 account by a life insurance company (as described in
3 Section 817 of the Internal Revenue Code) to the extent
4 such voting power or value is for the benefit of
5 entities or persons who are either immune from taxation
6 or exempt from taxation under subtitle A of the
7 Internal Revenue Code.

8 (2) Commercial domicile. The term "commercial
9 domicile" means the principal place from which the trade or
10 business of the taxpayer is directed or managed.

11 (3) Compensation. The term "compensation" means wages,
12 salaries, commissions and any other form of remuneration
13 paid to employees for personal services.

14 (4) Corporation. The term "corporation" includes
15 associations, joint-stock companies, insurance companies
16 and cooperatives. Any entity, including a limited
17 liability company formed under the Illinois Limited
18 Liability Company Act, shall be treated as a corporation if
19 it is so classified for federal income tax purposes.

20 (5) Department. The term "Department" means the
21 Department of Revenue of this State.

22 (6) Director. The term "Director" means the Director of
23 Revenue of this State.

24 (7) Fiduciary. The term "fiduciary" means a guardian,
25 trustee, executor, administrator, receiver, or any person
26 acting in any fiduciary capacity for any person.

1 (8) Financial organization.

2 (A) The term "financial organization" means any
3 bank, bank holding company, trust company, savings
4 bank, industrial bank, land bank, safe deposit
5 company, private banker, savings and loan association,
6 building and loan association, credit union, currency
7 exchange, cooperative bank, small loan company, sales
8 finance company, investment company, or any person
9 which is owned by a bank or bank holding company. For
10 the purpose of this Section a "person" will include
11 only those persons which a bank holding company may
12 acquire and hold an interest in, directly or
13 indirectly, under the provisions of the Bank Holding
14 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
15 where interests in any person must be disposed of
16 within certain required time limits under the Bank
17 Holding Company Act of 1956.

18 (B) For purposes of subparagraph (A) of this
19 paragraph, the term "bank" includes (i) any entity that
20 is regulated by the Comptroller of the Currency under
21 the National Bank Act, or by the Federal Reserve Board,
22 or by the Federal Deposit Insurance Corporation and
23 (ii) any federally or State chartered bank operating as
24 a credit card bank.

25 (C) For purposes of subparagraph (A) of this
26 paragraph, the term "sales finance company" has the

1 meaning provided in the following item (i) or (ii):

2 (i) A person primarily engaged in one or more
3 of the following businesses: the business of
4 purchasing customer receivables, the business of
5 making loans upon the security of customer
6 receivables, the business of making loans for the
7 express purpose of funding purchases of tangible
8 personal property or services by the borrower, or
9 the business of finance leasing. For purposes of
10 this item (i), "customer receivable" means:

11 (a) a retail installment contract or
12 retail charge agreement within the meaning of
13 the Sales Finance Agency Act, the Retail
14 Installment Sales Act, or the Motor Vehicle
15 Retail Installment Sales Act;

16 (b) an installment, charge, credit, or
17 similar contract or agreement arising from the
18 sale of tangible personal property or services
19 in a transaction involving a deferred payment
20 price payable in one or more installments
21 subsequent to the sale; or

22 (c) the outstanding balance of a contract
23 or agreement described in provisions (a) or (b)
24 of this item (i).

25 A customer receivable need not provide for
26 payment of interest on deferred payments. A sales

1 finance company may purchase a customer receivable
2 from, or make a loan secured by a customer
3 receivable to, the seller in the original
4 transaction or to a person who purchased the
5 customer receivable directly or indirectly from
6 that seller.

7 (ii) A corporation meeting each of the
8 following criteria:

9 (a) the corporation must be a member of an
10 "affiliated group" within the meaning of
11 Section 1504(a) of the Internal Revenue Code,
12 determined without regard to Section 1504(b)
13 of the Internal Revenue Code;

14 (b) more than 50% of the gross income of
15 the corporation for the taxable year must be
16 interest income derived from qualifying loans.
17 A "qualifying loan" is a loan made to a member
18 of the corporation's affiliated group that
19 originates customer receivables (within the
20 meaning of item (i)) or to whom customer
21 receivables originated by a member of the
22 affiliated group have been transferred, to the
23 extent the average outstanding balance of
24 loans from that corporation to members of its
25 affiliated group during the taxable year do not
26 exceed the limitation amount for that

1 corporation. The "limitation amount" for a
2 corporation is the average outstanding
3 balances during the taxable year of customer
4 receivables (within the meaning of item (i))
5 originated by all members of the affiliated
6 group. If the average outstanding balances of
7 the loans made by a corporation to members of
8 its affiliated group exceed the limitation
9 amount, the interest income of that
10 corporation from qualifying loans shall be
11 equal to its interest income from loans to
12 members of its affiliated groups times a
13 fraction equal to the limitation amount
14 divided by the average outstanding balances of
15 the loans made by that corporation to members
16 of its affiliated group;

17 (c) the total of all shareholder's equity
18 (including, without limitation, paid-in
19 capital on common and preferred stock and
20 retained earnings) of the corporation plus the
21 total of all of its loans, advances, and other
22 obligations payable or owed to members of its
23 affiliated group may not exceed 20% of the
24 total assets of the corporation at any time
25 during the tax year; and

26 (d) more than 50% of all interest-bearing

1 obligations of the affiliated group payable to
2 persons outside the group determined in
3 accordance with generally accepted accounting
4 principles must be obligations of the
5 corporation.

6 This amendatory Act of the 91st General Assembly is
7 declaratory of existing law.

8 (D) Subparagraphs (B) and (C) of this paragraph are
9 declaratory of existing law and apply retroactively,
10 for all tax years beginning on or before December 31,
11 1996, to all original returns, to all amended returns
12 filed no later than 30 days after the effective date of
13 this amendatory Act of 1996, and to all notices issued
14 on or before the effective date of this amendatory Act
15 of 1996 under subsection (a) of Section 903, subsection
16 (a) of Section 904, subsection (e) of Section 909, or
17 Section 912. A taxpayer that is a "financial
18 organization" that engages in any transaction with an
19 affiliate shall be a "financial organization" for all
20 purposes of this Act.

21 (E) For all tax years beginning on or before
22 December 31, 1996, a taxpayer that falls within the
23 definition of a "financial organization" under
24 subparagraphs (B) or (C) of this paragraph, but who
25 does not fall within the definition of a "financial
26 organization" under the Proposed Regulations issued by

1 the Department of Revenue on July 19, 1996, may
2 irrevocably elect to apply the Proposed Regulations
3 for all of those years as though the Proposed
4 Regulations had been lawfully promulgated, adopted,
5 and in effect for all of those years. For purposes of
6 applying subparagraphs (B) or (C) of this paragraph to
7 all of those years, the election allowed by this
8 subparagraph applies only to the taxpayer making the
9 election and to those members of the taxpayer's unitary
10 business group who are ordinarily required to
11 apportion business income under the same subsection of
12 Section 304 of this Act as the taxpayer making the
13 election. No election allowed by this subparagraph
14 shall be made under a claim filed under subsection (d)
15 of Section 909 more than 30 days after the effective
16 date of this amendatory Act of 1996.

17 (F) Finance Leases. For purposes of this
18 subsection, a finance lease shall be treated as a loan
19 or other extension of credit, rather than as a lease,
20 regardless of how the transaction is characterized for
21 any other purpose, including the purposes of any
22 regulatory agency to which the lessor is subject. A
23 finance lease is any transaction in the form of a lease
24 in which the lessee is treated as the owner of the
25 leased asset entitled to any deduction for
26 depreciation allowed under Section 167 of the Internal

1 Revenue Code.

2 (9) Fiscal year. The term "fiscal year" means an
3 accounting period of 12 months ending on the last day of
4 any month other than December.

