



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

**HB4496**

Introduced 1/31/2024, by Rep. Jay Hoffman

#### SYNOPSIS AS INTRODUCED:

New Act  
35 ILCS 5/203

Creates the Master Development Plan Recognition Act. Provides that certain contributions made by the State or units of local government are considered made pursuant to a master development plan within the meaning of Section 118 of the Internal Revenue Code of 1986. Amends the Illinois Income Tax Act. Creates a deduction for capital contributions that are made pursuant to a master development plan and that are included in the taxpayer's federal taxable income for the taxable year under Section 118 of the Internal Revenue Code. Effective immediately.

LRB103 36691 HLH 66801 b

1 AN ACT concerning State government.

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

4 Section 1. Short title. This Act may be cited as the Master  
5 Development Plan Recognition Act.

6 Section 5. Legislative purpose. In 1979, the General  
7 Assembly passed legislation creating the Department of  
8 Commerce and Community Affairs as the primary State agency  
9 responsible for the State's economic competitiveness. In 2003,  
10 the Department of Commerce and Community Affairs was renamed  
11 the Department of Commerce and Economic Opportunity. To date,  
12 the Department of Commerce and Economic Opportunity has  
13 continued the Department of Commerce and Community Affairs'  
14 mission of economic growth. To that end, the Department of  
15 Commerce and Economic Opportunity administers many programs  
16 that, as a whole, comprise a master development plan designed  
17 to facilitate economic and community revitalization throughout  
18 the State. In addition, the State has established and  
19 supported other financial assistance programs that promote  
20 economic growth consistent with a master development plan. The  
21 purpose of this Act is to define those actions taken by the  
22 State or its political subdivisions that constitute  
23 contributions made by a governmental entity pursuant to a

1 master development plan approved by the governmental entity  
2 for purposes of Section 118 of the Internal Revenue Code of  
3 1986.

4 Section 10. Eligible contributions. Contributions made by  
5 a governmental entity pursuant to a master development plan  
6 approved by the governmental entity within the meaning of  
7 Section 118 of the Internal Revenue Code of 1986 include, but  
8 are not limited to, the following:

9 (1) grants approved by the Department of Commerce and  
10 Economic Opportunity, or by any other agency of, or entity  
11 created by, the State of Illinois, regardless of whether  
12 the grants are also approved by any other agency, board,  
13 or other office of State government, and regardless of  
14 when the funding in connection with the grant is  
15 authorized or paid;

16 (2) grants approved by an authorized representative of  
17 any county or municipality within the State, or any agency  
18 of, or entity created by, the county or municipality,  
19 whether the funding for the grants originates in whole or  
20 in part with the State or with the county or municipality,  
21 and regardless of when the funding in connection with the  
22 grant is authorized or paid;

23 (3) tax increment financing applications for which a  
24 letter, or final, preliminary, or conditional approval,  
25 has been issued by an appropriate representative of State,

1 county, or municipal government, and regardless of when  
2 the funding in connection with the tax increment financing  
3 application is authorized or paid; and

4 (4) any other financing provided pursuant to a  
5 development plan, redevelopment plan, revitalization plan,  
6 or similar plan approved by an appropriate representative  
7 of State, county, or municipal government, and regardless  
8 of when the funding in connection with the plan is  
9 authorized or paid.

10 Section 900. The Illinois Income Tax Act is amended by  
11 changing Section 203 as follows:

12 (35 ILCS 5/203)

13 Sec. 203. Base income defined.

14 (a) Individuals.

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

18 (2).

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

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

1 in the computation of adjusted gross income, except  
2 stock dividends of qualified public utilities  
3 described in Section 305(e) of the Internal Revenue  
4 Code;

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

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

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

25 (D-5) An amount, to the extent not included in  
26 adjusted gross income, equal to the amount of money

1           withdrawn by the taxpayer in the taxable year from a  
2           medical care savings account and the interest earned  
3           on the account in the taxable year of a withdrawal  
4           pursuant to subsection (b) of Section 20 of the  
5           Medical Care Savings Account Act or subsection (b) of  
6           Section 20 of the Medical Care Savings Account Act of  
7           2000;

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

13          (D-15) For taxable years 2001 and thereafter, an  
14          amount equal to the bonus depreciation deduction taken  
15          on the taxpayer's federal income tax return for the  
16          taxable year under subsection (k) of Section 168 of  
17          the Internal Revenue Code;

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

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

1 subtraction is allowed with respect to that property  
2 under subparagraph (Z) and for which the taxpayer was  
3 allowed in any taxable year to make a subtraction  
4 modification under subparagraph (Z), then an amount  
5 equal to that subtraction modification.

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

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

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

10 This paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the  
26 interest expense between the taxpayer and the



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

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

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

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

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

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

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

22 This paragraph shall not apply to the following:

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

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

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

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

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

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

1 alternative method of apportionment under Section  
2 304(f);

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

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

1 member of the taxpayer's unitary business group  
2 (including amounts included in gross income under  
3 Sections 951 through 964 of the Internal Revenue Code  
4 and amounts included in gross income under Section 78  
5 of the Internal Revenue Code) with respect to the  
6 stock of the same person to whom the premiums and costs  
7 were directly or indirectly paid, incurred, or  
8 accrued. The preceding sentence does not apply to the  
9 extent that the same dividends caused a reduction to  
10 the addition modification required under Section  
11 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
12 Act;

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

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

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

1 materials;

2 (D-20.5) For taxable years beginning on or after  
3 January 1, 2018, in the case of a distribution from a  
4 qualified ABLE program under Section 529A of the  
5 Internal Revenue Code, other than a distribution from  
6 a qualified ABLE program created under Section 16.6 of  
7 the State Treasurer Act, an amount equal to the amount  
8 excluded from gross income under Section 529A(c)(1)(B)  
9 of the Internal Revenue Code;

