



Sen. Elgie R. Sims, Jr.

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10400HB1928sam003

LRB104 09490 HLH 29562 a

1 AMENDMENT TO HOUSE BILL 1928

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1928, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "ARTICLE 10

6 Section 10-5. The State Finance Act is amended by changing  
7 Section 6z-27 as follows:

8 (30 ILCS 105/6z-27)

9 Sec. 6z-27. All moneys in the Audit Expense Fund shall be  
10 transferred, appropriated and used only for the purposes  
11 authorized by, and subject to the limitations and conditions  
12 prescribed by, the Illinois State Auditing Act.

13 Within 30 days after July 1, 2025, or as soon thereafter as  
14 practical, the State Comptroller shall order transferred and  
15 the State Treasurer shall transfer from the following funds

1 moneys in the specified amounts for deposit into the Audit  
2 Expense Fund:

3 Academic Quality Assurance Fund..... \$940  
4 African-American HIV/AIDS Response Fund..... \$4,266  
5 Agricultural Premium Fund..... \$169,467  
6 Alzheimer's Awareness Fund ..... \$1,068  
7 Alzheimer's Disease Research,  
8 Care, and Support Fund ..... \$502  
9 Amusement Ride and Patron Safety Fund ..... \$6,888  
10 Assisted Living and Shared  
11 Housing Regulatory Fund..... \$4,011  
12 Board of Higher Education State  
13 Contracts and Grants Fund..... \$13,416  
14 Capital Development Board Revolving Fund ..... \$10,711  
15 Care Provider Fund for Persons with  
16 a Developmental Disability ..... \$9,771  
17 CDLIS/AAMVA/NMVTIS Trust Fund..... \$3,433  
18 Chicago State University Education  
19 Improvement Fund ..... \$15,774  
20 Child Labor and Day and Temporary  
21 Labor Services Enforcement Fund..... \$15,414  
22 Child Support Administrative Fund..... \$3,739  
23 Coal Technology Development  
24 Assistance Fund..... \$3,019  
25 Common School Fund ..... \$246,578  
26 Community Mental Health

1	Medicaid Trust Fund.....	\$10,597
2	Consumer Intervenor Compensation Fund.....	\$1,700
3	Death Certificate Surcharge Fund .....	\$1,550
4	Death Penalty Abolition Fund .....	\$2,688
5	Department of Business Services	
6	Special Operations Fund.....	\$10,406
7	Department of Human Services	
8	Community Services Fund.....	\$15,086
9	Dram Shop Fund .....	\$212,500
10	Driver Services Administration Fund.....	\$937
11	Drug Rebate Fund .....	\$54,214
12	Drug Treatment Fund.....	\$1,236
13	Education Assistance Fund.....	\$2,193,017
14	Emergency Planning and Training Fund .....	\$528
15	Emergency Public Health Fund .....	\$8,769
16	Employee Classification Fund .....	\$967
17	EMS Assistance Fund.....	\$1,150
18	Estate Tax Refund Fund .....	\$1,628
19	Facilities Management Revolving Fund .....	\$35,073
20	Facility Licensing Fund.....	\$6,082
21	Fair and Exposition Fund .....	\$6,903
22	Federal Financing Cost	
23	Reimbursement Fund .....	\$7,100
24	Feed Control Fund.....	\$13,874
25	Fertilizer Control Fund.....	\$9,357
26	Fire Prevention Fund .....	\$4,282

1	General Assembly Technology Fund .....	\$2,830
2	General Professions Dedicated Fund .....	\$4,131
3	<u>General Revenue Fund .....</u>	<u>\$17,653,153</u>
4	Governor's Administrative Fund .....	\$5,956
5	Governor's Grant Fund.....	\$3,164
6	Grant Accountability and Transparency Fund .....	\$1,041
7	Guardianship and Advocacy Fund .....	\$16,432
8	Health Facility Plan Review Fund .....	\$2,286
9	Health and Human Services	
10	Medicaid Trust Fund.....	\$10,902
11	Healthcare Provider Relief Fund.....	\$321,428
12	Home Care Services Agency Licensure Fund .....	\$2,843
13	Hospital Licensure Fund.....	\$1,251
14	Hospital Provider Fund .....	\$99,530
15	Illinois Affordable Housing Trust Fund .....	\$19,809
16	Illinois Community College Board	
17	Contracts and Grants Fund.....	\$14,687
18	Illinois Health Facilities Planning Fund .....	\$3,155
19	Illinois Independent Tax Tribunal Fund .....	\$11,636
20	IMSA Income Fund .....	\$6,805
21	Illinois School Asbestos Abatement Fund.....	\$1,141
22	Illinois State Fair Fund .....	\$69,621
23	Illinois Telecommunications Access	
24	Corporation Fund .....	\$1,546
25	Illinois Underground Utility	
26	Facilities Damage Prevention Fund.....	\$12,035

1	Illinois Veterans' Rehabilitation Fund .....	\$1,103
2	Illinois Workers' Compensation	
3	Commission Operations Fund .....	\$241,658
4	Industrial Hemp Regulatory Fund.....	\$1,407
5	Interpreters for the Deaf Fund .....	\$8,657
6	Lead Poisoning Screening, Prevention,	
7	and Abatement Fund .....	\$19,789
8	Lobbyist Registration Administration Fund.....	\$843
9	Long Term Care Monitor/Receiver Fund .....	\$42,485
10	Long-Term Care Provider Fund .....	\$20,620
11	Low-Level Radioactive Waste Facility	
12	Development and Operation Fund .....	\$2,402
13	Mandatory Arbitration Fund .....	\$2,635
14	Mental Health Fund .....	\$5,353
15	Mental Health Reporting Fund .....	\$1,226
16	Metabolic Screening and Treatment Fund .....	\$46,885
17	Monitoring Device Driving Permit	
18	Administration Fee Fund.....	\$1,475
19	Motor Fuel Tax Fund.....	\$1,068
20	Motor Vehicle License Plate Fund .....	\$13,927
21	Multiple Sclerosis Research Fund .....	\$961
22	Nuclear Safety Emergency Preparedness Fund .....	\$87,774
23	Nursing Dedicated and Professional Fund.....	\$595
24	Partners For Conservation Fund .....	\$117,108
25	Personal Property Tax Replacement Fund .....	\$218,128
26	Pesticide Control Fund .....	\$42,146

1	Plumbing Licensure and Program Fund .....	\$3,672
2	Private Business and Vocational Schools	
3	Quality Assurance Fund .....	\$867
4	Professional Services Fund .....	\$90,610
5	Public Defender Fund .....	\$6,198
6	Public Health Laboratory	
7	Services Revolving Fund.....	\$1,098
8	Public Utility Fund.....	\$282,488
9	Radiation Protection Fund.....	\$37,946
10	Rebuild Illinois Projects Fund .....	\$58,858
11	Rental Housing Support Program Fund .....	\$4,083
12	Road Fund.....	\$55,409
13	Secretary Of State DUI Administration Fund .....	\$2,767
14	Secretary Of State Identification Security	
15	and Theft Prevention Fund .....	\$16,793
16	Secretary Of State Special License Plate Fund .....	\$3,473
17	Secretary Of State Special Services Fund .....	\$26,832
18	Securities Audit and Enforcement Fund .....	\$4,889
19	Serve Illinois Commission Fund .....	\$1,803
20	Special Education Medicaid Matching Fund .....	\$4,329
21	State Gaming Fund.....	\$1,997
22	State Garage Revolving Fund.....	\$7,501
23	State Lottery Fund .....	\$311,489
24	State Pensions Fund.....	\$500,000
25	State Treasurer's Bank Services Trust Fund .....	\$752
26	Supreme Court Special Purposes Fund .....	\$4,184

1	Tattoo and Body Piercing Establishment	
2	Registration Fund.....	\$1,166
3	Tobacco Settlement Recovery Fund .....	\$143,143
4	Tourism Promotion Fund .....	\$79,695
5	Transportation Regulatory Fund .....	\$108,481
6	Trauma Center Fund .....	\$1,872
7	University Of Illinois Hospital Services Fund .....	\$5,476
8	Vehicle Hijacking and Motor Vehicle Theft Prevention and	
9	Insurance Verification Trust Fund.....	\$9,331
10	Vehicle Inspection Fund.....	\$2,786
11	Weights and Measures Fund.....	\$24,640

12       Notwithstanding any provision of the law to the contrary,  
13 the General Assembly hereby authorizes the use of such funds  
14 for the purposes set forth in this Section.

15       These provisions do not apply to funds classified by the  
16 Comptroller as federal trust funds or State trust funds. The  
17 Audit Expense Fund may receive transfers from those trust  
18 funds only as directed herein, except where prohibited by the  
19 terms of the trust fund agreement. The Auditor General shall  
20 notify the trustees of those funds of the estimated cost of the  
21 audit to be incurred under the Illinois State Auditing Act for  
22 the fund. The trustees of those funds shall direct the State  
23 Comptroller and Treasurer to transfer the estimated amount to  
24 the Audit Expense Fund.

25       The Auditor General may bill entities that are not subject  
26 to the above transfer provisions, including private entities,

1 related organizations and entities whose funds are locally  
2 held, for the cost of audits, studies, and investigations  
3 incurred on their behalf. Any revenues received under this  
4 provision shall be deposited into the Audit Expense Fund.

5 In the event that moneys on deposit in any fund are  
6 unavailable, by reason of deficiency or any other reason  
7 preventing their lawful transfer, the State Comptroller shall  
8 order transferred and the State Treasurer shall transfer the  
9 amount deficient or otherwise unavailable from the General  
10 Revenue Fund for deposit into the Audit Expense Fund.

11 On or before December 1, 1992, and each December 1  
12 thereafter, the Auditor General shall notify the Governor's  
13 Office of Management and Budget (formerly Bureau of the  
14 Budget) of the amount estimated to be necessary to pay for  
15 audits, studies, and investigations in accordance with the  
16 Illinois State Auditing Act during the next succeeding fiscal  
17 year for each State fund for which a transfer or reimbursement  
18 is anticipated.

19 Beginning with fiscal year 1994 and during each fiscal  
20 year thereafter, the Auditor General may direct the State  
21 Comptroller and Treasurer to transfer moneys from funds  
22 authorized by the General Assembly for that fund. In the event  
23 funds, including federal and State trust funds but excluding  
24 the General Revenue Fund, are transferred, during fiscal year  
25 1994 and during each fiscal year thereafter, in excess of the  
26 amount to pay actual costs attributable to audits, studies,

1 and investigations as permitted or required by the Illinois  
2 State Auditing Act or specific action of the General Assembly,  
3 the Auditor General shall, on September 30, or as soon  
4 thereafter as is practicable, direct the State Comptroller and  
5 Treasurer to transfer the excess amount back to the fund from  
6 which it was originally transferred.

7 (Source: P.A. 103-8, eff. 6-7-23; 103-129, eff. 6-30-23;  
8 103-588, eff. 6-5-24; 104-2, eff. 6-16-25.)

9 Section 10-10. The Illinois Income Tax Act is amended by  
10 changing Sections 201, 203, and 701 as follows:

11 (35 ILCS 5/201)

12 Sec. 201. Tax imposed.

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

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

23 (1) In the case of an individual, trust or estate, for  
24 taxable years ending prior to July 1, 1989, an amount

1 equal to 2 1/2% of the taxpayer's net income for the  
2 taxable year.

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

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

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

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

25 (5.1) In the case of an individual, trust, or estate,  
26 for taxable years beginning prior to January 1, 2015, and

1 ending after December 31, 2014, an amount equal to the sum  
2 of (i) 5% of the taxpayer's net income for the period prior  
3 to January 1, 2015, as calculated under Section 202.5, and  
4 (ii) 3.75% of the taxpayer's net income for the period  
5 after December 31, 2014, as calculated under Section  
6 202.5.

7 (5.2) In the case of an individual, trust, or estate,  
8 for taxable years beginning on or after January 1, 2015,  
9 and ending prior to July 1, 2017, an amount equal to 3.75%  
10 of the taxpayer's net income for the taxable year.

11 (5.3) In the case of an individual, trust, or estate,  
12 for taxable years beginning prior to July 1, 2017, and  
13 ending after June 30, 2017, an amount equal to the sum of  
14 (i) 3.75% of the taxpayer's net income for the period  
15 prior to July 1, 2017, as calculated under Section 202.5,  
16 and (ii) 4.95% of the taxpayer's net income for the period  
17 after June 30, 2017, as calculated under Section 202.5.