5 (9.5) Fixed place of business. The term "fixed place of
6 business" has the same meaning as that term is given in
7 Section 864 of the Internal Revenue Code and the related
8 Treasury regulations.

9 (10) Includes and including. The terms "includes" and
10 "including" when used in a definition contained in this Act
11 shall not be deemed to exclude other things otherwise
12 within the meaning of the term defined.

13 (11) Internal Revenue Code. The term "Internal Revenue
14 Code" means the United States Internal Revenue Code of 1954
15 or any successor law or laws relating to federal income
16 taxes in effect for the taxable year.

17 (11.5) Investment partnership.

18 (A) The term "investment partnership" means any
19 entity that is treated as a partnership for federal
20 income tax purposes that meets the following
21 requirements:

22 (i) no less than 90% of the partnership's cost
23 of its total assets consists of qualifying
24 investment securities, deposits at banks or other
25 financial institutions, and office space and
26 equipment reasonably necessary to carry on its

1 activities as an investment partnership;

2 (ii) no less than 90% of its gross income
3 consists of interest, dividends, and gains from
4 the sale or exchange of qualifying investment
5 securities; and

6 (iii) the partnership is not a dealer in
7 qualifying investment securities.

8 (B) For purposes of this paragraph (11.5), the term
9 "qualifying investment securities" includes all of the
10 following:

11 (i) common stock, including preferred or debt
12 securities convertible into common stock, and
13 preferred stock;

14 (ii) bonds, debentures, and other debt
15 securities;

16 (iii) foreign and domestic currency deposits
17 secured by federal, state, or local governmental
18 agencies;

19 (iv) mortgage or asset-backed securities
20 secured by federal, state, or local governmental
21 agencies;

22 (v) repurchase agreements and loan
23 participations;

24 (vi) foreign currency exchange contracts and
25 forward and futures contracts on foreign
26 currencies;

1 (vii) stock and bond index securities and
2 futures contracts and other similar financial
3 securities and futures contracts on those
4 securities;

5 (viii) options for the purchase or sale of any
6 of the securities, currencies, contracts, or
7 financial instruments described in items (i) to
8 (vii), inclusive;

9 (ix) regulated futures contracts;

10 (x) commodities (not described in Section
11 1221(a)(1) of the Internal Revenue Code) or
12 futures, forwards, and options with respect to
13 such commodities, provided, however, that any item
14 of a physical commodity to which title is actually
15 acquired in the partnership's capacity as a dealer
16 in such commodity shall not be a qualifying
17 investment security;

18 (xi) derivatives; and

19 (xii) a partnership interest in another
20 partnership that is an investment partnership.

21 (12) Mathematical error. The term "mathematical error"
22 includes the following types of errors, omissions, or
23 defects in a return filed by a taxpayer which prevents
24 acceptance of the return as filed for processing:

25 (A) arithmetic errors or incorrect computations on
26 the return or supporting schedules;

1 (B) entries on the wrong lines;

2 (C) omission of required supporting forms or
3 schedules or the omission of the information in whole
4 or in part called for thereon; and

5 (D) an attempt to claim, exclude, deduct, or
6 improperly report, in a manner directly contrary to the
7 provisions of the Act and regulations thereunder any
8 item of income, exemption, deduction, or credit.

9 (13) Nonbusiness income. The term "nonbusiness income"
10 means all income other than business income or
11 compensation.

12 (14) Nonresident. The term "nonresident" means a
13 person who is not a resident.

14 (15) Paid, incurred and accrued. The terms "paid",
15 "incurred" and "accrued" shall be construed according to
16 the method of accounting upon the basis of which the
17 person's base income is computed under this Act.

18 (16) Partnership and partner. The term "partnership"
19 includes a syndicate, group, pool, joint venture or other
20 unincorporated organization, through or by means of which
21 any business, financial operation, or venture is carried
22 on, and which is not, within the meaning of this Act, a
23 trust or estate or a corporation; and the term "partner"
24 includes a member in such syndicate, group, pool, joint
25 venture or organization.

26 The term "partnership" includes any entity, including

1 a limited liability company formed under the Illinois
2 Limited Liability Company Act, classified as a partnership
3 for federal income tax purposes.

4 The term "partnership" does not include a syndicate,
5 group, pool, joint venture, or other unincorporated
6 organization established for the sole purpose of playing
7 the Illinois State Lottery.

8 (17) Part-year resident. The term "part-year resident"
9 means an individual who became a resident during the
10 taxable year or ceased to be a resident during the taxable
11 year. Under Section 1501(a)(20)(A)(i) residence commences
12 with presence in this State for other than a temporary or
13 transitory purpose and ceases with absence from this State
14 for other than a temporary or transitory purpose. Under
15 Section 1501(a)(20)(A)(ii) residence commences with the
16 establishment of domicile in this State and ceases with the
17 establishment of domicile in another State.

18 (18) Person. The term "person" shall be construed to
19 mean and include an individual, a trust, estate,
20 partnership, association, firm, company, corporation,
21 limited liability company, or fiduciary. For purposes of
22 Section 1301 and 1302 of this Act, a "person" means (i) an
23 individual, (ii) a corporation, (iii) an officer, agent, or
24 employee of a corporation, (iv) a member, agent or employee
25 of a partnership, or (v) a member, manager, employee,
26 officer, director, or agent of a limited liability company

1 who in such capacity commits an offense specified in
2 Section 1301 and 1302.

3 (18A) Records. The term "records" includes all data
4 maintained by the taxpayer, whether on paper, microfilm,
5 microfiche, or any type of machine-sensible data
6 compilation.

7 (19) Regulations. The term "regulations" includes
8 rules promulgated and forms prescribed by the Department.

9 (20) Resident. The term "resident" means:

10 (A) an individual (i) who is in this State for
11 other than a temporary or transitory purpose during the
12 taxable year; or (ii) who is domiciled in this State
13 but is absent from the State for a temporary or
14 transitory purpose during the taxable year;

15 (B) The estate of a decedent who at his or her
16 death was domiciled in this State;

17 (C) A trust created by a will of a decedent who at
18 his death was domiciled in this State; and

19 (D) An irrevocable trust, the grantor of which was
20 domiciled in this State at the time such trust became
21 irrevocable. For purpose of this subparagraph, a trust
22 shall be considered irrevocable to the extent that the
23 grantor is not treated as the owner thereof under
24 Sections 671 through 678 of the Internal Revenue Code.

25 (21) Sales. The term "sales" means all gross receipts
26 of the taxpayer not allocated under Sections 301, 302 and

1 303.

2 (22) State. The term "state" when applied to a
3 jurisdiction other than this State means any state of the
4 United States, the District of Columbia, the Commonwealth
5 of Puerto Rico, any Territory or Possession of the United
6 States, and any foreign country, or any political
7 subdivision of any of the foregoing. For purposes of the
8 foreign tax credit under Section 601, the term "state"
9 means any state of the United States, the District of
10 Columbia, the Commonwealth of Puerto Rico, and any
11 territory or possession of the United States, or any
12 political subdivision of any of the foregoing, effective
13 for tax years ending on or after December 31, 1989.

14 (23) Taxable year. The term "taxable year" means the
15 calendar year, or the fiscal year ending during such
16 calendar year, upon the basis of which the base income is
17 computed under this Act. "Taxable year" means, in the case
18 of a return made for a fractional part of a year under the
19 provisions of this Act, the period for which such return is
20 made.

21 (24) Taxpayer. The term "taxpayer" means any person
22 subject to the tax imposed by this Act.

23 (25) International banking facility. The term
24 international banking facility shall have the same meaning
25 as is set forth in the Illinois Banking Act or as is set
26 forth in the laws of the United States or regulations of

1 the Board of Governors of the Federal Reserve System.

2 (26) Income Tax Return Preparer.