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  
14 State to an out-of-state program, an amount equal to  
15 the amount of moneys previously deducted from base  
16 income under subsection (a)(2)(Y) of this Section;

17 (D-21.5) For taxable years beginning on or after  
18 January 1, 2018, in the case of the transfer of moneys  
19 from a qualified tuition program under Section 529 or  
20 a qualified ABLE program under Section 529A of the  
21 Internal Revenue Code that is administered by this  
22 State to an ABLE account established under an  
23 out-of-state ABLE account program, an amount equal to  
24 the contribution component of the transferred amount  
25 that was previously deducted from base income under  
26 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this



1 Section;

2 (D-22) For taxable years beginning on or after  
3 January 1, 2009, and prior to January 1, 2018, in the  
4 case of a nonqualified withdrawal or refund of moneys  
5 from a qualified tuition program under Section 529 of  
6 the Internal Revenue Code administered by the State  
7 that is not used for qualified expenses at an eligible  
8 education institution, an amount equal to the  
9 contribution component of the nonqualified withdrawal  
10 or refund that was previously deducted from base  
11 income under subsection (a)(2)(y) of this Section,  
12 provided that the withdrawal or refund did not result  
13 from the beneficiary's death or disability. For  
14 taxable years beginning on or after January 1, 2018:  
15 (1) in the case of a nonqualified withdrawal or  
16 refund, as defined under Section 16.5 of the State  
17 Treasurer Act, of moneys from a qualified tuition  
18 program under Section 529 of the Internal Revenue Code  
19 administered by the State, an amount equal to the  
20 contribution component of the nonqualified withdrawal  
21 or refund that was previously deducted from base  
22 income under subsection (a)(2)(Y) of this Section, and  
23 (2) in the case of a nonqualified withdrawal or refund  
24 from a qualified ABLE program under Section 529A of  
25 the Internal Revenue Code administered by the State  
26 that is not used for qualified disability expenses, an

1 amount equal to the contribution component of the  
2 nonqualified withdrawal or refund that was previously  
3 deducted from base income under subsection (a)(2)(HH)  
4 of this Section;

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

9 (D-24) For taxable years ending on or after  
10 December 31, 2017, an amount equal to the deduction  
11 allowed under Section 199 of the Internal Revenue Code  
12 for the taxable year;

13 (D-25) In the case of a resident, an amount equal  
14 to the amount of tax for which a credit is allowed  
15 pursuant to Section 201(p)(7) of this Act;

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

18 (E) For taxable years ending before December 31,  
19 2001, any amount included in such total in respect of  
20 any compensation (including but not limited to any  
21 compensation paid or accrued to a serviceman while a  
22 prisoner of war or missing in action) paid to a  
23 resident by reason of being on active duty in the Armed  
24 Forces of the United States and in respect of any  
25 compensation paid or accrued to a resident who as a  
26 governmental employee was a prisoner of war or missing

1 in action, and in respect of any compensation paid to a  
2 resident in 1971 or thereafter for annual training  
3 performed pursuant to Sections 502 and 503, Title 32,  
4 United States Code as a member of the Illinois  
5 National Guard or, beginning with taxable years ending  
6 on or after December 31, 2007, the National Guard of  
7 any other state. For taxable years ending on or after  
8 December 31, 2001, any amount included in such total  
9 in respect of any compensation (including but not  
10 limited to any compensation paid or accrued to a  
11 serviceman while a prisoner of war or missing in  
12 action) paid to a resident by reason of being a member  
13 of any component of the Armed Forces of the United  
14 States and in respect of any compensation paid or  
15 accrued to a resident who as a governmental employee  
16 was a prisoner of war or missing in action, and in  
17 respect of any compensation paid to a resident in 2001  
18 or thereafter by reason of being a member of the  
19 Illinois National Guard or, beginning with taxable  
20 years ending on or after December 31, 2007, the  
21 National Guard of any other state. The provisions of  
22 this subparagraph (E) are exempt from the provisions  
23 of Section 250;

24 (F) An amount equal to all amounts included in  
25 such total pursuant to the provisions of Sections  
26 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and

1 408 of the Internal Revenue Code, or included in such  
2 total as distributions under the provisions of any  
3 retirement or disability plan for employees of any  
4 governmental agency or unit, or retirement payments to  
5 retired partners, which payments are excluded in  
6 computing net earnings from self employment by Section  
7 1402 of the Internal Revenue Code and regulations  
8 adopted pursuant thereto;

9 (G) The valuation limitation amount;

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

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

26 (K) An amount equal to those dividends included in

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

9 (L) For taxable years ending after December 31,  
10 1983, an amount equal to all social security benefits  
11 and railroad retirement benefits included in such  
12 total pursuant to Sections 72(r) and 86 of the  
13 Internal Revenue Code;

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

1 included in gross income under Section 87 of the  
2 Internal Revenue Code; the provisions of this  
3 subparagraph are exempt from the provisions of Section  
4 250;

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

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

17 (P) An amount equal to the amount of the deduction  
18 used to compute the federal income tax credit for  
19 restoration of substantial amounts held under claim of  
20 right for the taxable year pursuant to Section 1341 of  
21 the Internal Revenue Code or of any itemized deduction  
22 taken from adjusted gross income in the computation of  
23 taxable income for restoration of substantial amounts  
24 held under claim of right for the taxable year;

25 (Q) An amount equal to any amounts included in  
26 such total, received by the taxpayer as an

1 acceleration in the payment of life, endowment or  
2 annuity benefits in advance of the time they would  
3 otherwise be payable as an indemnity for a terminal  
4 illness;

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

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

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

22 (U) For one taxable year beginning on or after  
23 January 1, 1994, an amount equal to the total amount of  
24 tax imposed and paid under subsections (a) and (b) of  
25 Section 201 of this Act on grant amounts received by  
26 the taxpayer under the Nursing Home Grant Assistance