18 (5.4) In the case of an individual, trust, or estate,  
19 for taxable years beginning on or after July 1, 2017, an  
20 amount equal to 4.95% of the taxpayer's net income for the  
21 taxable year.

22 (6) In the case of a corporation, for taxable years  
23 ending prior to July 1, 1989, an amount equal to 4% of the  
24 taxpayer's net income for the taxable year.

25 (7) In the case of a corporation, for taxable years  
26 beginning prior to July 1, 1989 and ending after June 30,

1 1989, an amount equal to the sum of (i) 4% of the  
2 taxpayer's net income for the period prior to July 1,  
3 1989, as calculated under Section 202.3, and (ii) 4.8% of  
4 the taxpayer's net income for the period after June 30,  
5 1989, as calculated under Section 202.3.

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

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

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

21 (11) In the case of a corporation, for taxable years  
22 beginning prior to January 1, 2015, and ending after  
23 December 31, 2014, an amount equal to the sum of (i) 7% of  
24 the taxpayer's net income for the period prior to January  
25 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
26 of the taxpayer's net income for the period after December

1 31, 2014, as calculated under Section 202.5.

2 (12) In the case of a corporation, for taxable years  
3 beginning on or after January 1, 2015, and ending prior to  
4 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
5 net income for the taxable year.

6 (13) In the case of a corporation, for taxable years  
7 beginning prior to July 1, 2017, and ending after June 30,  
8 2017, an amount equal to the sum of (i) 5.25% of the  
9 taxpayer's net income for the period prior to July 1,  
10 2017, as calculated under Section 202.5, and (ii) 7% of  
11 the taxpayer's net income for the period after June 30,  
12 2017, as calculated under Section 202.5.

13 (14) In the case of a corporation, for taxable years  
14 beginning on or after July 1, 2017, an amount equal to 7%  
15 of the taxpayer's net income for the taxable year.

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

18 (b-5) Surcharge; sale or exchange of assets, properties,  
19 and intangibles of organization gaming licensees. For each of  
20 taxable years 2019 through 2027, a surcharge is imposed on all  
21 taxpayers on income arising from the sale or exchange of  
22 capital assets, depreciable business property, real property  
23 used in the trade or business, and Section 197 intangibles (i)  
24 of an organization licensee under the Illinois Horse Racing  
25 Act of 1975 and (ii) of an organization gaming licensee under  
26 the Illinois Gambling Act. The amount of the surcharge is

1 equal to the amount of federal income tax liability for the  
2 taxable year attributable to those sales and exchanges. The  
3 surcharge imposed shall not apply if:

4 (1) the organization gaming license, organization  
5 license, or racetrack property is transferred as a result  
6 of any of the following:

7 (A) bankruptcy, a receivership, or a debt  
8 adjustment initiated by or against the initial  
9 licensee or the substantial owners of the initial  
10 licensee;

11 (B) cancellation, revocation, or termination of  
12 any such license by the Illinois Gaming Board or the  
13 Illinois Racing Board;

14 (C) a determination by the Illinois Gaming Board  
15 that transfer of the license is in the best interests  
16 of Illinois gaming;

17 (D) the death of an owner of the equity interest in  
18 a licensee;

19 (E) the acquisition of a controlling interest in  
20 the stock or substantially all of the assets of a  
21 publicly traded company;

22 (F) a transfer by a parent company to a wholly  
23 owned subsidiary; or

24 (G) the transfer or sale to or by one person to  
25 another person where both persons were initial owners  
26 of the license when the license was issued; or

1           (2) the controlling interest in the organization  
2 gaming license, organization license, or racetrack  
3 property is transferred in a transaction to lineal  
4 descendants in which no gain or loss is recognized or as a  
5 result of a transaction in accordance with Section 351 of  
6 the Internal Revenue Code in which no gain or loss is  
7 recognized; or

8           (3) live horse racing was not conducted in 2010 at a  
9 racetrack located within 3 miles of the Mississippi River  
10 under a license issued pursuant to the Illinois Horse  
11 Racing Act of 1975.

12           The transfer of an organization gaming license,  
13 organization license, or racetrack property by a person other  
14 than the initial licensee to receive the organization gaming  
15 license is not subject to a surcharge. The Department shall  
16 adopt rules necessary to implement and administer this  
17 subsection.

18           (c) Personal Property Tax Replacement Income Tax.  
19 Beginning on July 1, 1979 and thereafter, in addition to such  
20 income tax, there is also hereby imposed the Personal Property  
21 Tax Replacement Income Tax measured by net income on every  
22 corporation (including Subchapter S corporations), partnership  
23 and trust, for each taxable year ending after June 30, 1979.  
24 Such taxes are imposed on the privilege of earning or  
25 receiving income in or as a resident of this State. The  
26 Personal Property Tax Replacement Income Tax shall be in

1 addition to the income tax imposed by subsections (a) and (b)  
2 of this Section and in addition to all other occupation or  
3 privilege taxes imposed by this State or by any municipal  
4 corporation or political subdivision thereof.

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

17 (d-1) Rate reduction for certain foreign insurers. In the  
18 case of a foreign insurer, as defined by Section 35A-5 of the  
19 Illinois Insurance Code, whose state or country of domicile  
20 imposes on insurers domiciled in Illinois a retaliatory tax  
21 (excluding any insurer whose premiums from reinsurance assumed  
22 are 50% or more of its total insurance premiums as determined  
23 under paragraph (2) of subsection (b) of Section 304, except  
24 that for purposes of this determination premiums from  
25 reinsurance do not include premiums from inter-affiliate  
26 reinsurance arrangements), beginning with taxable years ending

1 on or after December 31, 1999, the sum of the rates of tax  
2 imposed by subsections (b) and (d) shall be reduced (but not  
3 increased) to the rate at which the total amount of tax imposed  
4 under this Act, net of all credits allowed under this Act,  
5 shall equal (i) the total amount of tax that would be imposed  
6 on the foreign insurer's net income allocable to Illinois for  
7 the taxable year by such foreign insurer's state or country of  
8 domicile if that net income were subject to all income taxes  
9 and taxes measured by net income imposed by such foreign  
10 insurer's state or country of domicile, net of all credits  
11 allowed or (ii) a rate of zero if no such tax is imposed on  
12 such income by the foreign insurer's state of domicile. For  
13 the purposes of this subsection (d-1), an inter-affiliate  
14 includes a mutual insurer under common management.

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

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

21 (B) the privilege tax imposed by Section 409 of  
22 the Illinois Insurance Code, the fire insurance  
23 company tax imposed by Section 12 of the Fire  
24 Investigation Act, and the fire department taxes  
25 imposed under Section 11-10-1 of the Illinois  
26 Municipal Code,

1 equals 1.25% for taxable years ending prior to December  
2 31, 2003, or 1.75% for taxable years ending on or after  
3 December 31, 2003, of the net taxable premiums written for  
4 the taxable year, as described by subsection (1) of  
5 Section 409 of the Illinois Insurance Code. This paragraph  
6 will in no event increase the rates imposed under  
7 subsections (b) and (d).

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

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

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

20 (1) A taxpayer shall be allowed a credit equal to .5%  
21 of the basis of qualified property placed in service  
22 during the taxable year, provided such property is placed  
23 in service on or after July 1, 1984. There shall be allowed  
24 an additional credit equal to .5% of the basis of  
25 qualified property placed in service during the taxable  
26 year, provided such property is placed in service on or

1 after July 1, 1986, and the taxpayer's base employment  
2 within Illinois has increased by 1% or more over the  
3 preceding year as determined by the taxpayer's employment  
4 records filed with the Illinois Department of Employment  
5 Security. Taxpayers who are new to Illinois shall be  
6 deemed to have met the 1% growth in base employment for the  
7 first year in which they file employment records with the  
8 Illinois Department of Employment Security. The provisions  
9 added to this Section by Public Act 85-1200 (and restored  
10 by Public Act 87-895) shall be construed as declaratory of  
11 existing law and not as a new enactment. If, in any year,  
12 the increase in base employment within Illinois over the  
13 preceding year is less than 1%, the additional credit  
14 shall be limited to that percentage times a fraction, the  
15 numerator of which is .5% and the denominator of which is  
16 1%, but shall not exceed .5%. The investment credit shall  
17 not be allowed to the extent that it would reduce a  
18 taxpayer's liability in any tax year below zero, nor may  
19 any credit for qualified property be allowed for any year  
20 other than the year in which the property was placed in  
21 service in Illinois. For tax years ending on or after  
22 December 31, 1987, and on or before December 31, 1988, the  
23 credit shall be allowed for the tax year in which the  
24 property is placed in service, or, if the amount of the  
25 credit exceeds the tax liability for that year, whether it  
26 exceeds the original liability or the liability as later

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

26 (2) The term "qualified property" means property



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

19 (4) The basis of qualified property shall be the basis  
20 used to compute the depreciation deduction for federal  
21 income tax purposes.

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

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

3           (7) If during any taxable year, any property ceases to  
4 be qualified property in the hands of the taxpayer within  
5 48 months after being placed in service, or the situs of  
6 any qualified property is moved outside Illinois within 48  
7 months after being placed in service, the Personal  
8 Property Tax Replacement Income Tax for such taxable year  
9 shall be increased. Such increase shall be determined by  
10 (i) recomputing the investment credit which would have  
11 been allowed for the year in which credit for such  
12 property was originally allowed by eliminating such  
13 property from such computation and, (ii) subtracting such  
14 recomputed credit from the amount of credit previously  
15 allowed. For the purposes of this paragraph (7), a  
16 reduction of the basis of qualified property resulting  
17 from a redetermination of the purchase price shall be  
18 deemed a disposition of qualified property to the extent  
19 of such reduction.

20           (8) Unless the investment credit is extended by law,  
21 the basis of qualified property shall not include costs  
22 incurred after December 31, 2018, except for costs  
23 incurred pursuant to a binding contract entered into on or  
24 before December 31, 2018.

25           (9) Each taxable year ending before December 31, 2000,  
26 a partnership may elect to pass through to its partners

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

15 For taxable years ending on or after December 31,  
16 2000, a partner that qualifies its partnership for a  
17 subtraction under subparagraph (I) of paragraph (2) of  
18 subsection (d) of Section 203 or a shareholder that  
19 qualifies a Subchapter S corporation for a subtraction  
20 under subparagraph (S) of paragraph (2) of subsection (b)  
21 of Section 203 shall be allowed a credit under this  
22 subsection (e) equal to its share of the credit earned  
23 under this subsection (e) during the taxable year by the  
24 partnership or Subchapter S corporation, determined in  
25 accordance with the determination of income and  
26 distributive share of income under Sections 702 and 704

1 and Subchapter S of the Internal Revenue Code. This  
2 paragraph is exempt from the provisions of Section 250.

3 (f) Investment credit; Enterprise Zone; River Edge  
4 Redevelopment Zone.

5 (1) A taxpayer shall be allowed a credit against the  
6 tax imposed by subsections (a) and (b) of this Section for  
7 investment in qualified property which is placed in  
8 service in an Enterprise Zone created pursuant to the  
9 Illinois Enterprise Zone Act or, for property placed in  
10 service on or after July 1, 2006, a River Edge  
11 Redevelopment Zone established pursuant to the River Edge  
12 Redevelopment Zone Act. For partners, shareholders of  
13 Subchapter S corporations, and owners of limited liability  
14 companies, if the liability company is treated as a  
15 partnership for purposes of federal and State income  
16 taxation, for taxable years ending before December 31,  
17 2023, there shall be allowed a credit under this  
18 subsection (f) to be determined in accordance with the  
19 determination of income and distributive share of income  
20 under Sections 702 and 704 and Subchapter S of the  
21 Internal Revenue Code. For taxable years ending on or  
22 after December 31, 2023, for partners and shareholders of  
23 Subchapter S corporations, the provisions of Section 251  
24 shall apply with respect to the credit under this  
25 subsection. The credit shall be .5% of the basis for such  
26 property. The credit shall be available only in the

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

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

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

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

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

1 (D) is used in the Enterprise Zone or River Edge  
2 Redevelopment Zone by the taxpayer; and

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

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

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

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

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

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

10           (7) There shall be allowed an additional credit equal  
11           to 0.5% of the basis of qualified property placed in  
12           service during the taxable year in a River Edge  
13           Redevelopment Zone, provided such property is placed in  
14           service on or after July 1, 2006, and the taxpayer's base  
15           employment within Illinois has increased by 1% or more  
16           over the preceding year as determined by the taxpayer's  
17           employment records filed with the Illinois Department of  
18           Employment Security. Taxpayers who are new to Illinois  
19           shall be deemed to have met the 1% growth in base  
20           employment for the first year in which they file  
21           employment records with the Illinois Department of  
22           Employment Security. If, in any year, the increase in base  
23           employment within Illinois over the preceding year is less  
24           than 1%, the additional credit shall be limited to that  
25           percentage times a fraction, the numerator of which is  
26           0.5% and the denominator of which is 1%, but shall not

1 exceed 0.5%.