3 (A) The term "income tax return preparer" means any
4 person who prepares for compensation, or who employs
5 one or more persons to prepare for compensation, any
6 return of tax imposed by this Act or any claim for
7 refund of tax imposed by this Act. The preparation of a
8 substantial portion of a return or claim for refund
9 shall be treated as the preparation of that return or
10 claim for refund.

11 (B) A person is not an income tax return preparer
12 if all he or she does is

13 (i) furnish typing, reproducing, or other
14 mechanical assistance;

15 (ii) prepare returns or claims for refunds for
16 the employer by whom he or she is regularly and
17 continuously employed;

18 (iii) prepare as a fiduciary returns or claims
19 for refunds for any person; or

20 (iv) prepare claims for refunds for a taxpayer
21 in response to any notice of deficiency issued to
22 that taxpayer or in response to any waiver of
23 restriction after the commencement of an audit of
24 that taxpayer or of another taxpayer if a
25 determination in the audit of the other taxpayer
26 directly or indirectly affects the tax liability

1 of the taxpayer whose claims he or she is
2 preparing.

3 (27) Unitary business group.

4 (A) The term "unitary business group" means a group
5 of persons related through common ownership whose
6 business activities are integrated with, dependent
7 upon and contribute to each other. The group will not
8 include those members whose business activity outside
9 the United States is 80% or more of any such member's
10 total business activity; for purposes of this
11 paragraph and clause (a)(3)(B)(ii) of Section 304,
12 business activity within the United States shall be
13 measured by means of the factors ordinarily applicable
14 under subsections (a), (b), (c), (d), or (h) of Section
15 304 except that, in the case of members ordinarily
16 required to apportion business income by means of the 3
17 factor formula of property, payroll and sales
18 specified in subsection (a) of Section 304, including
19 the formula as weighted in subsection (h) of Section
20 304, such members shall not use the sales factor in the
21 computation and the results of the property and payroll
22 factor computations of subsection (a) of Section 304
23 shall be divided by 2 (by one if either the property or
24 payroll factor has a denominator of zero). The
25 computation required by the preceding sentence shall,
26 in each case, involve the division of the member's

1 property, payroll, or revenue miles in the United
2 States, insurance premiums on property or risk in the
3 United States, or financial organization business
4 income from sources within the United States, as the
5 case may be, by the respective worldwide figures for
6 such items. Common ownership in the case of
7 corporations is the direct or indirect control or
8 ownership of more than 50% of the outstanding voting
9 stock of the persons carrying on unitary business
10 activity. Unitary business activity can ordinarily be
11 illustrated where the activities of the members are:
12 (1) in the same general line (such as manufacturing,
13 wholesaling, retailing of tangible personal property,
14 insurance, transportation or finance); or (2) are
15 steps in a vertically structured enterprise or process
16 (such as the steps involved in the production of
17 natural resources, which might include exploration,
18 mining, refining, and marketing); and, in either
19 instance, the members are functionally integrated
20 through the exercise of strong centralized management
21 (where, for example, authority over such matters as
22 purchasing, financing, tax compliance, product line,
23 personnel, marketing and capital investment is not
24 left to each member).

25 (B) In no event, for taxable years beginning prior
26 to January 1, 2017, shall any unitary business group

1 include members which are ordinarily required to
2 apportion business income under different subsections
3 of Section 304 except that for tax years ending on or
4 after December 31, 1987 this prohibition shall not
5 apply to a holding company that would otherwise be a
6 member of a unitary business group with taxpayers that
7 apportion business income under any of subsections
8 (b), (c), (c-1), or (d) of Section 304. If a unitary
9 business group would, but for the preceding sentence,
10 include members that are ordinarily required to
11 apportion business income under different subsections
12 of Section 304, then for each subsection of Section 304
13 for which there are two or more members, there shall be
14 a separate unitary business group composed of such
15 members. For purposes of the preceding two sentences, a
16 member is "ordinarily required to apportion business
17 income" under a particular subsection of Section 304 if
18 it would be required to use the apportionment method
19 prescribed by such subsection except for the fact that
20 it derives business income solely from Illinois. As
21 used in this paragraph, the phrase "United States"
22 means only the 50 states and the District of Columbia,
23 but does not include any territory or possession of the
24 United States or any area over which the United States
25 has asserted jurisdiction or claimed exclusive rights
26 with respect to the exploration for or exploitation of

1 natural resources.

2 (C) Holding companies.

3 (i) For purposes of this subparagraph, a
4 "holding company" is a corporation (other than a
5 corporation that is a financial organization under
6 paragraph (8) of this subsection (a) of Section
7 1501 because it is a bank holding company under the
8 provisions of the Bank Holding Company Act of 1956
9 (12 U.S.C. 1841, et seq.) or because it is owned by
10 a bank or a bank holding company) that owns a
11 controlling interest in one or more other
12 taxpayers ("controlled taxpayers"); that, during
13 the period that includes the taxable year and the 2
14 immediately preceding taxable years or, if the
15 corporation was formed during the current or
16 immediately preceding taxable year, the taxable
17 years in which the corporation has been in
18 existence, derived substantially all its gross
19 income from dividends, interest, rents, royalties,
20 fees or other charges received from controlled
21 taxpayers for the provision of services, and gains
22 on the sale or other disposition of interests in
23 controlled taxpayers or in property leased or
24 licensed to controlled taxpayers or used by the
25 taxpayer in providing services to controlled
26 taxpayers; and that incurs no substantial expenses

1 other than expenses (including interest and other
2 costs of borrowing) incurred in connection with
3 the acquisition and holding of interests in
4 controlled taxpayers and in the provision of
5 services to controlled taxpayers or in the leasing
6 or licensing of property to controlled taxpayers.

7 (ii) The income of a holding company which is a
8 member of more than one unitary business group
9 shall be included in each unitary business group of
10 which it is a member on a pro rata basis, by
11 including in each unitary business group that
12 portion of the base income of the holding company
13 that bears the same proportion to the total base
14 income of the holding company as the gross receipts
15 of the unitary business group bears to the combined
16 gross receipts of all unitary business groups (in
17 both cases without regard to the holding company)
18 or on any other reasonable basis, consistently
19 applied.

20 (iii) A holding company shall apportion its
21 business income under the subsection of Section
22 304 used by the other members of its unitary
23 business group. The apportionment factors of a
24 holding company which would be a member of more
25 than one unitary business group shall be included
26 with the apportionment factors of each unitary

1 business group of which it is a member on a pro
2 rata basis using the same method used in clause
3 (ii).

4 (iv) The provisions of this subparagraph (C)
5 are intended to clarify existing law.

6 (D) If including the base income and factors of a
7 holding company in more than one unitary business group
8 under subparagraph (C) does not fairly reflect the
9 degree of integration between the holding company and
10 one or more of the unitary business groups, the
11 dependence of the holding company and one or more of
12 the unitary business groups upon each other, or the
13 contributions between the holding company and one or
14 more of the unitary business groups, the holding
15 company may petition the Director, under the
16 procedures provided under Section 304(f), for
17 permission to include all base income and factors of
18 the holding company only with members of a unitary
19 business group apportioning their business income
20 under one subsection of subsections (a), (b), (c), or
21 (d) of Section 304. If the petition is granted, the
22 holding company shall be included in a unitary business
23 group only with persons apportioning their business
24 income under the selected subsection of Section 304
25 until the Director grants a petition of the holding
26 company either to be included in more than one unitary

1 business group under subparagraph (C) or to include its
2 base income and factors only with members of a unitary
3 business group apportioning their business income
4 under a different subsection of Section 304.