1 Act during the taxpayer's taxable years 1992 and 1993;

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



1 213 of the Internal Revenue Code of 1986 not actually  
2 deducted on the taxpayer's federal income tax return;

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

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

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

16 (Y) For taxable years beginning on or after  
17 January 1, 2002 and ending on or before December 31,  
18 2004, moneys contributed in the taxable year to a  
19 College Savings Pool account under Section 16.5 of the  
20 State Treasurer Act, except that amounts excluded from  
21 gross income under Section 529(c)(3)(C)(i) of the  
22 Internal Revenue Code shall not be considered moneys  
23 contributed under this subparagraph (Y). For taxable  
24 years beginning on or after January 1, 2005, a maximum  
25 of \$10,000 contributed in the taxable year to (i) a  
26 College Savings Pool account under Section 16.5 of the

1 State Treasurer Act or (ii) the Illinois Prepaid  
2 Tuition Trust Fund, except that amounts excluded from  
3 gross income under Section 529(c)(3)(C)(i) of the  
4 Internal Revenue Code shall not be considered moneys  
5 contributed under this subparagraph (Y). For purposes  
6 of this subparagraph, contributions made by an  
7 employer on behalf of an employee, or matching  
8 contributions made by an employee, shall be treated as  
9 made by the employee. This subparagraph (Y) is exempt  
10 from the provisions of Section 250;

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

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

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

1 0.429); and

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

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

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

13 (iii) for property on which a bonus  
14 depreciation deduction of 100% of the adjusted  
15 basis was taken in a taxable year ending on or  
16 after December 31, 2021, "x" equals the  
17 depreciation deduction that would be allowed  
18 on that property if the taxpayer had made the  
19 election under Section 168(k)(7) of the  
20 Internal Revenue Code to not claim bonus  
21 depreciation on that property; and

22 (iv) for property on which a bonus  
23 depreciation deduction of a percentage other  
24 than 30%, 50% or 100% of the adjusted basis  
25 was taken in a taxable year ending on or after  
26 December 31, 2021, "x" equals "y" multiplied

1           by 100 times the percentage bonus depreciation  
2           on the property (that is,  $100(\text{bonus}\%)$ ) and  
3           then divided by 100 times 1 minus the  
4           percentage bonus depreciation on the property  
5           (that is,  $100(1-\text{bonus}\%)$ ).

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

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

19          If the taxpayer continues to own property through  
20          the last day of the last tax year for which a  
21          subtraction is allowed with respect to that property  
22          under subparagraph (Z) and for which the taxpayer was  
23          required in any taxable year to make an addition  
24          modification under subparagraph (D-15), then an amount  
25          equal to that addition modification.

26          The taxpayer is allowed to take the deduction

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

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

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

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

25 (DD) An amount equal to the interest income taken  
26 into account for the taxable year (net of the

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

20                 (EE) An amount equal to the income from intangible  
21          property taken into account for the taxable year (net  
22          of the deductions allocable thereto) with respect to  
23          transactions with (i) a foreign person who would be a  
24          member of the taxpayer's unitary business group but  
25          for the fact that the foreign person's business  
26          activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for  
2 taxable years ending on or after December 31, 2008, to  
3 a person who would be a member of the same unitary  
4 business group but for the fact that the person is  
5 prohibited under Section 1501(a)(27) from being  
6 included in the unitary business group because he or  
7 she is ordinarily required to apportion business  
8 income under different subsections of Section 304, but  
9 not to exceed the addition modification required to be  
10 made for the same taxable year under Section  
11 203(a)(2)(D-18) for intangible expenses and costs  
12 paid, accrued, or incurred, directly or indirectly, to  
13 the same foreign person. This subparagraph (EE) is  
14 exempt from the provisions of Section 250;

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

21 (GG) For taxable years ending on or after December  
22 31, 2011, in the case of a taxpayer who was required to  
23 add back any insurance premiums under Section  
24 203(a)(2)(D-19), such taxpayer may elect to subtract  
25 that part of a reimbursement received from the  
26 insurance company equal to the amount of the expense



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

11 (HH) For taxable years beginning on or after  
12 January 1, 2018 and prior to January 1, 2028, a maximum  
13 of \$10,000 contributed in the taxable year to a  
14 qualified ABLE account under Section 16.6 of the State  
15 Treasurer Act, except that amounts excluded from gross  
16 income under Section 529(c)(3)(C)(i) or Section  
17 529A(c)(1)(C) of the Internal Revenue Code shall not  
18 be considered moneys contributed under this  
19 subparagraph (HH). For purposes of this subparagraph  
20 (HH), contributions made by an employer on behalf of  
21 an employee, or matching contributions made by an  
22 employee, shall be treated as made by the employee;

23 (II) For taxable years that begin on or after  
24 January 1, 2021 and begin before January 1, 2026, the  
25 amount that is included in the taxpayer's federal  
26 adjusted gross income pursuant to Section 61 of the

1 Internal Revenue Code as discharge of indebtedness  
2 attributable to student loan forgiveness and that is  
3 not excluded from the taxpayer's federal adjusted  
4 gross income pursuant to paragraph (5) of subsection  
5 (f) of Section 108 of the Internal Revenue Code; ~~and~~

6 (JJ) For taxable years beginning on or after  
7 January 1, 2023, for any cannabis establishment  
8 operating in this State and licensed under the  
9 Cannabis Regulation and Tax Act or any cannabis  
10 cultivation center or medical cannabis dispensing  
11 organization operating in this State and licensed  
12 under the Compassionate Use of Medical Cannabis  
13 Program Act, an amount equal to the deductions that  
14 were disallowed under Section 280E of the Internal  
15 Revenue Code for the taxable year and that would not be  
16 added back under this subsection. The provisions of  
17 this subparagraph (JJ) are exempt from the provisions  
18 of Section 250; ~~and-~~

19 (KK) ~~(JJ)~~ To the extent includible in gross income  
20 for federal income tax purposes, any amount awarded or  
21 paid to the taxpayer as a result of a judgment or  
22 settlement for fertility fraud as provided in Section  
23 15 of the Illinois Fertility Fraud Act, donor  
24 fertility fraud as provided in Section 20 of the  
25 Illinois Fertility Fraud Act, or similar action in  
26 another state.