2 (8) For taxable years beginning on or after January 1,  
3 2021, there shall be allowed an Enterprise Zone  
4 construction jobs credit against the taxes imposed under  
5 subsections (a) and (b) of this Section as provided in  
6 Section 13 of the Illinois Enterprise Zone Act.

7 The credit or credits may not reduce the taxpayer's  
8 liability to less than zero. If the amount of the credit or  
9 credits exceeds the taxpayer's liability, the excess may  
10 be carried forward and applied against the taxpayer's  
11 liability in succeeding calendar years in the same manner  
12 provided under paragraph (4) of Section 211 of this Act.  
13 The credit or credits shall be applied to the earliest  
14 year for which there is a tax liability. If there are  
15 credits from more than one taxable year that are available  
16 to offset a liability, the earlier credit shall be applied  
17 first.

18 For partners, shareholders of Subchapter S  
19 corporations, and owners of limited liability companies,  
20 if the liability company is treated as a partnership for  
21 the purposes of federal and State income taxation, for  
22 taxable years ending before December 31, 2023, there shall  
23 be allowed a credit under this Section to be determined in  
24 accordance with the determination of income and  
25 distributive share of income under Sections 702 and 704  
26 and Subchapter S of the Internal Revenue Code. For taxable

1 years ending on or after December 31, 2023, for partners  
2 and shareholders of Subchapter S corporations, the  
3 provisions of Section 251 shall apply with respect to the  
4 credit under this subsection.

5 The total aggregate amount of credits awarded under  
6 the Blue Collar Jobs Act (Article 20 of Public Act 101-9)  
7 shall not exceed \$20,000,000 in any State fiscal year.

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

10 (g) (Blank).

11 (h) Investment credit; High Impact Business.

12 (1) Subject to subsections (b) and (b-5) of Section  
13 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall  
14 be allowed a credit against the tax imposed by subsections  
15 (a) and (b) of this Section for investment in qualified  
16 property which is placed in service by a Department of  
17 Commerce and Economic Opportunity designated High Impact  
18 Business. The credit shall be .5% of the basis for such  
19 property. The credit shall not be available (i) until the  
20 minimum investments in qualified property set forth in  
21 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
22 Enterprise Zone Act have been satisfied or (ii) until the  
23 time authorized in subsection (b-5) of the Illinois  
24 Enterprise Zone Act for entities designated as High Impact  
25 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
26 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone

1 Act, and shall not be allowed to the extent that it would  
2 reduce a taxpayer's liability for the tax imposed by  
3 subsections (a) and (b) of this Section to below zero. The  
4 credit applicable to such investments shall be taken in  
5 the taxable year in which such investments have been  
6 completed. The credit for additional investments beyond  
7 the minimum investment by a designated high impact  
8 business authorized under subdivision (a) (3) (A) of Section  
9 5.5 of the Illinois Enterprise Zone Act shall be available  
10 only in the taxable year in which the property is placed in  
11 service and shall not be allowed to the extent that it  
12 would reduce a taxpayer's liability for the tax imposed by  
13 subsections (a) and (b) of this Section to below zero. For  
14 tax years ending on or after December 31, 1987, the credit  
15 shall be allowed for the tax year in which the property is  
16 placed in service, or, if the amount of the credit exceeds  
17 the tax liability for that year, whether it exceeds the  
18 original liability or the liability as later amended, such  
19 excess may be carried forward and applied to the tax  
20 liability of the 5 taxable years following the excess  
21 credit year. The credit shall be applied to the earliest  
22 year for which there is a liability. If there is credit  
23 from more than one tax year that is available to offset a  
24 liability, the credit accruing first in time shall be  
25 applied first.

26 Changes made in this subdivision (h) (1) by Public Act

1 88-670 restore changes made by Public Act 85-1182 and  
2 reflect existing law.

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

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

6 (B) is depreciable pursuant to Section 167 of the  
7 Internal Revenue Code, except that "3-year property"  
8 as defined in Section 168(c)(2)(A) of that Code is not  
9 eligible for the credit provided by this subsection  
10 (h);

11 (C) is acquired by purchase as defined in Section  
12 179(d) of the Internal Revenue Code; and

13 (D) is not eligible for the Enterprise Zone  
14 Investment Credit provided by subsection (f) of this  
15 Section.

16 (3) The basis of qualified property shall be the basis  
17 used to compute the depreciation deduction for federal  
18 income tax purposes.

19 (4) If the basis of the property for federal income  
20 tax depreciation purposes is increased after it has been  
21 placed in service in a federally designated Foreign Trade  
22 Zone or Sub-Zone located in Illinois by the taxpayer, the  
23 amount of such increase shall be deemed property placed in  
24 service on the date of such increase in basis.

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

1           (6) If during any taxable year ending on or before  
2           December 31, 1996, any property ceases to be qualified  
3           property in the hands of the taxpayer within 48 months  
4           after being placed in service, or the situs of any  
5           qualified property is moved outside Illinois within 48  
6           months after being placed in service, the tax imposed  
7           under subsections (a) and (b) of this Section for such  
8           taxable year shall be increased. Such increase shall be  
9           determined by (i) recomputing the investment credit which  
10          would have been allowed for the year in which credit for  
11          such property was originally allowed by eliminating such  
12          property from such computation, and (ii) subtracting such  
13          recomputed credit from the amount of credit previously  
14          allowed. For the purposes of this paragraph (6), a  
15          reduction of the basis of qualified property resulting  
16          from a redetermination of the purchase price shall be  
17          deemed a disposition of qualified property to the extent  
18          of such reduction.

19          (7) Beginning with tax years ending after December 31,  
20          1996, if a taxpayer qualifies for the credit under this  
21          subsection (h) and thereby is granted a tax abatement and  
22          the taxpayer relocates its entire facility in violation of  
23          the explicit terms and length of the contract under  
24          Section 18-183 of the Property Tax Code, the tax imposed  
25          under subsections (a) and (b) of this Section shall be  
26          increased for the taxable year in which the taxpayer

1           relocated its facility by an amount equal to the amount of  
2           credit received by the taxpayer under this subsection (h).

3           (h-5) High Impact Business construction jobs credit. For  
4           taxable years beginning on or after January 1, 2021, there  
5           shall also be allowed a High Impact Business construction jobs  
6           credit against the tax imposed under subsections (a) and (b)  
7           of this Section as provided in subsections (i) and (j) of  
8           Section 5.5 of the Illinois Enterprise Zone Act.

9           The credit or credits may not reduce the taxpayer's  
10          liability to less than zero. If the amount of the credit or  
11          credits exceeds the taxpayer's liability, the excess may be  
12          carried forward and applied against the taxpayer's liability  
13          in succeeding calendar years in the manner provided under  
14          paragraph (4) of Section 211 of this Act. The credit or credits  
15          shall be applied to the earliest year for which there is a tax  
16          liability. If there are credits from more than one taxable  
17          year that are available to offset a liability, the earlier  
18          credit shall be applied first.

19          For partners, shareholders of Subchapter S corporations,  
20          and owners of limited liability companies, for taxable years  
21          ending before December 31, 2023, if the liability company is  
22          treated as a partnership for the purposes of federal and State  
23          income taxation, there shall be allowed a credit under this  
24          Section to be determined in accordance with the determination  
25          of income and distributive share of income under Sections 702  
26          and 704 and Subchapter S of the Internal Revenue Code. For

1 taxable years ending on or after December 31, 2023, for  
2 partners and shareholders of Subchapter S corporations, the  
3 provisions of Section 251 shall apply with respect to the  
4 credit under this subsection.

5 The total aggregate amount of credits awarded under the  
6 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not  
7 exceed \$20,000,000 in any State fiscal year.

8 This subsection (h-5) is exempt from the provisions of  
9 Section 250.

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

20 Any credit earned on or after December 31, 1986 under this  
21 subsection which is unused in the year the credit is computed  
22 because it exceeds the tax liability imposed by subsections  
23 (a) and (b) for that year (whether it exceeds the original  
24 liability or the liability as later amended) may be carried  
25 forward and applied to the tax liability imposed by  
26 subsections (a) and (b) of the 5 taxable years following the

1 excess credit year, provided that no credit may be carried  
2 forward to any year ending on or after December 31, 2003. This  
3 credit shall be applied first to the earliest year for which  
4 there is a liability. If there is a credit under this  
5 subsection from more than one tax year that is available to  
6 offset a liability the earliest credit arising under this  
7 subsection shall be applied first.

8 If, during any taxable year ending on or after December  
9 31, 1986, the tax imposed by subsections (c) and (d) of this  
10 Section for which a taxpayer has claimed a credit under this  
11 subsection (i) is reduced, the amount of credit for such tax  
12 shall also be reduced. Such reduction shall be determined by  
13 recomputing the credit to take into account the reduced tax  
14 imposed by subsections (c) and (d). If any portion of the  
15 reduced amount of credit has been carried to a different  
16 taxable year, an amended return shall be filed for such  
17 taxable year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years  
19 ending on or after December 31, 1986 and prior to December 31,  
20 2003, a taxpayer shall be allowed a credit against the tax  
21 imposed by subsections (a) and (b) under this Section for all  
22 amounts paid or accrued, on behalf of all persons employed by  
23 the taxpayer in Illinois or Illinois residents employed  
24 outside of Illinois by a taxpayer, for educational or  
25 vocational training in semi-technical or technical fields or  
26 semi-skilled or skilled fields, which were deducted from gross

1 income in the computation of taxable income. The credit  
2 against the tax imposed by subsections (a) and (b) shall be  
3 1.6% of such training expenses. For partners, shareholders of  
4 subchapter S corporations, and owners of limited liability  
5 companies, if the liability company is treated as a  
6 partnership for purposes of federal and State income taxation,  
7 for taxable years ending before December 31, 2023, there shall  
8 be allowed a credit under this subsection (j) to be determined  
9 in accordance with the determination of income and  
10 distributive share of income under Sections 702 and 704 and  
11 subchapter S of the Internal Revenue Code. For taxable years  
12 ending on or after December 31, 2023, for partners and  
13 shareholders of Subchapter S corporations, the provisions of  
14 Section 251 shall apply with respect to the credit under this  
15 subsection.

16 Any credit allowed under this subsection which is unused  
17 in the year the credit is earned may be carried forward to each  
18 of the 5 taxable years following the year for which the credit  
19 is first computed until it is used. This credit shall be  
20 applied first to the earliest year for which there is a  
21 liability. If there is a credit under this subsection from  
22 more than one tax year that is available to offset a liability,  
23 the earliest credit arising under this subsection shall be  
24 applied first. No carryforward credit may be claimed in any  
25 tax year ending on or after December 31, 2003.

26 (k) Research and development credit. For tax years ending

1 after July 1, 1990 and prior to December 31, 2003, and  
2 beginning again for tax years ending on or after December 31,  
3 2004, and ending prior to January 1, 2032, a taxpayer shall be  
4 allowed a credit against the tax imposed by subsections (a)  
5 and (b) of this Section for increasing research activities in  
6 this State. The credit allowed against the tax imposed by  
7 subsections (a) and (b) shall be equal to 6 1/2% of the  
8 qualifying expenditures for increasing research activities in  
9 this State. For partners, shareholders of subchapter S  
10 corporations, and owners of limited liability companies, if  
11 the liability company is treated as a partnership for purposes  
12 of federal and State income taxation, for taxable years ending  
13 before December 31, 2023, there shall be allowed a credit  
14 under this subsection to be determined in accordance with the  
15 determination of income and distributive share of income under  
16 Sections 702 and 704 and subchapter S of the Internal Revenue  
17 Code. For taxable years ending on or after December 31, 2023,  
18 for partners and shareholders of Subchapter S corporations,  
19 the provisions of Section 251 shall apply with respect to the  
20 credit under this subsection.

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

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

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

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

1 credit is given was incurred.

2 No inference shall be drawn from Public Act 91-644 in  
3 construing this Section for taxable years beginning before  
4 January 1, 1999.