5 (E) If the unitary business group members'
6 accounting periods differ, the common parent's
7 accounting period or, if there is no common parent, the
8 accounting period of the member that is expected to
9 have, on a recurring basis, the greatest Illinois
10 income tax liability must be used to determine whether
11 to use the apportionment method provided in subsection
12 (a) or subsection (h) of Section 304. The prohibition
13 against membership in a unitary business group for
14 taxpayers ordinarily required to apportion income
15 under different subsections of Section 304 does not
16 apply to taxpayers required to apportion income under
17 subsection (a) and subsection (h) of Section 304. The
18 provisions of this amendatory Act of 1998 apply to tax
19 years ending on or after December 31, 1998.

20 (28) Subchapter S corporation. The term "Subchapter S
21 corporation" means a corporation for which there is in
22 effect an election under Section 1362 of the Internal
23 Revenue Code, or for which there is a federal election to
24 opt out of the provisions of the Subchapter S Revision Act
25 of 1982 and have applied instead the prior federal
26 Subchapter S rules as in effect on July 1, 1982.

1 (30) Foreign person. The term "foreign person" means
2 any person who is a nonresident alien individual and any
3 nonindividual entity, regardless of where created or
4 organized, whose business activity outside the United
5 States is 80% or more of the entity's total business
6 activity.

7 (b) Other definitions.

8 (1) Words denoting number, gender, and so forth, when
9 used in this Act, where not otherwise distinctly expressed
10 or manifestly incompatible with the intent thereof:

11 (A) Words importing the singular include and apply
12 to several persons, parties or things;

13 (B) Words importing the plural include the
14 singular; and

15 (C) Words importing the masculine gender include
16 the feminine as well.

17 (2) "Company" or "association" as including successors
18 and assigns. The word "company" or "association", when used
19 in reference to a corporation, shall be deemed to embrace
20 the words "successors and assigns of such company or
21 association", and in like manner as if these last-named
22 words, or words of similar import, were expressed.

23 (3) Other terms. Any term used in any Section of this
24 Act with respect to the application of, or in connection
25 with, the provisions of any other Section of this Act shall

1 have the same meaning as in such other Section.

2 (Source: P.A. 99-213, eff. 7-31-15.)

3 Section 910. The Film Production Services Tax Credit Act of
4 2008 is amended by changing Section 42 as follows:

5 (35 ILCS 16/42)

6 Sec. 42. Sunset of credits. The application of credits
7 awarded pursuant to this Act shall be limited by a reasonable
8 and appropriate sunset date. A taxpayer shall not be entitled
9 to take a credit awarded pursuant to this Act for tax years
10 beginning on or after January 1, 2027 ~~10 years after the~~
11 ~~effective date of this amendatory Act of the 97th General~~
12 ~~Assembly. After the initial 10 year sunset, the General~~
13 ~~Assembly may extend the sunset date by 5 year intervals.~~

14 (Source: P.A. 97-2, eff. 5-6-11; 97-3, eff. 5-6-11.)

15 Section 915. The Illinois Independent Tax Tribunal Act of
16 2012 is amended by changing Section 1-45 as follows:

17 (35 ILCS 1010/1-45)

18 Sec. 1-45. Jurisdiction of the Tax Tribunal.

19 (a) Except as provided by the Constitution of the United
20 States, the Constitution of the State of Illinois, or any
21 statutes of this State, including, but not limited to, the
22 State Officers and Employees Money Disposition Act, the Tax

1 Tribunal shall have original jurisdiction over all
2 determinations of the Department reflected on a Notice of
3 Deficiency, Notice of Tax Liability, Notice of Claim Denial, or
4 Notice of Penalty Liability issued under the Illinois Income
5 Tax Act, the Use Tax Act, the Service Use Tax Act, the Service
6 Occupation Tax Act, the Retailers' Occupation Tax Act, the
7 Cigarette Tax Act, the Cigarette Use Tax Act, the Tobacco
8 Products Tax Act of 1995, the Hotel Operators' Occupation Tax
9 Act, the Motor Fuel Tax Law, the Automobile Renting Occupation
10 and Use Tax Act, the Coin-Operated Amusement Device and
11 Redemption Machine Tax Act, the Gas Revenue Tax Act, the Water
12 Company Invested Capital Tax Act, the Telecommunications
13 Excise Tax Act, the Telecommunications Infrastructure
14 Maintenance Fee Act, the Public Utilities Revenue Act, the
15 Electricity Excise Tax Law, the Aircraft Use Tax Law, the
16 Watercraft Use Tax Law, the Gas Use Tax Law, ~~or~~ the Uniform
17 Penalty and Interest Act, or the Sugar-Sweetened Beverage Tax
18 Act. Except with respect to the Sugar-Sweetened Beverage Tax
19 Act, jurisdiction ~~Jurisdiction~~ of the Tax Tribunal is limited
20 to Notices of Tax Liability, Notices of Deficiency, Notices of
21 Claim Denial, and Notices of Penalty Liability where the amount
22 at issue in a notice, or the aggregate amount at issue in
23 multiple notices issued for the same tax year or audit period,
24 exceeds \$15,000, exclusive of penalties and interest. In
25 notices solely asserting either an interest or penalty
26 assessment, or both, the Tax Tribunal shall have jurisdiction

1 over cases where the combined total of all penalties or
2 interest assessed exceeds \$15,000.

3 (b) Except as otherwise permitted by this Act and by the
4 Constitution of the State of Illinois or otherwise by State
5 law, including, but not limited to, the State Officers and
6 Employees Money Disposition Act, no person shall contest any
7 matter within the jurisdiction of the Tax Tribunal in any
8 action, suit, or proceeding in the circuit court or any other
9 court of the State. If a person attempts to do so, then such
10 action, suit, or proceeding shall be dismissed without
11 prejudice. The improper commencement of any action, suit, or
12 proceeding does not extend the time period for commencing a
13 proceeding in the Tax Tribunal.

14 (c) The Tax Tribunal may require the taxpayer to post a
15 bond equal to 25% of the liability at issue (1) upon motion of
16 the Department and a showing that (A) the taxpayer's action is
17 frivolous or legally insufficient or (B) the taxpayer is acting
18 primarily for the purpose of delaying the collection of tax or
19 prejudicing the ability ultimately to collect the tax, or (2)
20 if, at any time during the proceedings, it is determined by the
21 Tax Tribunal that the taxpayer is not pursuing the resolution
22 of the case with due diligence. If the Tax Tribunal finds in a
23 particular case that the taxpayer cannot procure and furnish a
24 satisfactory surety or sureties for the kind of bond required
25 herein, the Tax Tribunal may relieve the taxpayer of the
26 obligation of filing such bond, if, upon the timely application

1 for a lien in lieu thereof and accompanying proof therein
2 submitted, the Tax Tribunal is satisfied that any such lien
3 imposed would operate to secure the assessment in the manner
4 and to the degree as would a bond. The Tax Tribunal shall adopt
5 rules for the procedures to be used in securing a bond or lien
6 under this Section.

7 (d) If, with or after the filing of a timely petition, the
8 taxpayer pays all or part of the tax or other amount in issue
9 before the Tax Tribunal has rendered a decision, the Tax
10 Tribunal shall treat the taxpayer's petition as a protest of a
11 denial of claim for refund of the amount so paid upon a written
12 motion filed by the taxpayer.

13 (e) The Tax Tribunal shall not have jurisdiction to review:

14 (1) any assessment made under the Property Tax Code;

15 (2) any decisions relating to the issuance or denial of
16 an exemption ruling for any entity claiming exemption from
17 any tax imposed under the Property Tax Code or any State
18 tax administered by the Department;

19 (3) a notice of proposed tax liability, notice of
20 proposed deficiency, or any other notice of proposed
21 assessment or notice of intent to take some action;

22 (4) any action or determination of the Department
23 regarding tax liabilities that have become finalized by
24 law, including but not limited to the issuance of liens,
25 levies, and revocations, suspensions, or denials of
26 licenses or certificates of registration or any other

1 collection activities;

2 (5) any proceedings of the Department's informal
3 administrative appeals function; and

4 (6) any challenge to an administrative subpoena issued
5 by the Department.