1 (b) Corporations.

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

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

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

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

17 (C) In the case of a regulated investment company,  
18 an amount equal to the excess of (i) the net long-term  
19 capital gain for the taxable year, over (ii) the  
20 amount of the capital gain dividends designated as  
21 such in accordance with Section 852(b)(3)(C) of the  
22 Internal Revenue Code and any amount designated under  
23 Section 852(b)(3)(D) of the Internal Revenue Code,  
24 attributable to the taxable year (this amendatory Act  
25 of 1995 (Public Act 89-89) is declarative of existing

1 law and is not a new enactment);

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

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

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

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

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

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

10           (E-5) For taxable years ending after December 31,  
11           1997, an amount equal to any eligible remediation  
12           costs that the corporation deducted in computing  
13           adjusted gross income and for which the corporation  
14           claims a credit under subsection (l) of Section 201;

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

20           (E-11) If the taxpayer sells, transfers, abandons,  
21           or otherwise disposes of property for which the  
22           taxpayer was required in any taxable year to make an  
23           addition modification under subparagraph (E-10), then  
24           an amount equal to the aggregate amount of the  
25           deductions taken in all taxable years under  
26           subparagraph (T) with respect to that property.

1           If the taxpayer continues to own property through  
2 the last day of the last tax year for which a  
3 subtraction is allowed with respect to that property  
4 under subparagraph (T) and for which the taxpayer was  
5 allowed in any taxable year to make a subtraction  
6 modification under subparagraph (T), then an amount  
7 equal to that subtraction modification.

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

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

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

12 This paragraph shall not apply to the following:

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

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

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

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

8 (iii) the taxpayer can establish, based on  
9 clear and convincing evidence, that the interest  
10 paid, accrued, or incurred relates to a contract  
11 or agreement entered into at arm's-length rates  
12 and terms and the principal purpose for the  
13 payment is not federal or Illinois tax avoidance;  
14 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  
25 for any tax year beginning after the effective  
26 date of this amendment provided such adjustment is



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

5           (E-13) 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(b)(2)(E-12) 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  
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 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  
25 the 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  
3 alternative method of apportionment under Section  
4 304(f);

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

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

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

15 (E-15) For taxable years beginning after December  
16 31, 2008, any deduction for dividends paid by a  
17 captive real estate investment trust that is allowed  
18 to a real estate investment trust under Section  
19 857(b)(2)(B) of the Internal Revenue Code for  
20 dividends paid;

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

25 (E-17) For taxable years ending on or after  
26 December 31, 2017, an amount equal to the deduction

1 allowed under Section 199 of the Internal Revenue Code  
2 for the taxable year;

3 (E-18) for taxable years beginning after December  
4 31, 2018, an amount equal to the deduction allowed  
5 under Section 250(a)(1)(A) of the Internal Revenue  
6 Code for the taxable year;

7 (E-19) for taxable years ending on or after June  
8 30, 2021, an amount equal to the deduction allowed  
9 under Section 250(a)(1)(B)(i) of the Internal Revenue  
10 Code for the taxable year;

11 (E-20) for taxable years ending on or after June  
12 30, 2021, an amount equal to the deduction allowed  
13 under Sections 243(e) and 245A(a) of the Internal  
14 Revenue Code for the taxable year.

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

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

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

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

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

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

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

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



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

24           (M-1) For any taxpayer that is a financial  
25 organization within the meaning of Section 304(c) of  
26 this Act, an amount included in such total as interest

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

24 (N) Two times any contribution made during the  
25 taxable year to a designated zone organization to the  
26 extent that the contribution (i) qualifies as a

1 charitable contribution under subsection (c) of  
2 Section 170 of the Internal Revenue Code and (ii)  
3 must, by its terms, be used for a project approved by  
4 the Department of Commerce and Economic Opportunity  
5 under Section 11 of the Illinois Enterprise Zone Act  
6 or under Section 10-10 of the River Edge Redevelopment  
7 Zone Act. This subparagraph (N) is exempt from the  
8 provisions of Section 250;

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

1 plus (ii) 100% of the amount by which dividends,  
2 included in taxable income and received, including,  
3 for taxable years ending on or after December 31,  
4 1988, dividends received or deemed received or paid or  
5 deemed paid under Sections 951 through 964 of the  
6 Internal Revenue Code and including, for taxable years  
7 ending on or after December 31, 2008, dividends  
8 received from a captive real estate investment trust,  
9 from any such corporation specified in clause (i) that  
10 would but for the provisions of Section 1504(b)(3) of  
11 the Internal Revenue Code be treated as a member of the  
12 affiliated group which includes the dividend  
13 recipient, exceed the amount of the modification  
14 provided under subparagraph (G) of paragraph (2) of  
15 this subsection (b) which is related to such  
16 dividends. For taxable years ending on or after June  
17 30, 2021, (i) for purposes of this subparagraph, the  
18 term "dividend" does not include any amount treated as  
19 a dividend under Section 1248 of the Internal Revenue  
20 Code, and (ii) this subparagraph shall not apply to  
21 dividends for which a deduction is allowed under  
22 Section 245(a) of the Internal Revenue Code. This  
23 subparagraph (O) is exempt from the provisions of  
24 Section 250 of this Act;