5 It is the intent of the General Assembly that the research  
6 and development credit under this subsection (k) shall apply  
7 continuously for all tax years ending on or after December 31,  
8 2004 and ending prior to January 1, 2032, including, but not  
9 limited to, the period beginning on January 1, 2016 and ending  
10 on July 6, 2017 (the effective date of Public Act 100-22). All  
11 actions taken in reliance on the continuation of the credit  
12 under this subsection (k) by any taxpayer are hereby  
13 validated.

14 (l) Environmental Remediation Tax Credit.

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

1 58.10 of the Environmental Protection Act. The credit must  
2 be claimed for the taxable year in which Agency approval  
3 of the eligible remediation costs is granted. The credit  
4 is not available to any taxpayer if the taxpayer or any  
5 related party caused or contributed to, in any material  
6 respect, a release of regulated substances on, in, or  
7 under the site that was identified and addressed by the  
8 remedial action pursuant to the Site Remediation Program  
9 of the Environmental Protection Act. After the Pollution  
10 Control Board rules are adopted pursuant to the Illinois  
11 Administrative Procedure Act for the administration and  
12 enforcement of Section 58.9 of the Environmental  
13 Protection Act, determinations as to credit availability  
14 for purposes of this Section shall be made consistent with  
15 those rules. For purposes of this Section, "taxpayer"  
16 includes a person whose tax attributes the taxpayer has  
17 succeeded to under Section 381 of the Internal Revenue  
18 Code and "related party" includes the persons disallowed a  
19 deduction for losses by paragraphs (b), (c), and (f)(1) of  
20 Section 267 of the Internal Revenue Code by virtue of  
21 being a related taxpayer, as well as any of its partners.  
22 The credit allowed against the tax imposed by subsections  
23 (a) and (b) shall be equal to 25% of the unreimbursed  
24 eligible remediation costs in excess of \$100,000 per site,  
25 except that the \$100,000 threshold shall not apply to any  
26 site contained in an enterprise zone as determined by the

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

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

1 seller. To perfect the transfer, the assignor shall record  
2 the transfer in the chain of title for the site and provide  
3 written notice to the Director of the Illinois Department  
4 of Revenue of the assignor's intent to sell the  
5 remediation site and the amount of the tax credit to be  
6 transferred as a portion of the sale. In no event may a  
7 credit be transferred to any taxpayer if the taxpayer or a  
8 related party would not be eligible under the provisions  
9 of subsection (i).

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

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

1 January 1, 2017, no taxpayer may claim a credit under this  
2 subsection (m) if the taxpayer's adjusted gross income for the  
3 taxable year exceeds (i) \$500,000, in the case of spouses  
4 filing a joint federal tax return or (ii) \$250,000, in the case  
5 of all other taxpayers. This subsection is exempt from the  
6 provisions of Section 250 of this Act.

7 For purposes of this subsection:

8 "Qualifying pupils" means individuals who (i) are  
9 residents of the State of Illinois, (ii) are under the age of  
10 21 at the close of the school year for which a credit is  
11 sought, and (iii) during the school year for which a credit is  
12 sought were full-time pupils enrolled in a kindergarten  
13 through twelfth grade education program at any school, as  
14 defined in this subsection.

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

19 "School" means any public or nonpublic elementary or  
20 secondary school in Illinois that is in compliance with Title  
21 VI of the Civil Rights Act of 1964 and attendance at which  
22 satisfies the requirements of Section 26-1 of the School Code,  
23 except that nothing shall be construed to require a child to  
24 attend any particular public or nonpublic school to qualify  
25 for the credit under this Section.

26 "Custodian" means, with respect to qualifying pupils, an

1 Illinois resident who is a parent, the parents, a legal  
2 guardian, or the legal guardians of the qualifying pupils.

3 (n) River Edge Redevelopment Zone site remediation tax  
4 credit.

5 (i) For tax years ending on or after December 31,  
6 2006, a taxpayer shall be allowed a credit against the tax  
7 imposed by subsections (a) and (b) of this Section for  
8 certain amounts paid for unreimbursed eligible remediation  
9 costs, as specified in this subsection. For purposes of  
10 this Section, "unreimbursed eligible remediation costs"  
11 means costs approved by the Illinois Environmental  
12 Protection Agency ("Agency") under Section 58.14a of the  
13 Environmental Protection Act that were paid in performing  
14 environmental remediation at a site within a River Edge  
15 Redevelopment Zone for which a No Further Remediation  
16 Letter was issued by the Agency and recorded under Section  
17 58.10 of the Environmental Protection Act. The credit must  
18 be claimed for the taxable year in which Agency approval  
19 of the eligible remediation costs is granted. The credit  
20 is not available to any taxpayer if the taxpayer or any  
21 related party caused or contributed to, in any material  
22 respect, a release of regulated substances on, in, or  
23 under the site that was identified and addressed by the  
24 remedial action pursuant to the Site Remediation Program  
25 of the Environmental Protection Act. Determinations as to  
26 credit availability for purposes of this Section shall be

1 made consistent with rules adopted by the Pollution  
2 Control Board pursuant to the Illinois Administrative  
3 Procedure Act for the administration and enforcement of  
4 Section 58.9 of the Environmental Protection Act. For  
5 purposes of this Section, "taxpayer" includes a person  
6 whose tax attributes the taxpayer has succeeded to under  
7 Section 381 of the Internal Revenue Code and "related  
8 party" includes the persons disallowed a deduction for  
9 losses by paragraphs (b), (c), and (f)(1) of Section 267  
10 of the Internal Revenue Code by virtue of being a related  
11 taxpayer, as well as any of its partners. The credit  
12 allowed against the tax imposed by subsections (a) and (b)  
13 shall be equal to 25% of the unreimbursed eligible  
14 remediation costs in excess of \$100,000 per site.

15 (ii) A credit allowed under this subsection that is  
16 unused in the year the credit is earned may be carried  
17 forward to each of the 5 taxable years following the year  
18 for which the credit is first earned until it is used. This  
19 credit shall be applied first to the earliest year for  
20 which there is a liability. If there is a credit under this  
21 subsection from more than one tax year that is available  
22 to offset a liability, the earliest credit arising under  
23 this subsection shall be applied first. A credit allowed  
24 under this subsection may be sold to a buyer as part of a  
25 sale of all or part of the remediation site for which the  
26 credit was granted. The purchaser of a remediation site

1 and the tax credit shall succeed to the unused credit and  
2 remaining carry-forward period of the seller. To perfect  
3 the transfer, the assignor shall record the transfer in  
4 the chain of title for the site and provide written notice  
5 to the Director of the Illinois Department of Revenue of  
6 the assignor's intent to sell the remediation site and the  
7 amount of the tax credit to be transferred as a portion of  
8 the sale. In no event may a credit be transferred to any  
9 taxpayer if the taxpayer or a related party would not be  
10 eligible under the provisions of subsection (i).

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

14 (o) For each of taxable years during the Compassionate Use  
15 of Medical Cannabis Program, a surcharge is imposed on all  
16 taxpayers on income arising from the sale or exchange of  
17 capital assets, depreciable business property, real property  
18 used in the trade or business, and Section 197 intangibles of  
19 an organization registrant under the Compassionate Use of  
20 Medical Cannabis Program Act. The amount of the surcharge is  
21 equal to the amount of federal income tax liability for the  
22 taxable year attributable to those sales and exchanges. The  
23 surcharge imposed does not apply if:

24 (1) the medical cannabis cultivation center  
25 registration, medical cannabis dispensary registration, or  
26 the property of a registration is transferred as a result

1 of any of the following:

2 (A) bankruptcy, a receivership, or a debt  
3 adjustment initiated by or against the initial  
4 registration or the substantial owners of the initial  
5 registration;

6 (B) cancellation, revocation, or termination of  
7 any registration by the Illinois Department of Public  
8 Health;

9 (C) a determination by the Illinois Department of  
10 Public Health that transfer of the registration is in  
11 the best interests of Illinois qualifying patients as  
12 defined by the Compassionate Use of Medical Cannabis  
13 Program Act;

14 (D) the death of an owner of the equity interest in  
15 a registrant;

16 (E) the acquisition of a controlling interest in  
17 the stock or substantially all of the assets of a  
18 publicly traded company;

19 (F) a transfer by a parent company to a wholly  
20 owned subsidiary; or

21 (G) the transfer or sale to or by one person to  
22 another person where both persons were initial owners  
23 of the registration when the registration was issued;  
24 or

25 (2) the cannabis cultivation center registration,  
26 medical cannabis dispensary registration, or the

1 controlling interest in a registrant's property is  
2 transferred in a transaction to lineal descendants in  
3 which no gain or loss is recognized or as a result of a  
4 transaction in accordance with Section 351 of the Internal  
5 Revenue Code in which no gain or loss is recognized.

6 (p) Pass-through entity tax.

7 (1) For taxable years ending on or after December 31,  
8 2021 ~~and beginning prior to January 1, 2026~~, a partnership  
9 (other than a publicly traded partnership under Section  
10 7704 of the Internal Revenue Code) or Subchapter S  
11 corporation may elect to apply the provisions of this  
12 subsection. A separate election shall be made for each  
13 taxable year. Such election shall be made at such time,  
14 and in such form and manner as prescribed by the  
15 Department, and, once made, is irrevocable.

16 (2) Entity-level tax. A partnership or Subchapter S  
17 corporation electing to apply the provisions of this  
18 subsection shall be subject to a tax for the privilege of  
19 earning or receiving income in this State in an amount  
20 equal to 4.95% of the taxpayer's net income for the  
21 taxable year.

22 (3) Net income defined.

23 (A) In general. For purposes of paragraph (2), the  
24 term net income has the same meaning as defined in  
25 Section 202 of this Act, except that, for tax years  
26 ending on or after December 31, 2023, a deduction

1 shall be allowed in computing base income for  
2 distributions to a retired partner to the extent that  
3 the partner's distributions are exempt from tax under  
4 Section 203(a)(2)(F) of this Act. In addition, the  
5 following modifications shall not apply:

6 (i) the standard exemption allowed under  
7 Section 204;

8 (ii) the deduction for net losses allowed  
9 under Section 207;

10 (iii) in the case of an S corporation, the  
11 modification under Section 203(b)(2)(S); and

12 (iv) in the case of a partnership, the  
13 modifications under Section 203(d)(2)(H) and  
14 Section 203(d)(2)(I).

15 (B) Special rule for tiered partnerships. If a  
16 taxpayer making the election under paragraph (1) is a  
17 partner of another taxpayer making the election under  
18 paragraph (1), net income shall be computed as  
19 provided in subparagraph (A), except that the taxpayer  
20 shall subtract its distributive share of the net  
21 income of the electing partnership (including its  
22 distributive share of the net income of the electing  
23 partnership derived as a distributive share from  
24 electing partnerships in which it is a partner).

25 (4) Credit for entity level tax. Each partner or  
26 shareholder of a taxpayer making the election under this

1 Section shall be allowed a credit against the tax imposed  
2 under subsections (a) and (b) of Section 201 of this Act  
3 for the taxable year of the partnership or Subchapter S  
4 corporation for which an election is in effect ending  
5 within or with the taxable year of the partner or  
6 shareholder in an amount equal to 4.95% times the partner  
7 or shareholder's distributive share of the net income of  
8 the electing partnership or Subchapter S corporation, but  
9 not to exceed the partner's or shareholder's share of the  
10 tax imposed under paragraph (1) which is actually paid by  
11 the partnership or Subchapter S corporation. If the  
12 taxpayer is a partnership or Subchapter S corporation that  
13 is itself a partner of a partnership making the election  
14 under paragraph (1), the credit under this paragraph shall  
15 be allowed to the taxpayer's partners or shareholders (or  
16 if the partner is a partnership or Subchapter S  
17 corporation then its partners or shareholders) in  
18 accordance with the determination of income and  
19 distributive share of income under Sections 702 and 704  
20 and Subchapter S of the Internal Revenue Code. If the  
21 amount of the credit allowed under this paragraph exceeds  
22 the partner's or shareholder's liability for tax imposed  
23 under subsections (a) and (b) of Section 201 of this Act  
24 for the taxable year, such excess shall be treated as an  
25 overpayment for purposes of Section 909 of this Act.

26 (5) Nonresidents. A nonresident individual who is a

1 partner or shareholder of a partnership or Subchapter S  
2 corporation for a taxable year for which an election is in  
3 effect under paragraph (1) shall not be required to file  
4 an income tax return under this Act for such taxable year  
5 if the only source of net income of the individual (or the  
6 individual and the individual's spouse in the case of a  
7 joint return) is from an entity making the election under  
8 paragraph (1) and the credit allowed to the partner or  
9 shareholder under paragraph (4) equals or exceeds the  
10 individual's liability for the tax imposed under  
11 subsections (a) and (b) of Section 201 of this Act for the  
12 taxable year.