6 (f) The Tax Tribunal shall decide questions regarding the
7 constitutionality of statutes and rules adopted by the
8 Department as applied to the taxpayer, but shall not have the
9 power to declare a statute or rule unconstitutional or
10 otherwise invalid on its face. A taxpayer challenging the
11 constitutionality of a statute or rule on its face may present
12 such challenge to the Tax Tribunal for the sole purpose of
13 making a record for review by the Illinois Appellate Court.
14 Failure to raise a constitutional issue regarding the
15 application of a statute or regulations to the taxpayer shall
16 not preclude the taxpayer or the Department from raising those
17 issues at the appellate court level.

18 (Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13.)

19 Section 920. The Business Corporation Act of 1983 is
20 amended by changing Sections 13.70, 14.30, 15.35, 15.65, 15.97,
21 and 16.05 as follows:

22 (805 ILCS 5/13.70) (from Ch. 32, par. 13.70)

23 Sec. 13.70. Transacting business without authority.

24 (a) No foreign corporation transacting business in this

1 State without authority to do so is permitted to maintain a
2 civil action in any court of this State, until the corporation
3 obtains that authority. Nor shall a civil action be maintained
4 in any court of this State by any successor or assignee of the
5 corporation on any right, claim or demand arising out of the
6 transaction of business by the corporation in this State, until
7 authority to transact business in this State is obtained by the
8 corporation or by a corporation that has acquired all or
9 substantially all of its assets.

10 (b) The failure of a foreign corporation to obtain
11 authority to transact business in this State does not impair
12 the validity of any contract or act of the corporation, and
13 does not prevent the corporation from defending any action in
14 any court of this State.

15 (c) A foreign corporation that transacts business in this
16 State without authority is liable to this State, for the years
17 or parts thereof during which it transacted business in this
18 State without authority, in an amount equal to all fees,
19 franchise taxes, penalties and other charges that would have
20 been imposed by this Act upon the corporation had it duly
21 applied for and received authority to transact business in this
22 State as required by this Act, but failed to pay the franchise
23 taxes that would have been computed thereon, and thereafter
24 filed all reports required by this Act; and, if a corporation
25 fails to file an application for authority within 60 days after
26 it commences business in this State, in addition thereto it is

1 liable for a penalty of either 10% of the filing fee, license
2 fee and franchise taxes or \$500 ~~\$200~~ plus \$25 ~~\$5.00~~ for each
3 month or fraction thereof in which it has continued to transact
4 business in this State without authority therefor, whichever
5 penalty is greater. The Attorney General shall bring
6 proceedings to recover all amounts due this State under this
7 Section.

8 (d) The Attorney General shall bring an action to restrain
9 a foreign corporation from transacting business in this State,
10 if the authority of the foreign corporation to transact
11 business has been revoked under subsection (m) of Section 13.50
12 of this Act.

13 (Source: P.A. 95-515, eff. 8-28-07.)

14 (805 ILCS 5/14.30) (from Ch. 32, par. 14.30)

15 Sec. 14.30. Cumulative report of changes in issued shares
16 or paid-in capital.

17 (a) Each domestic corporation and each foreign
18 corporation authorized to transact business in this State that
19 effects any change in the number of issued shares or the amount
20 of paid-in capital prior to July 1, 2017 that has not
21 theretofore been reported in any report other than an annual
22 report, interim annual report, or final transition annual
23 report, shall execute and file, in accordance with Section 1.10
24 of this Act, a report with respect to the changes in its issued
25 shares or paid-in capital:

1 (1) that have occurred subsequent to the last day of
2 the third month preceding its anniversary month in the
3 preceding year and prior to the first day of the second
4 month immediately preceding its anniversary month in the
5 current year; or

6 (2) in the case of a corporation that has established
7 an extended filing month, that have occurred during its
8 fiscal year; or

9 (3) in the case of a statutory merger or consolidation
10 or an amendment to the corporation's articles of
11 incorporation that affects the number of issued shares or
12 the amount of paid-in capital, that have occurred between
13 the last day of the third month immediately preceding its
14 anniversary month and the date of the merger,
15 consolidation, or amendment or, in the case of a
16 corporation that has established an extended filing month,
17 that have occurred between the first day of its fiscal year
18 and the date of the merger, consolidation, or amendment; or

19 (4) in the case of a statutory merger or consolidation
20 or an amendment to the corporation's articles of
21 incorporation that affects the number of issued shares or
22 the amount of paid-in capital, that have occurred between
23 the date of the merger, consolidation, or amendment (but
24 not including the merger, consolidation, or amendment) and
25 the first day of the second month immediately preceding its
26 anniversary month in the current year, or in the case of a

1 corporation that has established an extended filing month,
2 that have occurred between the date of the merger,
3 consolidation or amendment (but not including the merger,
4 consolidation or amendment) and the last day of its fiscal
5 year.

6 (b) The corporation shall file the report required under
7 subsection (a) not later than (i) the time its annual report is
8 required to be filed in 1992 and in each subsequent year and
9 (ii) not later than the time of filing the articles of merger,
10 consolidation, or amendment to the articles of incorporation
11 that affects the number of issued shares or the amount of
12 paid-in capital of a domestic corporation or the certified copy
13 of merger of a foreign corporation.

14 (c) The report shall net decreases against increases that
15 occur during the same taxable period. The report shall set
16 forth:

17 (1) The name of the corporation and the state or
18 country under the laws of which it is organized.

19 (2) A statement of the aggregate number of shares which
20 the corporation has authority to issue, itemized by classes
21 and series, if any, within a class.

22 (3) A statement of the aggregate number of issued
23 shares as last reported to the Secretary of State in any
24 document required or permitted by this Act to be filed,
25 other than an annual report, interim annual report or final
26 transition annual report, itemized by classes and series,

1 if any, within a class.

2 (4) A statement, expressed in dollars, of the amount of
3 paid-in capital of the corporation as last reported to the
4 Secretary of State in any document required or permitted by
5 this Act to be filed, other than an annual report, interim
6 annual report or final transition annual report.

7 (5) A statement, if applicable, of the aggregate number
8 of shares issued by the corporation not theretofore
9 reported to the Secretary of State as having been issued,
10 and a statement, expressed in dollars, of the value of the
11 entire consideration received, less expenses, including
12 commissions, paid or incurred in connection with the
13 issuance, for, or on account of, the issuance of the
14 shares, itemized by classes, and series, if any, within a
15 class; and in the case of shares issued as a share
16 dividend, the amount added or transferred to the paid-in
17 capital of the corporation for, or on account of, the
18 issuance of the shares; provided, however, that the report
19 shall also include the date of each issuance made prior to
20 the current reporting period, and the number of issued
21 shares and consideration received in each case.

22 (6) A statement, if applicable, expressed in dollars,
23 of the amount added or transferred to paid-in capital of
24 the corporation without the issuance of shares; provided,
25 however, that the report shall also include the date of
26 each increase made prior to the current reporting period,

1 and the consideration received in each case.

2 (7) In case of an exchange or reclassification of
3 issued shares resulting in an increase in the amount of
4 paid-in capital, a statement of the manner in which it was
5 effected, and a statement, expressed in dollars, of the
6 amount added or transferred to the paid-in capital of the
7 corporation as a result thereof, except any portion thereof
8 reported under any other subsection of this Section as a
9 part of the consideration received by the corporation for,
10 or on account of, its issued shares; provided, however,
11 that the report shall also include the date of each
12 exchange or reclassification made prior to the current
13 reporting period and the consideration received in each
14 case.

15 (8) If the consideration received for the issuance of
16 any shares not theretofore reported as having been issued
17 consists of labor or services performed or of property,
18 other than cash, then a statement, expressed in dollars, of
19 the value of that consideration as fixed by the board of
20 directors.