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

1 Increment Allocation Redevelopment Act;

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

7 (R) On and after July 20, 1999, in the case of an  
8 attorney-in-fact with respect to whom an interinsurer  
9 or a reciprocal insurer has made the election under  
10 Section 835 of the Internal Revenue Code, 26 U.S.C.  
11 835, an amount equal to the excess, if any, of the  
12 amounts paid or incurred by that interinsurer or  
13 reciprocal insurer in the taxable year to the  
14 attorney-in-fact over the deduction allowed to that  
15 interinsurer or reciprocal insurer with respect to the  
16 attorney-in-fact under Section 835(b) of the Internal  
17 Revenue Code for the taxable year; the provisions of  
18 this subparagraph are exempt from the provisions of  
19 Section 250;

20 (S) For taxable years ending on or after December  
21 31, 1997, in the case of a Subchapter S corporation, an  
22 amount equal to all amounts of income allocable to a  
23 shareholder subject to the Personal Property Tax  
24 Replacement Income Tax imposed by subsections (c) and  
25 (d) of Section 201 of this Act, including amounts  
26 allocable to organizations exempt from federal income

1 tax by reason of Section 501(a) of the Internal  
2 Revenue Code. This subparagraph (S) is exempt from the  
3 provisions of Section 250;

4 (T) For taxable years 2001 and thereafter, for the  
5 taxable year in which the bonus depreciation deduction  
6 is taken on the taxpayer's federal income tax return  
7 under subsection (k) of Section 168 of the Internal  
8 Revenue Code and for each applicable taxable year  
9 thereafter, an amount equal to "x", where:

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

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

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

23 (i) for property on which a bonus  
24 depreciation deduction of 30% of the adjusted  
25 basis was taken, "x" equals "y" multiplied by  
26 30 and then divided by 70 (or "y" multiplied

1 by 0.429);

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

6 (iii) for property on which a bonus  
7 depreciation deduction of 100% of the adjusted  
8 basis was taken in a taxable year ending on or  
9 after December 31, 2021, "x" equals the  
10 depreciation deduction that would be allowed  
11 on that property if the taxpayer had made the  
12 election under Section 168(k)(7) of the  
13 Internal Revenue Code to not claim bonus  
14 depreciation on that property; and

15 (iv) for property on which a bonus  
16 depreciation deduction of a percentage other  
17 than 30%, 50% or 100% of the adjusted basis  
18 was taken in a taxable year ending on or after  
19 December 31, 2021, "x" equals "y" multiplied  
20 by 100 times the percentage bonus depreciation  
21 on the property (that is,  $100(\text{bonus}\%)$ ) and  
22 then divided by 100 times 1 minus the  
23 percentage bonus depreciation on the property  
24 (that is,  $100(1-\text{bonus}\%)$ ).

25 The aggregate amount deducted under this  
26 subparagraph in all taxable years for any one piece of

1 property may not exceed the amount of the bonus  
2 depreciation deduction taken on that property on the  
3 taxpayer's federal income tax return under subsection  
4 (k) of Section 168 of the Internal Revenue Code. This  
5 subparagraph (T) is exempt from the provisions of  
6 Section 250;

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

12 If the taxpayer continues to own property through  
13 the last day of the last tax year for which a  
14 subtraction is allowed with respect to that property  
15 under subparagraph (T) and for which the taxpayer was  
16 required in any taxable year to make an addition  
17 modification under subparagraph (E-10), then an amount  
18 equal to that addition modification.

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

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

24 (V) The amount of: (i) any interest income (net of  
25 the deductions allocable thereto) taken into account  
26 for the taxable year with respect to a transaction



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

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

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

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

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

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

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

11          (AA) For taxable years beginning on or after  
12          January 1, 2023, for any cannabis establishment  
13          operating in this State and licensed under the  
14          Cannabis Regulation and Tax Act or any cannabis  
15          cultivation center or medical cannabis dispensing  
16          organization operating in this State and licensed  
17          under the Compassionate Use of Medical Cannabis  
18          Program Act, an amount equal to the deductions that  
19          were disallowed under Section 280E of the Internal  
20          Revenue Code for the taxable year and that would not be  
21          added back under this subsection. The provisions of  
22          this subparagraph (AA) are exempt from the provisions  
23          of Section 250; and -

24          (BB) For taxable years ending on or after December  
25          31, 2024, any contribution to the capital of the  
26          taxpayer from the Department of Commerce and Economic

1           Opportunity or any other agency or political  
2           subdivision of the State that is made pursuant to a  
3           master development plan, as defined in the Master  
4           Development Plan Recognition Act, and that is included  
5           in the taxpayer's federal taxable income for the  
6           taxable year under Section 118 of the Internal Revenue  
7           Code; this subparagraph (BB) is exempt from the  
8           provisions of Section 250.

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

17          (c) Trusts and estates.

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

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

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

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

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

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

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

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

1           they are listed:

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

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

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

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

1 of this Act;

2 (G) An amount equal to the amount of the capital  
3 gain deduction allowable under the Internal Revenue  
4 Code, to the extent deducted from gross income in the  
5 computation of taxable income;

6 (G-5) For taxable years ending after December 31,  
7 1997, an amount equal to any eligible remediation  
8 costs that the trust or estate deducted in computing  
9 adjusted gross income and for which the trust or  
10 estate claims a credit under subsection (l) of Section  
11 201;

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

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

24 If the taxpayer continues to own property through  
25 the last day of the last tax year for which a  
26 subtraction is allowed with respect to that property



1 under subparagraph (R) and for which the taxpayer was  
2 allowed in any taxable year to make a subtraction  
3 modification under subparagraph (R), then an amount  
4 equal to that subtraction modification.