13 (6) Liability for tax. Except as provided in this  
14 paragraph, a partnership or Subchapter S making the  
15 election under paragraph (1) is liable for the  
16 entity-level tax imposed under paragraph (2). If the  
17 electing partnership or corporation fails to pay the full  
18 amount of tax deemed assessed under paragraph (2), the  
19 partners or shareholders shall be liable to pay the tax  
20 assessed (including penalties and interest). Each partner  
21 or shareholder shall be liable for the unpaid assessment  
22 based on the ratio of the partner's or shareholder's share  
23 of the net income of the partnership over the total net  
24 income of the partnership. If the partnership or  
25 Subchapter S corporation fails to pay the tax assessed  
26 (including penalties and interest) and thereafter an

1 amount of such tax is paid by the partners or  
2 shareholders, such amount shall not be collected from the  
3 partnership or corporation.

4 (7) Foreign tax. For purposes of the credit allowed  
5 under Section 601(b)(3) of this Act, tax paid by a  
6 partnership or Subchapter S corporation to another state  
7 which, as determined by the Department, is substantially  
8 similar to the tax imposed under this subsection, shall be  
9 considered tax paid by the partner or shareholder to the  
10 extent that the partner's or shareholder's share of the  
11 income of the partnership or Subchapter S corporation  
12 allocated and apportioned to such other state bears to the  
13 total income of the partnership or Subchapter S  
14 corporation allocated or apportioned to such other state.

15 (8) Suspension of withholding. The provisions of  
16 Section 709.5 of this Act shall not apply to a partnership  
17 or Subchapter S corporation for the taxable year for which  
18 an election under paragraph (1) is in effect.

19 (9) Requirement to pay estimated tax. For each taxable  
20 year for which an election under paragraph (1) is in  
21 effect, a partnership or Subchapter S corporation is  
22 required to pay estimated tax for such taxable year under  
23 Sections 803 and 804 of this Act if the amount payable as  
24 estimated tax can reasonably be expected to exceed \$500.

25 (10) The provisions of this subsection shall apply  
26 only with respect to taxable years for which the

1 limitation on individual deductions applies under Section  
2 164(b) (6) of the Internal Revenue Code.

3 (Source: P.A. 102-558, eff. 8-20-21; 102-658, eff. 8-27-21;  
4 103-9, eff. 6-7-23; 103-396, eff. 1-1-24; 103-595, eff.  
5 6-26-24; 103-605, eff. 7-1-24.)

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

23 (B) An amount equal to the amount of tax imposed by  
24 this Act to the extent deducted from gross income in  
25 the computation of adjusted gross income for the

1 taxable year;

2 (C) An amount equal to the amount received during  
3 the taxable year as a recovery or refund of real  
4 property taxes paid with respect to the taxpayer's  
5 principal residence under the Revenue Act of 1939 and  
6 for which a deduction was previously taken under  
7 subparagraph (L) of this paragraph (2) prior to July  
8 1, 1991, the retrospective application date of Article  
9 4 of Public Act 87-17. In the case of multi-unit or  
10 multi-use structures and farm dwellings, the taxes on  
11 the taxpayer's principal residence shall be that  
12 portion of the total taxes for the entire property  
13 which is attributable to such principal residence;

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

18 (D-5) An amount, to the extent not included in  
19 adjusted gross income, equal to the amount of money  
20 withdrawn by the taxpayer in the taxable year from a  
21 medical care savings account and the interest earned  
22 on the account in the taxable year of a withdrawal  
23 pursuant to subsection (b) of Section 20 of the  
24 Medical Care Savings Account Act or subsection (b) of  
25 Section 20 of the Medical Care Savings Account Act of  
26 2000;

1           (D-10) For taxable years ending after December 31,  
2           1997, an amount equal to any eligible remediation  
3           costs that the individual deducted in computing  
4           adjusted gross income and for which the individual  
5           claims a credit under subsection (l) of Section 201;

6           (D-15) For taxable years 2001 through 2025 ~~and~~  
7           ~~thereafter~~, an amount equal to the bonus depreciation  
8           deduction taken on the taxpayer's federal income tax  
9           return for the taxable year under subsection (k) of  
10          Section 168 of the Internal Revenue Code; for taxable  
11          years 2026 and thereafter, an amount equal to the  
12          bonus depreciation deduction taken on the taxpayer's  
13          federal income tax return for the taxable year under  
14          subsection (k) or (n) of Section 168 of the Internal  
15          Revenue Code;

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

23          If the taxpayer continues to own property through  
24          the last day of the last tax year for which a  
25          subtraction is allowed with respect to that property  
26          under subparagraph (Z) and for which the taxpayer was

1 allowed in any taxable year to make a subtraction  
2 modification under subparagraph (Z), then an amount  
3 equal to that subtraction modification.

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

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

1 taxpayer's unitary business group (including amounts  
2 included in gross income under Sections 951 through  
3 964 of the Internal Revenue Code and amounts included  
4 in gross income under Section 78 of the Internal  
5 Revenue Code) with respect to the stock of the same  
6 person to whom the interest was paid, accrued, or  
7 incurred. For taxable years ending on and after  
8 December 31, 2025, for purposes of applying this  
9 paragraph in the case of a taxpayer to which Section  
10 163(j) of the Internal Revenue Code applies for the  
11 taxable year, the reduction in the amount of interest  
12 for which a deduction is allowed by reason of Section  
13 163(j) shall be treated as allocable first to persons  
14 who are not foreign persons referred to in this  
15 paragraph and then to such foreign persons.

16 For taxable years ending before December 31, 2025,  
17 this paragraph shall not apply to the following:

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

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

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

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

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

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

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

1           For taxable years ending on or after December 31,  
2           2025, this paragraph shall not apply to the following:

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

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

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

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

25          Nothing in this subsection shall preclude the  
26          Director from making any other adjustment otherwise

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

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

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

1           For taxable years ending before December 31, 2025,  
2           this paragraph shall not apply to the following:

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

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

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

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

26               (iii) any item of intangible expense or cost

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

9           For taxable years ending on or after December 31,  
10          2025, this paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

23 For the purposes of this subparagraph (D-20), a  
24 qualified tuition program has made reasonable efforts  
25 if it makes disclosures (which may use the term  
26 "in-state program" or "in-state plan" and need not

1 specifically refer to Illinois or its qualified  
2 programs by name) (i) directly to prospective  
3 participants in its offering materials or makes a  
4 public disclosure, such as a website posting; and (ii)  
5 where applicable, to intermediaries selling the  
6 out-of-state program in the same manner that the  
7 out-of-state program distributes its offering  
8 materials;

9 (D-20.5) For taxable years beginning on or after  
10 January 1, 2018, in the case of a distribution from a  
11 qualified ABLE program under Section 529A of the  
12 Internal Revenue Code, other than a distribution from  
13 a qualified ABLE program created under Section 16.6 of  
14 the State Treasurer Act, an amount equal to the amount  
15 excluded from gross income under Section 529A(c)(1)(B)  
16 of the Internal Revenue Code;

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

24 (D-21.5) For taxable years beginning on or after  
25 January 1, 2018, in the case of the transfer of moneys  
26 from a qualified tuition program under Section 529 or

1 a qualified ABLE program under Section 529A of the  
2 Internal Revenue Code that is administered by this  
3 State to an ABLE account established under an  
4 out-of-state ABLE account program, an amount equal to  
5 the contribution component of the transferred amount  
6 that was previously deducted from base income under  
7 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this  
8 Section;

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

22 (1) in the case of a nonqualified withdrawal or  
23 refund, as defined under Section 16.5 of the State  
24 Treasurer Act, of moneys from a qualified tuition  
25 program under Section 529 of the Internal Revenue Code  
26 administered by the State, an amount equal to the

1 contribution component of the nonqualified withdrawal  
2 or refund that was previously deducted from base  
3 income under subsection (a)(2)(Y) of this Section, and  
4 (2) in the case of a nonqualified withdrawal or refund  
5 from a qualified ABLE program under Section 529A of  
6 the Internal Revenue Code administered by the State  
7 that is not used for qualified disability expenses, an  
8 amount equal to the contribution component of the  
9 nonqualified withdrawal or refund that was previously  
10 deducted from base income under subsection (a)(2)(HH)  
11 of this Section;

12 (D-23) 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 (D-24) 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 (D-25) In the case of a resident, an amount equal  
21 to the amount of tax for which a credit is allowed  
22 pursuant to Section 201(p)(7) of this Act;

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

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

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

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

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

16 (G) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

1 right for the taxable year pursuant to Section 1341 of  
2 the Internal Revenue Code or of any itemized deduction  
3 taken from adjusted gross income in the computation of  
4 taxable income for restoration of substantial amounts  
5 held under claim of right for the taxable year;

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

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

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

22 (T) An amount, to the extent included in adjusted  
23 gross income, equal to the amount of interest earned  
24 in the taxable year on a medical care savings account  
25 established under the Medical Care Savings Account Act  
26 or the Medical Care Savings Account Act of 2000 on

1           behalf of the taxpayer, other than interest added  
2           pursuant to item (D-5) of this paragraph (2);

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

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

1 employer of the taxpayer or the taxpayer's spouse. The  
2 amount of the health insurance and long-term care  
3 insurance subtracted under this item (V) shall be  
4 determined by multiplying total health insurance and  
5 long-term care insurance premiums paid by the taxpayer  
6 times a number that represents the fractional  
7 percentage of eligible medical expenses under Section  
8 213 of the Internal Revenue Code of 1986 not actually  
9 deducted on the taxpayer's federal income tax return;

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

16 (X) For taxable year 1999 and thereafter, an  
17 amount equal to the amount of any (i) distributions,  
18 to the extent includible in gross income for federal  
19 income tax purposes, made to the taxpayer because of  
20 his or her status as a victim of persecution for racial  
21 or religious reasons by Nazi Germany or any other Axis  
22 regime or as an heir of the victim and (ii) items of  
23 income, to the extent includible in gross income for  
24 federal income tax purposes, attributable to, derived  
25 from or in any way related to assets stolen from,  
26 hidden from, or otherwise lost to a victim of

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

23 (Y) For taxable years beginning on or after  
24 January 1, 2002 and ending on or before December 31,  
25 2004, moneys contributed in the taxable year to a  
26 College Savings Pool account under Section 16.5 of the

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

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

24 (1) "y" equals the amount of the depreciation  
25 deduction taken for the taxable year on the  
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was  
2 taken in any year under subsection (k) or (n) of  
3 Section 168 of the Internal Revenue Code, but not  
4 including the bonus depreciation deduction;

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

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

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

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

20 (iii) for property on which a bonus  
21 depreciation deduction of 100% of the adjusted  
22 basis was taken in a taxable year ending on or  
23 after December 31, 2021, "x" equals the  
24 depreciation deduction that would be allowed  
25 on that property if the taxpayer had made the  
26 election under Section 168(k)(7) or Section

1           168(n)(6) of the Internal Revenue Code to not  
2           claim bonus depreciation on that property; and

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

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

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

26           If the taxpayer continues to own property through

1 the last day of the last tax year for which a  
2 subtraction is allowed with respect to that property  
3 under subparagraph (Z) and for which the taxpayer was  
4 required in any taxable year to make an addition  
5 modification under subparagraph (D-15), then an amount  
6 equal to that addition modification.