21 (9) In the case of a cancellation of shares or a
22 reduction in paid-in capital made pursuant to Section 9.20,
23 the aggregate reduction in paid-in capital; provided,
24 however, that the report shall also include the date of
25 each reduction made prior to the current reporting period.

26 (10) A statement of the aggregate number of issued

1 shares itemized by classes and series, if any, within a
2 class, after giving effect to the changes reported.

3 (11) A statement, expressed in dollars, of the amount
4 of paid-in capital of the corporation after giving effect
5 to the changes reported.

6 (d) No additional license fees or franchise taxes shall be
7 payable upon the filing of the report to the extent that
8 license fees or franchise taxes shall have been previously paid
9 by the corporation in respect of shares previously issued which
10 are being exchanged for the shares the issuance of which is
11 being reported, provided those facts are shown in the report.

12 (e) The report shall be made on forms prescribed and
13 furnished by the Secretary of State.

14 (f) Until the report under this Section or a report under
15 Section 14.25 shall have been filed in the Office of the
16 Secretary of State showing a reduction in paid-in capital, the
17 basis of the annual franchise tax payable by the corporation
18 shall not be reduced, provided, however, in no event shall the
19 annual franchise tax for any taxable year be reduced if the
20 report is not filed prior to the first day of the anniversary
21 month or, in the case of a corporation which has established an
22 extended filing month, the extended filing month of the
23 corporation of that taxable year and before payment of its
24 annual franchise tax.

25 (Source: P.A. 90-421, eff. 1-1-98.)

1 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

2 Sec. 15.35. Franchise taxes payable by domestic
3 corporations. For the privilege of exercising its franchises in
4 this State, each domestic corporation shall pay to the
5 Secretary of State the following franchise taxes, computed on
6 the basis, at the rates and for the periods prescribed in this
7 Act:

8 (a) An initial franchise tax at the time of filing its
9 first report of issuance of shares.

10 (b) An additional franchise tax at the time of filing (1) a
11 report of the issuance of additional shares, or (2) a report of
12 an increase in paid-in capital without the issuance of shares,
13 or (3) an amendment to the articles of incorporation or a
14 report of cumulative changes in paid-in capital, whenever any
15 amendment or such report discloses an increase in its paid-in
16 capital over the amount thereof last reported in any document,
17 other than an annual report, interim annual report or final
18 transition annual report required by this Act to be filed in
19 the office of the Secretary of State.

20 (c) An additional franchise tax at the time of filing a
21 report of paid-in capital following a statutory merger or
22 consolidation, which discloses that the paid-in capital of the
23 surviving or new corporation immediately after the merger or
24 consolidation is greater than the sum of the paid-in capital of
25 all of the merged or consolidated corporations as last reported
26 by them in any documents, other than annual reports, required

1 by this Act to be filed in the office of the Secretary of
2 State; and in addition, the surviving or new corporation shall
3 be liable for a further additional franchise tax on the paid-in
4 capital of each of the merged or consolidated corporations as
5 last reported by them in any document, other than an annual
6 report, required by this Act to be filed with the Secretary of
7 State from their taxable year end to the next succeeding
8 anniversary month or, in the case of a corporation which has
9 established an extended filing month, the extended filing month
10 of the surviving or new corporation; however if the taxable
11 year ends within the 2 month period immediately preceding the
12 anniversary month or, in the case of a corporation which has
13 established an extended filing month, the extended filing month
14 of the surviving or new corporation the tax will be computed to
15 the anniversary month or, in the case of a corporation which
16 has established an extended filing month, the extended filing
17 month of the surviving or new corporation in the next
18 succeeding calendar year.

19 (d) An annual franchise tax payable each year with the
20 annual report which the corporation is required by this Act to
21 file.

22 (e) The provisions of this Section shall not apply to
23 require the payment of any franchise tax that would otherwise
24 have been due and payable on or after July 1, 2017. There shall
25 be no refunds or proration of franchise tax for any taxes due
26 and payable prior to July 1, 2017 on the basis that a portion

1 of the corporation's taxable year extends beyond July 1, 2017.
2 This amendatory Act of the 99th General Assembly shall not
3 affect any right accrued or established, or any liability or
4 penalty incurred prior to July 1, 2017.

5 (Source: P.A. 86-985.)

6 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

7 Sec. 15.65. Franchise taxes payable by foreign
8 corporations. For the privilege of exercising its authority to
9 transact such business in this State as set out in its
10 application therefor or any amendment thereto, each foreign
11 corporation shall pay to the Secretary of State the following
12 franchise taxes, computed on the basis, at the rates and for
13 the periods prescribed in this Act:

14 (a) An initial franchise tax at the time of filing its
15 application for authority to transact business in this State.

16 (b) An additional franchise tax at the time of filing (1) a
17 report of the issuance of additional shares, or (2) a report of
18 an increase in paid-in capital without the issuance of shares,
19 or (3) a report of cumulative changes in paid-in capital or a
20 report of an exchange or reclassification of shares, whenever
21 any such report discloses an increase in its paid-in capital
22 over the amount thereof last reported in any document, other
23 than an annual report, interim annual report or final
24 transition annual report, required by this Act to be filed in
25 the office of the Secretary of State.

1 (c) Whenever the corporation shall be a party to a
2 statutory merger and shall be the surviving corporation, an
3 additional franchise tax at the time of filing its report
4 following merger, if such report discloses that the amount
5 represented in this State of its paid-in capital immediately
6 after the merger is greater than the aggregate of the amounts
7 represented in this State of the paid-in capital of such of the
8 merged corporations as were authorized to transact business in
9 this State at the time of the merger, as last reported by them
10 in any documents, other than annual reports, required by this
11 Act to be filed in the office of the Secretary of State; and in
12 addition, the surviving corporation shall be liable for a
13 further additional franchise tax on the paid-in capital of each
14 of the merged corporations as last reported by them in any
15 document, other than an annual report, required by this Act to
16 be filed with the Secretary of State, from their taxable year
17 end to the next succeeding anniversary month or, in the case of
18 a corporation which has established an extended filing month,
19 the extended filing month of the surviving corporation; however
20 if the taxable year ends within the 2 month period immediately
21 preceding the anniversary month or the extended filing month of
22 the surviving corporation, the tax will be computed to the
23 anniversary or, extended filing month of the surviving
24 corporation in the next succeeding calendar year.

25 (d) An annual franchise tax payable each year with any
26 annual report which the corporation is required by this Act to

1 file.

2 (e) The provisions of this Section shall not apply to
3 require the payment of any franchise tax that would otherwise
4 have been due and payable on or after July 1, 2017. There shall
5 be no refunds or proration of franchise tax for any taxes due
6 and payable prior to July 1, 2017 on the basis that a portion
7 of the corporation's taxable year extends beyond July 1, 2017.
8 This amendatory Act of the 99th General Assembly shall not
9 affect any right accrued or established, or any liability or
10 penalty incurred prior to July 1, 2017.

11 (Source: P.A. 92-33, eff. 7-1-01.)

12 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

13 Sec. 15.97. Corporate Franchise Tax Refund Fund.

14 (a) Beginning July 1, 1993, a percentage of the amounts
15 collected under Sections 15.35, 15.45, 15.65, and 15.75 of this
16 Act shall be deposited into the Corporate Franchise Tax Refund
17 Fund, a special Fund hereby created in the State treasury. From
18 July 1, 1993, until December 31, 1994, there shall be deposited
19 into the Fund 3% of the amounts received under those Sections.
20 Beginning January 1, 1995, and for each fiscal year beginning
21 thereafter, 2% of the amounts collected under those Sections
22 during the preceding fiscal year shall be deposited into the
23 Fund.