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

8 (G-12) An amount equal to the amount otherwise  
9 allowed as a deduction in computing base income for  
10 interest paid, accrued, or incurred, directly or  
11 indirectly, (i) for taxable years ending on or after  
12 December 31, 2004, to a foreign person who would be a  
13 member of the same unitary business group but for the  
14 fact that the foreign person's business activity  
15 outside the United States is 80% or more of the foreign  
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. The addition modification  
24 required by this subparagraph shall be reduced to the  
25 extent that dividends were included in base income of  
26 the unitary group for the same taxable year and

1 received by the taxpayer or by a member of the  
2 taxpayer's unitary business group (including amounts  
3 included in gross income pursuant to Sections 951  
4 through 964 of the Internal Revenue Code and amounts  
5 included in gross income under Section 78 of the  
6 Internal Revenue Code) with respect to the stock of  
7 the same person to whom the interest was paid,  
8 accrued, or incurred.

9 This paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the  
25 interest expense between the taxpayer and the  
26 person did not have as a principal purpose the

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

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

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

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

1           its authority under Section 404 of this Act;

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

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

21 This paragraph shall not apply to the following:

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

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

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

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

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

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

1           304(f);

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

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

1 (including amounts included in gross income under  
2 Sections 951 through 964 of the Internal Revenue Code  
3 and amounts included in gross income under Section 78  
4 of the Internal Revenue Code) with respect to the  
5 stock of the same person to whom the premiums and costs  
6 were directly or indirectly paid, incurred, or  
7 accrued. The preceding sentence does not apply to the  
8 extent that the same dividends caused a reduction to  
9 the addition modification required under Section  
10 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this  
11 Act;

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

16 (G-16) For taxable years ending on or after  
17 December 31, 2017, an amount equal to the deduction  
18 allowed under Section 199 of the Internal Revenue Code  
19 for the taxable year;

20 and by deducting from the total so obtained the sum of the  
21 following amounts:

22 (H) An amount equal to all amounts included in  
23 such total pursuant to the provisions of Sections  
24 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408  
25 of the Internal Revenue Code or included in such total  
26 as distributions under the provisions of any



1 retirement or disability plan for employees of any  
2 governmental agency or unit, or retirement payments to  
3 retired partners, which payments are excluded in  
4 computing net earnings from self employment by Section  
5 1402 of the Internal Revenue Code and regulations  
6 adopted pursuant thereto;

7 (I) The valuation limitation amount;

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

11 (K) An amount equal to all amounts included in  
12 taxable income as modified by subparagraphs (A), (B),  
13 (C), (D), (E), (F) and (G) which are exempt from  
14 taxation by this State either by reason of its  
15 statutes or Constitution or by reason of the  
16 Constitution, treaties or statutes of the United  
17 States; provided that, in the case of any statute of  
18 this State that exempts income derived from bonds or  
19 other obligations from the tax imposed under this Act,  
20 the amount exempted shall be the interest net of bond  
21 premium amortization;

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

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

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

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

24 (O) An amount equal to those dividends included in  
25 such total that were paid by a corporation that  
26 conducts business operations in a federally designated

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

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

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

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

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

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

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

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

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

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

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

21 (iii) for property on which a bonus  
22 depreciation deduction of 100% of the adjusted  
23 basis was taken in a taxable year ending on or  
24 after December 31, 2021, "x" equals the  
25 depreciation deduction that would be allowed  
26 on that property if the taxpayer had made the

1 election under Section 168(k)(7) of the  
2 Internal Revenue Code to not claim bonus  
3 depreciation on that property; and

4 (iv) for property on which a bonus  
5 depreciation deduction of a percentage other  
6 than 30%, 50% or 100% of the adjusted basis  
7 was taken in a taxable year ending on or after  
8 December 31, 2021, "x" equals "y" multiplied  
9 by 100 times the percentage bonus depreciation  
10 on the property (that is,  $100(\text{bonus}\%)$ ) and  
11 then divided by 100 times 1 minus the  
12 percentage bonus depreciation on the property  
13 (that is,  $100(1-\text{bonus}\%)$ ).

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

22 (S) If the taxpayer sells, transfers, abandons, or  
23 otherwise disposes of property 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           If the taxpayer continues to own property through  
2           the last day of the last tax year for which a  
3           subtraction is allowed with respect to that property  
4           under subparagraph (R) and for which the taxpayer was  
5           required in any taxable year to make an addition  
6           modification under subparagraph (G-10), then an amount  
7           equal to that addition modification.

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

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

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

1           203(d)(2)(D-8), but not to exceed the amount of such  
2           addition modification. This subparagraph (T) is exempt  
3           from the provisions of Section 250;

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

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



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

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

26 (X) an amount equal to the refund included in such

1 total of any tax deducted for federal income tax  
2 purposes, to the extent that deduction was added back  
3 under subparagraph (F). This subparagraph (X) is  
4 exempt from the provisions of Section 250;

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

21 (Z) For taxable years beginning after December 31,  
22 2018 and before January 1, 2026, the amount of excess  
23 business loss of the taxpayer disallowed as a  
24 deduction by Section 461(1)(1)(B) of the Internal  
25 Revenue Code; and

26 (AA) For taxable years beginning on or after

1 January 1, 2023, for any cannabis establishment  
2 operating in this State and licensed under the  
3 Cannabis Regulation and Tax Act or any cannabis  
4 cultivation center or medical cannabis dispensing  
5 organization operating in this State and licensed  
6 under the Compassionate Use of Medical Cannabis  
7 Program Act, an amount equal to the deductions that  
8 were disallowed under Section 280E of the Internal  
9 Revenue Code for the taxable year and that would not be  
10 added back under this subsection. The provisions of  
11 this subparagraph (AA) are exempt from the provisions  
12 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  
18 set aside for charitable purposes pursuant to Internal  
19 Revenue 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  
11 Internal Revenue Code in calculating its taxable  
12 income;

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

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

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

1           deductions taken in all taxable years under  
2           subparagraph (O) with respect to that property.