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

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

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

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

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

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

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

22          (FF) An amount equal to any amount awarded to the  
23          taxpayer during the taxable year by the Court of  
24          Claims under subsection (c) of Section 8 of the Court  
25          of Claims Act for time unjustly served in a State  
26          prison. This subparagraph (FF) is exempt from the

1 provisions of Section 250;

2 (GG) For taxable years ending on or after December  
3 31, 2011, in the case of a taxpayer who was required to  
4 add back any insurance premiums under Section  
5 203(a)(2)(D-19), such taxpayer may elect to subtract  
6 that part of a reimbursement received from the  
7 insurance company equal to the amount of the expense  
8 or loss (including expenses incurred by the insurance  
9 company) that would have been taken into account as a  
10 deduction for federal income tax purposes if the  
11 expense or loss had been uninsured. If a taxpayer  
12 makes the election provided for by this subparagraph  
13 (GG), the insurer to which the premiums were paid must  
14 add back to income the amount subtracted by the  
15 taxpayer pursuant to this subparagraph (GG). This  
16 subparagraph (GG) is exempt from the provisions of  
17 Section 250;

18 (HH) For taxable years beginning on or after  
19 January 1, 2018 and prior to January 1, 2028, a maximum  
20 of \$10,000 contributed in the taxable year to a  
21 qualified ABLE account under Section 16.6 of the State  
22 Treasurer Act, except that amounts excluded from gross  
23 income under Section 529(c)(3)(C)(i) or Section  
24 529A(c)(1)(C) of the Internal Revenue Code shall not  
25 be considered moneys contributed under this  
26 subparagraph (HH). For purposes of this subparagraph

1 (HH), contributions made by an employer on behalf of  
2 an employee, or matching contributions made by an  
3 employee, shall be treated as made by the employee;

4 (II) For taxable years that begin on or after  
5 January 1, 2021 and begin before January 1, 2026, the  
6 amount that is included in the taxpayer's federal  
7 adjusted gross income pursuant to Section 61 of the  
8 Internal Revenue Code as discharge of indebtedness  
9 attributable to student loan forgiveness and that is  
10 not excluded from the taxpayer's federal adjusted  
11 gross income pursuant to paragraph (5) of subsection  
12 (f) of Section 108 of the Internal Revenue Code;

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

26 (KK) To the extent includible in gross income for

1 federal income tax purposes, any amount awarded or  
2 paid to the taxpayer as a result of a judgment or  
3 settlement for fertility fraud as provided in Section  
4 15 of the Illinois Fertility Fraud Act, donor  
5 fertility fraud as provided in Section 20 of the  
6 Illinois Fertility Fraud Act, or similar action in  
7 another state;

8 (LL) For taxable years beginning on or after  
9 January 1, 2026, if the taxpayer is a qualified  
10 worker, as defined in the Workforce Development  
11 through Charitable Loan Repayment Act, an amount equal  
12 to the amount included in the taxpayer's federal  
13 adjusted gross income that is attributable to student  
14 loan repayment assistance received by the taxpayer  
15 during the taxable year from a qualified community  
16 foundation under the provisions of the Workforce  
17 Development through Charitable Loan Repayment Act.

18 This subparagraph (LL) is exempt from the  
19 provisions of Section 250; and

20 (MM) For taxable years beginning on or after  
21 January 1, 2025, if the taxpayer is an eligible  
22 resident as defined in the Medical Debt Relief Act, an  
23 amount equal to the amount included in the taxpayer's  
24 federal adjusted gross income that is attributable to  
25 medical debt relief received by the taxpayer during  
26 the taxable year from a nonprofit medical debt relief

1 coordinator under the provisions of the Medical Debt  
2 Relief Act. This subparagraph (MM) is exempt from the  
3 provisions of Section 250.

4 (b) Corporations.

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

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

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

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

20 (C) In the case of a regulated investment company,  
21 an amount equal to the excess of (i) the net long-term  
22 capital gain for the taxable year, over (ii) the  
23 amount of the capital gain dividends designated as  
24 such in accordance with Section 852(b)(3)(C) of the  
25 Internal Revenue Code and any amount designated under

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

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

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

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

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

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

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

18 (E-10) For taxable years 2001 through 2025 ~~and~~  
19 ~~thereafter~~, an amount equal to the bonus depreciation  
20 deduction taken on the taxpayer's federal income tax  
21 return for the taxable year under subsection (k) of  
22 Section 168 of the Internal Revenue Code; for taxable  
23 years 2026 and thereafter, an amount equal to the  
24 bonus depreciation deduction taken on the taxpayer's  
25 federal income tax return for the taxable year under  
26 subsection (k) or (n) of Section 168 of the Internal

1           Revenue Code;

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

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

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

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

1 person's total business activity and (ii) for taxable  
2 years ending on or after December 31, 2008, to a person  
3 who would be a member of the same unitary business  
4 group but for the fact that the person is prohibited  
5 under Section 1501(a)(27) from being included in the  
6 unitary business group because he or she is ordinarily  
7 required to apportion business income under different  
8 subsections of Section 304. The addition modification  
9 required by this subparagraph shall be reduced to the  
10 extent that dividends were included in base income of  
11 the unitary group for the same taxable year and  
12 received by the taxpayer or by a member of the  
13 taxpayer's unitary business group (including amounts  
14 included in gross income pursuant to Sections 951  
15 through 964 of the Internal Revenue Code and amounts  
16 included in gross income under Section 78 of the  
17 Internal Revenue Code) with respect to the stock of  
18 the same person to whom the interest was paid,  
19 accrued, or incurred. For taxable years ending on and  
20 after December 31, 2025, for purposes of applying this  
21 paragraph in the case of a taxpayer to which Section  
22 163(j) of the Internal Revenue Code applies for the  
23 taxable year, the reduction in the amount of interest  
24 for which a deduction is allowed by reason of Section  
25 163(j) shall be treated as allocable first to persons  
26 who are not foreign persons referred to in this

1 paragraph and then to such foreign persons.

2 For taxable years ending before December 31, 2025,  
3 this paragraph shall not apply to the following:

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

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

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

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

25 (iii) the taxpayer can establish, based on  
26 clear and convincing evidence, that the interest

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

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

13                  For taxable years ending on or after December 31,  
14                  2025, 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 if  
17                   the taxpayer can establish, based on a  
18                   preponderance of the evidence, both of the  
19                   following:

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

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

1           pursuant to a contract or agreement that  
2           reflects an arm's-length interest rate and  
3           terms; or

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

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

20          (E-13) An amount equal to the amount of intangible  
21          expenses and costs otherwise allowed as a deduction in  
22          computing base income, and that were paid, accrued, or  
23          incurred, directly or indirectly, (i) for taxable  
24          years ending on or after December 31, 2004, to a  
25          foreign person who would be a member of the same  
26          unitary business group but for the fact that the

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

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

13 For taxable years ending before December 31, 2025,  
14 this paragraph shall not apply to the following:

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

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

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

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

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

21 For taxable years ending on or after December 31,  
22 2025, this paragraph shall not apply to the following:

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

1 following:

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

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

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

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

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

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

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

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

12 (E-16) 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 (E-17) 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 (E-18) for taxable years beginning after December  
21 31, 2018, an amount equal to the deduction allowed  
22 under Section 250(a)(1)(A) of the Internal Revenue  
23 Code for the taxable year;

24 (E-19) for taxable years ending on or after June  
25 30, 2021, an amount equal to the deduction allowed  
26 under Section 250(a)(1)(B)(i) of the Internal Revenue

1 Code for the taxable year;

2 (E-20) for taxable years ending on or after June  
3 30, 2021, an amount equal to the deduction allowed  
4 under Sections 243(e) and 245A(a) of the Internal  
5 Revenue Code for the taxable year;

6 (E-21) the amount that is claimed as a federal  
7 deduction when computing the taxpayer's federal  
8 taxable income for the taxable year and that is  
9 attributable to an endowment gift for which the  
10 taxpayer receives a credit under the Illinois Gives  
11 Tax Credit Act;

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

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

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

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

24 (I) With the exception of any amounts subtracted  
25 under subparagraph (J), an amount equal to the sum of  
26 all amounts disallowed as deductions by (i) Sections

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

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

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

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

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

24 (M) 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 River Edge  
4 Redevelopment Zone Investment Credit. To determine the  
5 portion of a loan or loans that is secured by property  
6 eligible for a Section 201(f) 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(f)  
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 the River Edge Redevelopment Zone. The subtraction  
14 modification available to the taxpayer in any year  
15 under this subsection shall be that portion of the  
16 total interest paid by the borrower with respect to  
17 such loan attributable to the eligible property as  
18 calculated under the previous sentence. This  
19 subparagraph (M) is exempt from the provisions of  
20 Section 250;

21 (M-1) For any taxpayer that is a financial  
22 organization within the meaning of Section 304(c) of  
23 this Act, an amount included in such total as interest  
24 income from a loan or loans made by such taxpayer to a  
25 borrower, to the extent that such a loan is secured by  
26 property which is eligible for the High Impact

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

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

1 the Department of Commerce and Economic Opportunity  
2 under Section 11 of the Illinois Enterprise Zone Act  
3 or under Section 10-10 of the River Edge Redevelopment  
4 Zone Act. This subparagraph (N) is exempt from the  
5 provisions of Section 250;

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

1 1988, dividends received or deemed received or paid or  
2 deemed paid under Sections 951 through 964 of the  
3 Internal Revenue Code and including, for taxable years  
4 ending on or after December 31, 2008, dividends  
5 received from a captive real estate investment trust,  
6 from any such corporation specified in clause (i) that  
7 would but for the provisions of Section 1504(b)(3) of  
8 the Internal Revenue Code be treated as a member of the  
9 affiliated group which includes the dividend  
10 recipient, exceed the amount of the modification  
11 provided under subparagraph (G) of paragraph (2) of  
12 this subsection (b) which is related to such  
13 dividends. For taxable years ending on or after June  
14 30, 2021, (i) for purposes of this subparagraph, the  
15 term "dividend" does not include any amount treated as  
16 a dividend under Section 1248 of the Internal Revenue  
17 Code, and (ii) this subparagraph shall not apply to  
18 dividends for which a deduction is allowed under  
19 Section 245(a) of the Internal Revenue Code. For  
20 taxable years ending on or after December 31, 2025,  
21 50% of the amount of global intangible low-taxed  
22 income or net controlled foreign corporation (CFC)  
23 tested income received or deemed received or paid or  
24 deemed paid under Sections 951 through 965 ~~Section~~  
25 ~~951A~~ of the Internal Revenue Code. This subparagraph  
26 (O) is exempt from the provisions of Section 250 of

1           this Act;

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

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

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

23           (S) For taxable years ending on or after December  
24 31, 1997, in the case of a Subchapter S corporation, an  
25 amount equal to all amounts of income allocable to a  
26 shareholder subject to the Personal Property Tax

1 Replacement Income Tax imposed by subsections (c) and  
2 (d) of Section 201 of this Act, including amounts  
3 allocable to organizations exempt from federal income  
4 tax by reason of Section 501(a) of the Internal  
5 Revenue Code. This subparagraph (S) is exempt from the  
6 provisions of Section 250;

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

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

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

24 (3) for taxable years ending after December  
25 31, 2005:

26 (i) for property on which a bonus

1 depreciation deduction of 30% of the adjusted  
2 basis was taken, "x" equals "y" multiplied by  
3 30 and then divided by 70 (or "y" multiplied  
4 by 0.429);

5 (ii) for property on which a bonus  
6 depreciation deduction of 50% of the adjusted  
7 basis was taken, "x" equals "y" multiplied by  
8 1.0;

9 (iii) for property on which a bonus  
10 depreciation deduction of 100% of the adjusted  
11 basis was taken in a taxable year ending on or  
12 after December 31, 2021, "x" equals the  
13 depreciation deduction that would be allowed  
14 on that property if the taxpayer had made the  
15 election under Section 168(k)(7) or Section  
16 168(n)(6) of the Internal Revenue Code to not  
17 claim bonus depreciation on that property; and

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

1 (that is,  $100(1-\text{bonus}\%)$ ).

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

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

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

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

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

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

26           (W) An amount equal to the interest income taken

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

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

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

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

1 (Y), the insurer to which the premiums were paid must  
2 add back to income the amount subtracted by the  
3 taxpayer pursuant to this subparagraph (Y). This  
4 subparagraph (Y) is exempt from the provisions of  
5 Section 250;

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

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

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

9           (c) Trusts and estates.

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

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

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

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

1 the computation of taxable income;

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

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

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

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

1 base income of an earlier taxable year, and

2 (ii) 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 not exceed the amount of  
6 such carryback or carryforward;

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

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

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

24 (G-5) For taxable years ending after December 31,  
25 1997, an amount equal to any eligible remediation  
26 costs that the trust or estate deducted in computing

1 adjusted gross income and for which the trust or  
2 estate claims a credit under subsection (l) of Section  
3 201;

4 (G-10) For taxable years 2001 through 2025 ~~and~~  
5 ~~thereafter~~, an amount equal to the bonus depreciation  
6 deduction taken on the taxpayer's federal income tax  
7 return for the taxable year under subsection (k) of  
8 Section 168 of the Internal Revenue Code; for taxable  
9 years 2026 and thereafter, an amount equal to the  
10 bonus depreciation deduction taken on the taxpayer's  
11 federal income tax return for the taxable year under  
12 subsection (k) or (n) of Section 168 of the Internal  
13 Revenue Code; and

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

21 If the taxpayer continues to own property through  
22 the last day of the last tax year for which a  
23 subtraction is allowed with respect to that property  
24 under subparagraph (R) and for which the taxpayer was  
25 allowed in any taxable year to make a subtraction  
26 modification under subparagraph (R), then an amount

1 equal to that subtraction modification.