24 (b) Beginning July 1, 1993, moneys in the Fund shall be
25 expended exclusively for the purpose of paying refunds payable

1 because of overpayment of franchise taxes, penalties, or
2 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
3 16.05 of this Act and making transfers authorized under this
4 Section. Refunds in accordance with the provisions of
5 subsections (f) and (g) of Section 1.15 and Section 1.17 of
6 this Act may be made from the Fund only to the extent that
7 amounts collected under Sections 15.35, 15.45, 15.65, and 15.75
8 of this Act have been deposited in the Fund and remain
9 available. On or before August 31 of each year, the balance in
10 the Fund in excess of \$100,000 shall be transferred to the
11 General Revenue Fund. Notwithstanding the above, for the period
12 commencing on the effective date of this amendatory Act of the
13 99th General Assembly and continuing through December 31, 2019,
14 amounts in the fund shall not be transferred to the General
15 Revenue Fund and shall be used to pay refunds in accordance
16 with the provisions of this Act. Within a reasonable time after
17 January 1, 2020, the Secretary of State shall direct and the
18 Comptroller shall order transferred to the General Revenue Fund
19 all amounts remaining in the fund.

20 (c) This Act shall constitute an irrevocable and continuing
21 appropriation from the Corporate Franchise Tax Refund Fund for
22 the purpose of paying refunds upon the order of the Secretary
23 of State in accordance with the provisions of this Section.

24 (Source: P.A. 99-620, eff. 1-1-17.)

1 Sec. 16.05. Penalties and interest imposed upon
2 corporations.

3 (a) Each corporation, domestic or foreign, that fails or
4 refuses to file any annual report or report of cumulative
5 changes in paid-in capital and pay any franchise tax due
6 pursuant to the report prior to the first day of its
7 anniversary month or, in the case of a corporation which has
8 established an extended filing month, the extended filing month
9 of the corporation shall pay a penalty of 10% of the amount of
10 any delinquent franchise tax due for the report. From February
11 1, 2008 through March 15, 2008, no penalty shall be imposed
12 with respect to any amount of delinquent franchise tax paid
13 pursuant to the Franchise Tax and License Fee Amnesty Act of
14 2007. Notwithstanding the above, commencing on July 1, 2017,
15 each corporation, domestic or foreign, that fails or refuses to
16 file any annual report prior to the first day of its
17 anniversary month, or in the case of a corporation which has
18 established an extended filing month, the extended filing month
19 of the corporation, shall, for each report, pay a one-time
20 penalty of \$50, plus an additional penalty of \$10 for each
21 calendar month or part of the month that the report is
22 delinquent.

23 (b) Each corporation, domestic or foreign, that fails or
24 refuses to file a report of issuance of shares or increase in
25 paid-in capital within the time prescribed by this Act is
26 subject to a penalty on any obligation occurring prior to

1 January 1, 1991, and interest on those obligations on or after
2 January 1, 1991, for each calendar month or part of month that
3 it is delinquent in the amount of 2% of the amount of license
4 fees and franchise taxes provided by this Act to be paid on
5 account of the issuance of shares or increase in paid-in
6 capital. From February 1, 2008 through March 15, 2008, no
7 penalty shall be imposed, or interest charged, with respect to
8 any amount of delinquent license fees and franchise taxes paid
9 pursuant to the Franchise Tax and License Fee Amnesty Act of
10 2007.

11 (c) Each corporation, domestic or foreign, that fails or
12 refuses to file a report of cumulative changes in paid-in
13 capital or report following merger within the time prescribed
14 by this Act is subject to interest on or after January 1, 1992,
15 for each calendar month or part of month that it is delinquent,
16 in the amount of 2% of the amount of franchise taxes provided
17 by this Act to be paid on account of the issuance of shares or
18 increase in paid-in capital disclosed on the report of
19 cumulative changes in paid-in capital or report following
20 merger, or \$1, whichever is greater. From February 1, 2008
21 through March 15, 2008, no interest shall be charged with
22 respect to any amount of delinquent franchise tax paid pursuant
23 to the Franchise Tax and License Fee Amnesty Act of 2007.
24 Notwithstanding the above, commencing on July 1, 2017, each
25 corporation, domestic or foreign, that fails or refuses to file
26 any report following merger within the time prescribed by this

1 Act, shall, for each report, pay a one-time penalty of \$50,
2 plus an additional penalty of \$10 for each calendar month or
3 part of the month that the report is delinquent.

4 (d) If the annual franchise tax, or the supplemental annual
5 franchise tax for any 12-month period commencing July 1, 1968,
6 or July 1 of any subsequent year through June 30, 1983,
7 assessed in accordance with this Act, is not paid by July 31,
8 it is delinquent, and there is added a penalty prior to January
9 1, 1991, and interest on and after January 1, 1991, of 2% for
10 each month or part of month that it is delinquent commencing
11 with the month of August, or \$1, whichever is greater. From
12 February 1, 2008 through March 15, 2008, no penalty shall be
13 imposed, or interest charged, with respect to any amount of
14 delinquent franchise taxes paid pursuant to the Franchise Tax
15 and License Fee Amnesty Act of 2007.

16 (e) If the supplemental annual franchise tax assessed in
17 accordance with the provisions of this Act for the 12-month
18 period commencing July 1, 1967, is not paid by September 30,
19 1967, it is delinquent, and there is added a penalty prior to
20 January 1, 1991, and interest on and after January 1, 1991, of
21 2% for each month or part of month that it is delinquent
22 commencing with the month of October, 1967. From February 1,
23 2008 through March 15, 2008, no penalty shall be imposed, or
24 interest charged, with respect to any amount of delinquent
25 franchise taxes paid pursuant to the Franchise Tax and License
26 Fee Amnesty Act of 2007.

1 (f) If any annual franchise tax for any period beginning on
2 or after July 1, 1983, is not paid by the time period herein
3 prescribed, it is delinquent and there is added a penalty prior
4 to January 1, 1991, and interest on and after January 1, 1991,
5 of 2% for each month or part of a month that it is delinquent
6 commencing with the anniversary month or in the case of a
7 corporation that has established an extended filing month, the
8 extended filing month, or \$1, whichever is greater. From
9 February 1, 2008 through March 15, 2008, no penalty shall be
10 imposed, or interest charged, with respect to any amount of
11 delinquent franchise taxes paid pursuant to the Franchise Tax
12 and License Fee Amnesty Act of 2007.

13 (g) Any corporation, domestic or foreign, failing to pay
14 the prescribed fee for assumed corporate name renewal when due
15 and payable shall be given notice of nonpayment by the
16 Secretary of State by regular mail; and if the fee together
17 with a penalty fee of \$5 is not paid within 90 days after the
18 notice is mailed, the right to use the assumed name shall
19 cease.

20 (h) Any corporation which (i) puts forth any sign or
21 advertisement, assuming any name other than that by which it is
22 incorporated or otherwise authorized by law to act or (ii)
23 violates Section 3.25, shall be guilty of a Class C misdemeanor
24 and shall be deemed guilty of an additional offense for each
25 day it shall continue to so offend.

26 (i) Each corporation, domestic or foreign, that fails or

1 refuses (1) to answer truthfully and fully within the time
2 prescribed by this Act interrogatories propounded by the
3 Secretary of State in accordance with this Act or (2) to
4 perform any other act required by this Act to be performed by
5 the corporation, is guilty of a Class C misdemeanor.

6 (j) Each corporation that fails or refuses to file articles
7 of revocation of dissolution within the time prescribed by this
8 Act is subject to a penalty for each calendar month or part of
9 the month that it is delinquent in the amount of \$50.

10 (Source: P.A. 95-233, eff. 8-16-07; 95-707, eff. 1-11-08;
11 96-1121, eff. 1-1-11.)