3           If the taxpayer continues to own property through  
4           the last day of the last tax year for which a  
5           subtraction is allowed with respect to that property  
6           under subparagraph (O) and for which the taxpayer was  
7           allowed in any taxable year to make a subtraction  
8           modification under subparagraph (O), then an amount  
9           equal to that subtraction modification.

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

13          (D-7) An amount equal to the amount otherwise  
14          allowed as a deduction in computing base income for  
15          interest paid, accrued, or incurred, directly or  
16          indirectly, (i) for taxable years ending on or after  
17          December 31, 2004, to a foreign person who would be a  
18          member of the same unitary business group but for the  
19          fact the foreign person's business activity outside  
20          the United States is 80% or more of the foreign  
21          person's total business activity and (ii) for taxable  
22          years ending on or after December 31, 2008, to a person  
23          who would be a member of the same unitary business  
24          group but for the fact that the person is prohibited  
25          under Section 1501(a)(27) from being included in the  
26          unitary business group because he or she is ordinarily

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

14 This paragraph shall not apply to the following:

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

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

26 (a) the person, during the same taxable

1 year, paid, accrued, or incurred, the interest  
2 to a person that is not a related member, and

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

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

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

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

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

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



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

26 This paragraph shall not apply to the following:

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

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

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

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

24           (iii) any item of intangible expense or cost  
25           paid, accrued, or incurred, directly or  
26           indirectly, from a transaction with a person if

1           the taxpayer establishes by clear and convincing  
2           evidence, that the adjustments are unreasonable;  
3           or if the taxpayer and the Director agree in  
4           writing to the application or use of an  
5           alternative method of apportionment under Section  
6           304(f);

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

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

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

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

20 (D-11) For taxable years ending on or after  
21 December 31, 2017, an amount equal to the deduction  
22 allowed under Section 199 of the Internal Revenue Code  
23 for the taxable year;

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

26 (E) The valuation limitation amount;

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

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

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

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

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

4 (J) With the exception of any amounts subtracted  
5 under subparagraph (G), an amount equal to the sum of  
6 all amounts disallowed as deductions by (i) Sections  
7 171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
8 and all amounts of expenses allocable to interest and  
9 disallowed as deductions by Section 265(a)(1) of the  
10 Internal Revenue Code; and (ii) for taxable years  
11 ending on or after August 13, 1999, Sections  
12 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
13 Internal Revenue Code, plus, (iii) for taxable years  
14 ending on or after December 31, 2011, Section  
15 45G(e)(3) of the Internal Revenue Code and, for  
16 taxable years ending on or after December 31, 2008,  
17 any amount included in gross income under Section 87  
18 of the Internal Revenue Code; the provisions of this  
19 subparagraph are exempt from the provisions of Section  
20 250;

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

1 Zone or zones. This subparagraph (K) is exempt from  
2 the provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

22 (iii) for property on which a bonus  
23 depreciation deduction of 100% of the adjusted  
24 basis was taken in a taxable year ending on or  
25 after December 31, 2021, "x" equals the  
26 depreciation deduction that would be allowed



1 on that property if the taxpayer had made the  
2 election under Section 168(k)(7) of the  
3 Internal Revenue Code to not claim bonus  
4 depreciation on that property; and

5 (iv) for property on which a bonus  
6 depreciation deduction of a percentage other  
7 than 30%, 50% or 100% of the adjusted basis  
8 was taken in a taxable year ending on or after  
9 December 31, 2021, "x" equals "y" multiplied  
10 by 100 times the percentage bonus depreciation  
11 on the property (that is,  $100(\text{bonus}\%)$ ) and  
12 then divided by 100 times 1 minus the  
13 percentage bonus depreciation on the property  
14 (that is,  $100(1-\text{bonus}\%)$ ).

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

23 (P) If the taxpayer sells, transfers, abandons, or  
24 otherwise disposes of property for which the taxpayer  
25 was required in any taxable year to make an addition  
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

2 If the taxpayer continues to own property through  
3 the last day of the last tax year for which a  
4 subtraction is allowed with respect to that property  
5 under subparagraph (O) and for which the taxpayer was  
6 required in any taxable year to make an addition  
7 modification under subparagraph (D-5), then an amount  
8 equal to that addition modification.

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

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

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

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

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

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

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

20 (T) For taxable years ending on or after December  
21 31, 2011, in the case of a taxpayer who was required to  
22 add back any insurance premiums under Section  
23 203(d)(2)(D-9), such taxpayer may elect to subtract  
24 that part of a reimbursement received from the  
25 insurance company equal to the amount of the expense  
26 or loss (including expenses incurred by the insurance

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

10 (U) For taxable years beginning on or after  
11 January 1, 2023, for any cannabis establishment  
12 operating in this State and licensed under the  
13 Cannabis Regulation and Tax Act or any cannabis  
14 cultivation center or medical cannabis dispensing  
15 organization operating in this State and licensed  
16 under the Compassionate Use of Medical Cannabis  
17 Program Act, an amount equal to the deductions that  
18 were disallowed under Section 280E of the Internal  
19 Revenue Code for the taxable year and that would not be  
20 added back under this subsection. The provisions of  
21 this subparagraph (U) are exempt from the provisions  
22 of Section 250.

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

24 (1) In general. Subject to the provisions of paragraph

25 (2) and subsection (b) (3), for purposes of this Section

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

1 applied under Section 172 of the Internal Revenue Code or  
2 under subparagraph (E) of paragraph (2) of this subsection  
3 (e) applied in conjunction with Section 172 of the  
4 Internal Revenue Code.