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

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

1 through 964 of the Internal Revenue Code and amounts  
2 included in gross income under Section 78 of the  
3 Internal Revenue Code) with respect to the stock of  
4 the same person to whom the interest was paid,  
5 accrued, or incurred. For taxable years ending on and  
6 after December 31, 2025, for purposes of applying this  
7 paragraph in the case of a taxpayer to which Section  
8 163(j) of the Internal Revenue Code applies for the  
9 taxable year, the reduction in the amount of interest  
10 for which a deduction is allowed by reason of Section  
11 163(j) shall be treated as allocable first to persons  
12 who are not foreign persons referred to in this  
13 paragraph and then to such foreign persons.

14 For taxable years ending before December 31, 2025,  
15 this paragraph shall not apply to the following:

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

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

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

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

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

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

25 For taxable years ending on or after December 31,  
26 2025, this paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

25 For taxable years ending before December 31, 2025,  
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 For taxable years ending on or after December 31,  
8 2025, this paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

18 (G-15) An amount equal to the credit allowable to  
19 the taxpayer under Section 218(a) of this Act,  
20 determined without regard to Section 218(c) of this  
21 Act;

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

26 (G-17) the amount that is claimed as a federal

1 deduction when computing the taxpayer's federal  
2 taxable income for the taxable year and that is  
3 attributable to an endowment gift for which the  
4 taxpayer receives a credit under the Illinois Gives  
5 Tax Credit Act;

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

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

19 (I) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 The aggregate amount deducted under this

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

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

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

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

23          This subparagraph (S) is exempt from the  
24          provisions of Section 250;

25          (T) The amount of (i) any interest income (net of  
26          the deductions allocable thereto) taken into account

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

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

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

10 (V) An amount equal to the income from intangible  
11 property taken into account for the taxable year (net  
12 of the deductions allocable thereto) with respect to  
13 transactions with (i) a foreign person who would be a  
14 member of the taxpayer's unitary business group but  
15 for the fact that the foreign person's business  
16 activity outside the United States is 80% or more of  
17 that person's total business activity and (ii) for  
18 taxable years ending on or after December 31, 2008, 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, but  
25 not to exceed the addition modification required to be  
26 made for the same taxable year under Section

1           203(c)(2)(G-13) for intangible expenses and costs  
2           paid, accrued, or incurred, directly or indirectly, to  
3           the same foreign person. This subparagraph (V) is  
4           exempt from the provisions of Section 250;

5           (W) in the case of an estate, an amount equal to  
6           all amounts included in such total pursuant to the  
7           provisions of Section 111 of the Internal Revenue Code  
8           as a recovery of items previously deducted by the  
9           decedent from adjusted gross income in the computation  
10          of taxable income. This subparagraph (W) is exempt  
11          from Section 250;

12          (X) an amount equal to the refund included in such  
13          total of any tax deducted for federal income tax  
14          purposes, to the extent that deduction was added back  
15          under subparagraph (F). This subparagraph (X) is  
16          exempt from the provisions of Section 250;

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

1 makes the election provided for by this subparagraph  
2 (Y), the insurer to which the premiums were paid must  
3 add back to income the amount subtracted by the  
4 taxpayer pursuant to this subparagraph (Y). This  
5 subparagraph (Y) is exempt from the provisions of  
6 Section 250;

7 (Z) For taxable years beginning after December 31,  
8 2018 ~~and before January 1, 2026~~, the amount of excess  
9 business loss of the taxpayer disallowed as a  
10 deduction by Section 461(1)(1)(B) of the Internal  
11 Revenue Code; and

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

25 (3) Limitation. The amount of any modification  
26 otherwise required under this subsection shall, under

1 regulations prescribed by the Department, be adjusted by  
2 any amounts included therein which were properly paid,  
3 credited, or required to be distributed, or permanently  
4 set aside for charitable purposes pursuant to Internal  
5 Revenue Code Section 642(c) during the taxable year.

6 (d) Partnerships.

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

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

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

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

20 (C) The amount of deductions allowed to the  
21 partnership pursuant to Section 707 (c) of the  
22 Internal Revenue Code in calculating its taxable  
23 income;

24 (D) An amount equal to the amount of the capital  
25 gain deduction allowable under the Internal Revenue

1 Code, to the extent deducted from gross income in the  
2 computation of taxable income;

3 (D-5) For taxable years 2001 through 2025 ~~and~~  
4 ~~thereafter~~, an amount equal to the bonus depreciation  
5 deduction taken on the taxpayer's federal income tax  
6 return for the taxable year under subsection (k) of  
7 Section 168 of the Internal Revenue Code; for taxable  
8 years 2026 and thereafter, an amount equal to the  
9 bonus depreciation deduction taken on the taxpayer's  
10 federal income tax return for the taxable year under  
11 subsection (k) or (n) of Section 168 of the Internal  
12 Revenue Code;

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

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

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

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

1 included in gross income under Section 78 of the  
2 Internal Revenue Code) with respect to the stock of  
3 the same person to whom the interest was paid,  
4 accrued, or incurred. For taxable years ending on and  
5 after December 31, 2025, for purposes of applying this  
6 paragraph in the case of a taxpayer to which Section  
7 163(j) of the Internal Revenue Code applies for the  
8 taxable year, the reduction in the amount of interest  
9 for which a deduction is allowed by reason of Section  
10 163(j) shall be treated as allocable first to persons  
11 who are not foreign persons referred to in this  
12 paragraph and then to such foreign persons.

13 For taxable years ending before December 31, 2025,  
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 For taxable years ending on or after December 31,  
25 2025, this paragraph shall not apply to the following:

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

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

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

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

15                  (ii) 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 otherwise  
24                  allowed under Section 404 of this Act for any tax year  
25                  beginning after the effective date of this amendment  
26                  provided such adjustment is made pursuant to

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

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

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

24 For taxable years ending on or after December 31,  
25 2025, this paragraph shall not apply to the following:

26 (i) any item of intangible expenses or costs

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

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

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

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

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

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

6 For taxable years ending on or after December 31,  
7 2025, this paragraph shall not apply to the following:

8 (i) 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 (ii) 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 otherwise  
9           allowed under Section 404 of this Act for any tax year  
10          beginning after the effective date of this amendment  
11          provided such adjustment is made pursuant to  
12          regulation adopted by the Department and such  
13          regulations provide methods and standards by which the  
14          Department will utilize its authority under Section  
15          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 (D-12) the amount that is claimed as a federal  
25 deduction when computing the taxpayer's federal  
26 taxable income for the taxable year and that is

1           attributable to an endowment gift for which the  
2           taxpayer receives a credit under the Illinois Gives  
3           Tax Credit Act;

4           and by deducting from the total so obtained the following  
5           amounts:

6                   (E) The valuation limitation amount;

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

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

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

1 Section 250;

2 (I) An amount equal to all amounts of income  
3 distributable to an entity subject to the Personal  
4 Property Tax Replacement Income Tax imposed by  
5 subsections (c) and (d) of Section 201 of this Act  
6 including amounts distributable to organizations  
7 exempt from federal income tax by reason of Section  
8 501(a) of the Internal Revenue Code; this subparagraph  
9 (I) is exempt from the provisions of Section 250;

10 (J) With the exception of any amounts subtracted  
11 under subparagraph (G), an amount equal to the sum of  
12 all amounts disallowed as deductions by (i) Sections  
13 171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
14 and all amounts of expenses allocable to interest and  
15 disallowed as deductions by Section 265(a)(1) of the  
16 Internal Revenue Code; and (ii) for taxable years  
17 ending on or after August 13, 1999, Sections  
18 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
19 Internal Revenue Code, plus, (iii) for taxable years  
20 ending on or after December 31, 2011, Section  
21 45G(e)(3) of the Internal Revenue Code and, for  
22 taxable years ending on or after December 31, 2008,  
23 any amount included in gross income under Section 87  
24 of the Internal Revenue Code; the provisions of this  
25 subparagraph are exempt from the provisions of Section  
26 250;

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

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

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

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

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

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

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

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

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

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

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

1 1.0;

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

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

21 The aggregate amount deducted under this  
22 subparagraph in all taxable years for any one piece of  
23 property may not exceed the amount of the bonus  
24 depreciation deduction taken on that property on the  
25 taxpayer's federal income tax return under subsection  
26 (k) or (n) of Section 168 of the Internal Revenue Code.

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

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

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

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

18          This subparagraph (P) is exempt from the  
19          provisions of Section 250;

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

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

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

1           made for the same taxable year under Section  
2           203(d)(2)(D-7) for interest paid, accrued, or  
3           incurred, directly or indirectly, to the same person.  
4           This subparagraph (R) is exempt from Section 250;

5           (S) An amount equal to the income from intangible  
6           property taken into account for the taxable year (net  
7           of the deductions allocable thereto) with respect to  
8           transactions with (i) a foreign person who would be a  
9           member of the taxpayer's unitary business group but  
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-8) for intangible expenses and costs paid,  
23          accrued, or incurred, directly or indirectly, to the  
24          same person. This subparagraph (S) is exempt from  
25          Section 250;

26          (T) For taxable years ending on or after December

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

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

1           this subparagraph (U) are exempt from the provisions  
2           of Section 250.

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

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

1 (E) of paragraph (2) of subsection (b) for corporations or  
2 subparagraph (E) of paragraph (2) of subsection (c) for  
3 trusts and estates, exceed subtraction modifications, an  
4 addition modification must be made under those  
5 subparagraphs for any other taxable year to which the  
6 taxable income less than zero (net operating loss) is  
7 applied under Section 172 of the Internal Revenue Code or  
8 under subparagraph (E) of paragraph (2) of this subsection  
9 (e) applied in conjunction with Section 172 of the  
10 Internal Revenue Code.

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

14 (A) Certain life insurance companies. In the case  
15 of a life insurance company subject to the tax imposed  
16 by Section 801 of the Internal Revenue Code, life  
17 insurance company taxable income, plus the amount of  
18 distribution from pre-1984 policyholder surplus  
19 accounts as calculated under Section 815a of the  
20 Internal Revenue Code;

21 (B) Certain other insurance companies. In the case  
22 of mutual insurance companies subject to the tax  
23 imposed by Section 831 of the Internal Revenue Code,  
24 insurance company taxable income;

25 (C) Regulated investment companies. In the case of  
26 a regulated investment company subject to the tax

1 imposed by Section 852 of the Internal Revenue Code,  
2 investment company taxable income;

3 (D) Real estate investment trusts. In the case of  
4 a real estate investment trust subject to the tax  
5 imposed by Section 857 of the Internal Revenue Code,  
6 real estate investment trust taxable income;

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

20 (F) Cooperatives. In the case of a cooperative  
21 corporation or association, the taxable income of such  
22 organization determined in accordance with the  
23 provisions of Section 1381 through 1388 of the  
24 Internal Revenue Code, but without regard to the  
25 prohibition against offsetting losses from patronage  
26 activities against income from nonpatronage

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

25 (G) Subchapter S corporations. In the case of: (i)  
26 a Subchapter S corporation for which there is in

1 effect an election for the taxable year under Section  
2 1362 of the Internal Revenue Code, the taxable income  
3 of such corporation determined in accordance with  
4 Section 1363(b) of the Internal Revenue Code, except  
5 that taxable income shall take into account those  
6 items which are required by Section 1363(b)(1) of the  
7 Internal Revenue Code to be separately stated; and  
8 (ii) a Subchapter S corporation for which there is in  
9 effect a federal election to opt out of the provisions  
10 of the Subchapter S Revision Act of 1982 and have  
11 applied instead the prior federal Subchapter S rules  
12 as in effect on July 1, 1982, the taxable income of  
13 such corporation determined in accordance with the  
14 federal Subchapter S rules as in effect on July 1,  
15 1982; and

16 (H) Partnerships. In the case of a partnership,  
17 taxable income determined in accordance with Section  
18 703 of the Internal Revenue Code, except that taxable  
19 income shall take into account those items which are  
20 required by Section 703(a)(1) to be separately stated  
21 but which would be taken into account by an individual  
22 in calculating his taxable income.