12 Section 925. The Limited Liability Company Act is amended
13 by changing Section 50-10 as follows:

14 (805 ILCS 180/50-10)

15 (Text of Section before amendment by P.A. 99-637)

16 Sec. 50-10. Fees.

17 (a) The Secretary of State shall charge and collect in
18 accordance with the provisions of this Act and rules
19 promulgated under its authority all of the following:

20 (1) Fees for filing documents.

21 (2) Miscellaneous charges.

22 (3) Fees for the sale of lists of filings and for
23 copies of any documents.

24 (b) The Secretary of State shall charge and collect for all

1 of the following:

2 (1) Filing articles of organization (domestic),
3 application for admission (foreign), and restated articles
4 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
5 foregoing, the fee for filing articles of organization
6 (domestic), application for admission (foreign), and
7 restated articles of organization (domestic) in connection
8 with a limited liability company with ability to establish
9 series pursuant to Section 37-40 of this Act is \$59 ~~\$750~~.

10 (2) Filing articles of amendment or an amended
11 application for admission, \$150.

12 (3) Filing articles of dissolution or application for
13 withdrawal, \$100.

14 (4) Filing an application to reserve a name, \$300.

15 (5) Filing a notice of cancellation of a reserved name,
16 \$100.

17 (6) Filing a notice of a transfer of a reserved name,
18 \$100.

19 (7) Registration of a name, \$300.

20 (8) Renewal of registration of a name, \$100.

21 (9) Filing an application for use of an assumed name
22 under Section 1-20 of this Act, \$150 for each year or part
23 thereof ending in 0 or 5, \$120 for each year or part
24 thereof ending in 1 or 6, \$90 for each year or part thereof
25 ending in 2 or 7, \$60 for each year or part thereof ending
26 in 3 or 8, \$30 for each year or part thereof ending in 4 or

1 9, and a renewal for each assumed name, \$150.

2 (10) Filing an application for change or cancellation
3 of an assumed name, \$100.

4 (11) Filing an annual report of a limited liability
5 company or foreign limited liability company, \$250, if
6 filed as required by this Act, plus a penalty if
7 delinquent. Notwithstanding the foregoing, the fee for
8 filing an annual report of a limited liability company or
9 foreign limited liability company with ability to
10 establish series is \$250 plus \$50 for each series for which
11 a certificate of designation has been filed pursuant to
12 Section 37-40 of this Act and active on the last day of the
13 third month preceding the company's anniversary month,
14 plus a penalty if delinquent.

15 (12) Filing an application for reinstatement of a
16 limited liability company or foreign limited liability
17 company \$500.

18 (13) Filing Articles of Merger, \$100 plus \$50 for each
19 party to the merger in excess of the first 2 parties.

20 (14) Filing an Agreement of Conversion or Statement of
21 Conversion, \$100.

22 (15) Filing a statement of change of address of
23 registered office or change of registered agent, or both,
24 or filing a statement of correction, \$25.

25 (16) Filing a petition for refund, \$15.

26 (17) Filing any other document, \$100.

1 (18) Filing a certificate of designation of a limited
2 liability company with the ability to establish series
3 pursuant to Section 37-40 of this Act, \$50.

4 (c) The Secretary of State shall charge and collect all of
5 the following:

6 (1) For furnishing a copy or certified copy of any
7 document, instrument, or paper relating to a limited
8 liability company or foreign limited liability company, or
9 for a certificate, \$25.

10 (2) For the transfer of information by computer process
11 media to any purchaser, fees established by rule.

12 (Source: P.A. 97-839, eff. 7-20-12.)

13 (Text of Section after amendment by P.A. 99-637)

14 Sec. 50-10. Fees.

15 (a) The Secretary of State shall charge and collect in
16 accordance with the provisions of this Act and rules
17 promulgated under its authority all of the following:

18 (1) Fees for filing documents.

19 (2) Miscellaneous charges.

20 (3) Fees for the sale of lists of filings and for
21 copies of any documents.

22 (b) The Secretary of State shall charge and collect for all
23 of the following:

24 (1) Filing articles of organization (domestic),
25 application for admission (foreign), and restated articles

1 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
2 foregoing, the fee for filing articles of organization
3 (domestic), application for admission (foreign), and
4 restated articles of organization (domestic) in connection
5 with a limited liability company with a series or the
6 ability to establish a series pursuant to Section 37-40 of
7 this Act is \$59 ~~\$750~~.

8 (2) Filing amendments (domestic or foreign), \$150.

9 (3) Filing a statement of termination or application
10 for withdrawal, \$25.

11 (4) Filing an application to reserve a name, \$300.

12 (5) Filing a notice of cancellation of a reserved name,
13 \$100.

14 (6) Filing a notice of a transfer of a reserved name,
15 \$100.

16 (7) Registration of a name, \$300.

17 (8) Renewal of registration of a name, \$100.

18 (9) Filing an application for use of an assumed name
19 under Section 1-20 of this Act, \$150 for each year or part
20 thereof ending in 0 or 5, \$120 for each year or part
21 thereof ending in 1 or 6, \$90 for each year or part thereof
22 ending in 2 or 7, \$60 for each year or part thereof ending
23 in 3 or 8, \$30 for each year or part thereof ending in 4 or
24 9, and a renewal for each assumed name, \$150.

25 (10) Filing an application for change or cancellation
26 of an assumed name, \$100.

1 (11) Filing an annual report of a limited liability
2 company or foreign limited liability company, \$250, if
3 filed as required by this Act, plus a penalty if
4 delinquent. Notwithstanding the foregoing, the fee for
5 filing an annual report of a limited liability company or
6 foreign limited liability company is \$250 plus \$50 for each
7 series for which a certificate of designation has been
8 filed pursuant to Section 37-40 of this Act and is in
9 effect on the last day of the third month preceding the
10 company's anniversary month, plus a penalty if delinquent.

11 (12) Filing an application for reinstatement of a
12 limited liability company or foreign limited liability
13 company \$500.

14 (13) Filing articles of merger, \$100 plus \$50 for each
15 party to the merger in excess of the first 2 parties.

16 (14) Filing articles of conversion, \$100.

17 (15) Filing a statement of change of address of
18 registered office or change of registered agent, or both,
19 or filing a statement of correction, \$25.

20 (16) Filing a petition for refund, \$15.

21 (17) Filing a certificate of designation of a limited
22 liability company with a series pursuant to Section 37-40
23 of this Act, \$50.

24 (18) Filing articles of domestication, \$100.

25 (19) Filing, amending, or cancelling a statement of
26 authority, \$50.

1 (20) Filing, amending, or cancelling a statement of
2 denial, \$10.

3 (21) Filing any other document, \$100.

4 (c) The Secretary of State shall charge and collect all of
5 the following:

6 (1) For furnishing a copy or certified copy of any
7 document, instrument, or paper relating to a limited
8 liability company or foreign limited liability company, or
9 for a certificate, \$25.

10 (2) For the transfer of information by computer process
11 media to any purchaser, fees established by rule.

12 (Source: P.A. 99-637, eff. 7-1-17.)

13 Section 995. No acceleration or delay. Where this Act makes
14 changes in a statute that is represented in this Act by text
15 that is not yet or no longer in effect (for example, a Section
16 represented by multiple versions), the use of that text does
17 not accelerate or delay the taking effect of (i) the changes
18 made by this Act or (ii) provisions derived from any other
19 Public Act.

20 Section 999. Effective date. If and only if all of the
21 following bills of the 99th General Assembly become law: Senate
22 Bills 17, 263, 284, 305, 390, 393, 432, 584, 951, 1110, and
23 2053 then this Act takes effect upon becoming law; however,
24 this Act does not take effect at all unless all of the

1 following bills of the 99th General Assembly become law: Senate
2 Bills 17, 263, 284, 305, 390, 393, 432, 584, 951, 1110, and
3 2053."