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

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

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

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

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

1           (E) Consolidated corporations. In the case of a  
2 corporation which is a member of an affiliated group  
3 of corporations filing a consolidated income tax  
4 return for the taxable year for federal income tax  
5 purposes, taxable income determined as if such  
6 corporation had filed a separate return for federal  
7 income tax purposes for the taxable year and each  
8 preceding taxable year for which it was a member of an  
9 affiliated group. For purposes of this subparagraph,  
10 the taxpayer's separate taxable income shall be  
11 determined as if the election provided by Section  
12 243(b)(2) of the Internal Revenue Code had been in  
13 effect for all such years;

14           (F) Cooperatives. In the case of a cooperative  
15 corporation or association, the taxable income of such  
16 organization determined in accordance with the  
17 provisions of Section 1381 through 1388 of the  
18 Internal Revenue Code, but without regard to the  
19 prohibition against offsetting losses from patronage  
20 activities against income from nonpatronage  
21 activities; except that a cooperative corporation or  
22 association may make an election to follow its federal  
23 income tax treatment of patronage losses and  
24 nonpatronage losses. In the event such election is  
25 made, such losses shall be computed and carried over  
26 in a manner consistent with subsection (a) of Section



1           207 of this Act and apportioned by the apportionment  
2           factor reported by the cooperative on its Illinois  
3           income tax return filed for the taxable year in which  
4           the losses are incurred. The election shall be  
5           effective for all taxable years with original returns  
6           due on or after the date of the election. In addition,  
7           the cooperative may file an amended return or returns,  
8           as allowed under this Act, to provide that the  
9           election shall be effective for losses incurred or  
10          carried forward for taxable years occurring prior to  
11          the date of the election. Once made, the election may  
12          only be revoked upon approval of the Director. The  
13          Department shall adopt rules setting forth  
14          requirements for documenting the elections and any  
15          resulting Illinois net loss and the standards to be  
16          used by the Director in evaluating requests to revoke  
17          elections. Public Act 96-932 is declaratory of  
18          existing law;

19                 (G) Subchapter S corporations. In the case of: (i)  
20                 a Subchapter S corporation for which there is in  
21                 effect an election for the taxable year under Section  
22                 1362 of the Internal Revenue Code, the taxable income  
23                 of such corporation determined in accordance with  
24                 Section 1363(b) of the Internal Revenue Code, except  
25                 that taxable income shall take into account those  
26                 items which are required by Section 1363(b)(1) of the

1 Internal Revenue Code to be separately stated; and  
2 (ii) a Subchapter S corporation for which there is in  
3 effect a federal election to opt out of the provisions  
4 of the Subchapter S Revision Act of 1982 and have  
5 applied instead the prior federal Subchapter S rules  
6 as in effect on July 1, 1982, the taxable income of  
7 such corporation determined in accordance with the  
8 federal Subchapter S rules as in effect on July 1,  
9 1982; and

10 (H) Partnerships. In the case of a partnership,  
11 taxable income determined in accordance with Section  
12 703 of the Internal Revenue Code, except that taxable  
13 income shall take into account those items which are  
14 required by Section 703(a)(1) to be separately stated  
15 but which would be taken into account by an individual  
16 in calculating his taxable income.

17 (3) Recapture of business expenses on disposition of  
18 asset or business. Notwithstanding any other law to the  
19 contrary, if in prior years income from an asset or  
20 business has been classified as business income and in a  
21 later year is demonstrated to be non-business income, then  
22 all expenses, without limitation, deducted in such later  
23 year and in the 2 immediately preceding taxable years  
24 related to that asset or business that generated the  
25 non-business income shall be added back and recaptured as  
26 business income in the year of the disposition of the

1        asset or business. Such amount shall be apportioned to  
2        Illinois using the greater of the apportionment fraction  
3        computed for the business under Section 304 of this Act  
4        for the taxable year or the average of the apportionment  
5        fractions computed for the business under Section 304 of  
6        this Act for the taxable year and for the 2 immediately  
7        preceding taxable years.

8        (f) Valuation limitation amount.

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

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

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

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

2 (A) If the fair market value of property referred  
3 to in paragraph (1) was readily ascertainable on  
4 August 1, 1969, the pre-August 1, 1969 appreciation  
5 amount for such property is the lesser of (i) the  
6 excess of such fair market value over the taxpayer's  
7 basis (for determining gain) for such property on that  
8 date (determined under the Internal Revenue Code as in  
9 effect on that date), or (ii) the total gain realized  
10 and reportable for federal income tax purposes in  
11 respect of the sale, exchange or other disposition of  
12 such property.

13 (B) If the fair market value of property referred  
14 to in paragraph (1) was not readily ascertainable on  
15 August 1, 1969, the pre-August 1, 1969 appreciation  
16 amount for such property is that amount which bears  
17 the same ratio to the total gain reported in respect of  
18 the property for federal income tax purposes for the  
19 taxable year, as the number of full calendar months in  
20 that part of the taxpayer's holding period for the  
21 property ending July 31, 1969 bears to the number of  
22 full calendar months in the taxpayer's entire holding  
23 period for the property.

24 (C) The Department shall prescribe such  
25 regulations as may be necessary to carry out the  
26 purposes of this paragraph.

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

4           (h) Legislative intention. Except as expressly provided by  
5 this Section there shall be no modifications or limitations on  
6 the amounts of income, gain, loss or deduction taken into  
7 account in determining gross income, adjusted gross income or  
8 taxable income for federal income tax purposes for the taxable  
9 year, or in the amount of such items entering into the  
10 computation of base income and net income under this Act for  
11 such taxable year, whether in respect of property values as of  
12 August 1, 1969 or otherwise.

13           (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;  
14 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.  
15 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised  
16 9-26-23.)

17           Section 999. Effective date. This Act takes effect upon  
18 becoming law.