23 (3) Recapture of business expenses on disposition of  
24 asset or business. Notwithstanding any other law to the  
25 contrary, if in prior years income from an asset or  
26 business has been classified as business income and in a

1 later year is demonstrated to be non-business income, then  
2 all expenses, without limitation, deducted in such later  
3 year and in the 2 immediately preceding taxable years  
4 related to that asset or business that generated the  
5 non-business income shall be added back and recaptured as  
6 business income in the year of the disposition of the  
7 asset or business. Such amount shall be apportioned to  
8 Illinois using the greater of the apportionment fraction  
9 computed for the business under Section 304 of this Act  
10 for the taxable year or the average of the apportionment  
11 fractions computed for the business under Section 304 of  
12 this Act for the taxable year and for the 2 immediately  
13 preceding taxable years.

14 (f) Valuation limitation amount.

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

18 (A) The sum of the pre-August 1, 1969 appreciation  
19 amounts (to the extent consisting of gain reportable  
20 under the provisions of Section 1245 or 1250 of the  
21 Internal Revenue Code) for all property in respect of  
22 which such gain was reported for the taxable year;  
23 plus

24 (B) The lesser of (i) the sum of the pre-August 1,  
25 1969 appreciation amounts (to the extent consisting of

1 capital gain) for all property in respect of which  
2 such gain was reported for federal income tax purposes  
3 for the taxable year, or (ii) the net capital gain for  
4 the taxable year, reduced in either case by any amount  
5 of such gain included in the amount determined under  
6 subsection (a) (2) (F) or (c) (2) (H).

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

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

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

1 property ending July 31, 1969 bears to the number of  
2 full calendar months in the taxpayer's entire holding  
3 period for the property.

4 (C) The Department shall prescribe such  
5 regulations as may be necessary to carry out the  
6 purposes of this paragraph.

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

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

19 (Source: P.A. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;  
20 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,  
21 Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.  
22 7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,  
23 eff. 8-15-25.)

1 (35 ILCS 5/701) (from Ch. 120, par. 7-701)

2 Sec. 701. Requirement and amount of withholding.

3 (a) In General. Every employer maintaining an office or  
4 transacting business within this State and required under the  
5 provisions of the Internal Revenue Code to withhold a tax on:

6 (1) compensation paid in this State (as determined  
7 under Section 304(a)(2)(B)) to an individual; or

8 (2) payments described in subsection (b) shall deduct  
9 and withhold from such compensation for each payroll  
10 period (as defined in Section 3401 of the Internal Revenue  
11 Code) an amount equal to the amount by which such  
12 individual's compensation exceeds the proportionate part  
13 of this withholding exemption (computed as provided in  
14 Section 702) attributable to the payroll period for which  
15 such compensation is payable multiplied by a percentage  
16 equal to the percentage tax rate for individuals provided  
17 in subsection (b) of Section 201.

18 (a-5) Withholding from nonresident employees. For taxable  
19 years beginning on or after January 1, 2020, for purposes of  
20 determining compensation paid in this State under paragraph  
21 (B) of item (2) of subsection (a) of Section 304:

22 (1) If an employer maintains a time and attendance  
23 system that tracks where employees perform services on a  
24 daily basis, then data from the time and attendance system  
25 shall be used. For purposes of this paragraph, time and  
26 attendance system means a system:

1 (A) in which the employee is required, on a  
2 contemporaneous basis, to record the work location for  
3 every day worked outside of the State where the  
4 employment duties are primarily performed; and

5 (B) that is designed to allow the employer to  
6 allocate the employee's wages for income tax purposes  
7 among all states in which the employee performs  
8 services.

9 (2) In all other cases, the employer shall obtain a  
10 written statement from the employee of the number of days  
11 reasonably expected to be spent performing services in  
12 this State during the taxable year. Absent the employer's  
13 actual knowledge of fraud or gross negligence by the  
14 employee in making the determination or collusion between  
15 the employer and the employee to evade tax, the  
16 certification so made by the employee and maintained in  
17 the employer's books and records shall be prima facie  
18 evidence and constitute a rebuttable presumption of the  
19 number of days spent performing services in this State.

20 (a-10) If the compensation is paid to a loan out company,  
21 as defined under Section 10 of the Film Production Services  
22 Tax Credit Act of 2008, if the compensation is considered  
23 compensation paid in this State under paragraph (B) of item  
24 (2) of subsection (a) of Section 304, and if the compensation  
25 is for in-State services performed for a production that is  
26 accredited under Section 10 of the Film Production Services

1 Tax Credit Act of 2008 and commences on or after the effective  
2 date of this amendatory Act of the 104th General Assembly,  
3 then the production company or its authorized payroll service  
4 company shall withhold tax on that compensation under this  
5 Article 7 and shall withhold at the tax rate provided in  
6 subsection (b) of Section 201 on all payments to loan out  
7 companies for services performed in Illinois by the loan out  
8 company's employees. Notwithstanding any other provision of  
9 law, nonresident employees of loan out companies who perform  
10 services in Illinois shall be considered taxable nonresidents  
11 and shall be subject to the tax under this Act in the taxable  
12 year in which the employee performs services in Illinois.

13 (b) Payment to Residents. Any payment (including  
14 compensation, but not including a payment from which  
15 withholding is required under Section 710 of this Act) to a  
16 resident by a payor maintaining an office or transacting  
17 business within this State (including any agency, officer, or  
18 employee of this State or of any political subdivision of this  
19 State) and on which withholding of tax is required under the  
20 provisions of the Internal Revenue Code shall be deemed to be  
21 compensation paid in this State by an employer to an employee  
22 for the purposes of Article 7 and Section 601(b)(1) to the  
23 extent such payment is included in the recipient's base income  
24 and not subjected to withholding by another state.  
25 Notwithstanding any other provision to the contrary, no amount  
26 shall be withheld from unemployment insurance benefit payments

1 made to an individual pursuant to the Unemployment Insurance  
2 Act unless the individual has voluntarily elected the  
3 withholding pursuant to rules promulgated by the Director of  
4 Employment Security.

5 (c) Special Definitions. Withholding shall be considered  
6 required under the provisions of the Internal Revenue Code to  
7 the extent the Internal Revenue Code either requires  
8 withholding or allows for voluntary withholding the payor and  
9 recipient have entered into such a voluntary withholding  
10 agreement. For the purposes of Article 7 and Section 1002(c)  
11 the term "employer" includes any payor who is required to  
12 withhold tax pursuant to this Section.

13 (d) Reciprocal Exemption. The Director may enter into an  
14 agreement with the taxing authorities of any state which  
15 imposes a tax on or measured by income to provide that  
16 compensation paid in such state to residents of this State  
17 shall be exempt from withholding of such tax; in such case, any  
18 compensation paid in this State to residents of such state  
19 shall be exempt from withholding. All reciprocal agreements  
20 shall be subject to the requirements of Section 2505-575 of  
21 the Department of Revenue Law (20 ILCS 2505/2505-575).

22 (e) Notwithstanding subsection (a)(2) of this Section, no  
23 withholding is required on payments for which withholding is  
24 required under Section 3405 or 3406 of the Internal Revenue  
25 Code.

26 (Source: P.A. 101-585, eff. 8-26-19; 102-558, eff. 8-20-21.)

1           Section 10-15. The Film Production Services Tax Credit Act  
2 of 2008 is amended by changing Sections 10 and 42 as follows:

3           (35 ILCS 16/10)

4           Sec. 10. Definitions. As used in this Act:

5           "Above-the-line spending" means all salary, wages, fees,  
6 and fringe benefits paid for services performed by personnel  
7 of the production that are considered above-the-line services  
8 in the film and television industry, including, but not  
9 limited to, services performed by a producer, executive  
10 producer, co-producer, director, screenwriter, lead cast,  
11 supporting cast, or day player.

12          "Accredited production" means: (i) for productions  
13 commencing before May 1, 2006, a film, video, or television  
14 production that has been certified by the Department in which  
15 the aggregate Illinois labor expenditures included in the cost  
16 of the production, in the period that ends 12 months after the  
17 time principal filming or taping of the production began,  
18 exceed \$100,000 for productions of 30 minutes or longer, or  
19 \$50,000 for productions of less than 30 minutes; and (ii) for  
20 productions commencing on or after May 1, 2006, a film, video,  
21 or television production that has been certified by the  
22 Department in which the Illinois production spending included  
23 in the cost of production in the period that ends 12 months  
24 after the time principal filming or taping of the production

1 began exceeds \$100,000 for productions of 30 minutes or longer  
2 or exceeds \$50,000 for productions of less than 30 minutes.

3 "Accredited production" does not include a production that:

4 (1) is news, current events, or public programming, or  
5 a program that includes weather or market reports;

6 (2) is a talk show produced for local or regional  
7 markets;

8 (3) (blank);

9 (4) is a sports event or activity;

10 (5) is a gala presentation or awards show;

11 (6) is a finished production that solicits funds;

12 (7) is a production produced by a film production  
13 company if records, as required by 18 U.S.C. 2257, are to  
14 be maintained by that film production company with respect  
15 to any performer portrayed in that single media or  
16 multimedia program; or

17 (8) is a production produced primarily for industrial,  
18 corporate, or institutional purposes.

19 "Accredited animated production" means an accredited  
20 production in which movement and characters' performances are  
21 created using a frame-by-frame technique and a significant  
22 number of major characters are animated. Motion capture by  
23 itself is not an animation technique.

24 "Accredited production certificate" means a certificate  
25 issued by the Department certifying that the production is an  
26 accredited production that meets the guidelines of this Act.

1 "Applicant" means a taxpayer that is a film production  
2 company that is operating or has operated an accredited  
3 production located within the State of Illinois and that (i)  
4 owns the copyright in the accredited production throughout the  
5 Illinois production period or (ii) has contracted directly  
6 with the owner of the copyright in the accredited production  
7 or a person acting on behalf of the owner to provide services  
8 for the production, where the owner of the copyright is not an  
9 eligible production corporation.

10 "Below-the-line spending" means salary, wages, fees, and  
11 fringe benefits paid for services performed by a person in a  
12 position that is off camera and who provides technical  
13 services during the physical production of a film.

14 "Below-the-line spending" does not include salary, wages,  
15 fees, or fringe benefits paid to a person who is a producer,  
16 executive producer, co-producer, director, screenwriter, lead  
17 cast, supporting cast, or day player, or who performs other  
18 services that are customarily considered above-the-line  
19 services in the film and television industry.

20 "Credit" means:

21 (1) for an accredited production approved by the  
22 Department on or before January 1, 2005 and commencing  
23 before May 1, 2006, the amount equal to 25% of the Illinois  
24 labor expenditure approved by the Department. The  
25 applicant is deemed to have paid, on its balance due day  
26 for the year, an amount equal to 25% of its qualified

1 Illinois labor expenditure for the tax year. For Illinois  
2 labor expenditures generated by the employment of  
3 residents of geographic areas of high poverty or high  
4 unemployment, as determined by the Department, in an  
5 accredited production commencing before May 1, 2006 and  
6 approved by the Department after January 1, 2005, the  
7 applicant shall receive an enhanced credit of 10% in  
8 addition to the 25% credit; ~~and~~

9 (2) for an accredited production commencing on or  
10 after May 1, 2006 and before January 1, 2009, the amount  
11 equal to:

12 (i) 20% of the Illinois production spending for  
13 the taxable year; plus

14 (ii) 15% of the Illinois labor expenditures  
15 generated by the employment of residents of geographic  
16 areas of high poverty or high unemployment, as  
17 determined by the Department; ~~and~~

18 (3) for an accredited production commencing on or  
19 after January 1, 2009 and before July 1, 2025, the amount  
20 equal to:

21 (i) 30% of the Illinois production spending for  
22 the taxable year; plus

23 (ii) 15% of the Illinois labor expenditures  
24 generated by the employment of residents of geographic  
25 areas of high poverty or high unemployment, as  
26 determined by the Department; and -

1           (4) for an accredited production commencing on or  
2 after July 1, 2025, the amount equal to:

3           (i) 35% of the Illinois production spending for  
4 the use of tangible personal property or the expenses  
5 to acquire services from vendors in Illinois and for  
6 Illinois labor expenditures generated by the  
7 employment of Illinois residents; plus

8           (ii) 30% of the wages paid to nonresidents for  
9 services performed on an accredited production,  
10 subject to the limitations in Section 10; plus

11           (iii) 15% of the Illinois labor expenditures  
12 generated by the employment of residents of geographic  
13 areas of high poverty or high unemployment, as  
14 determined by the Department; plus

15           (iv) 5% of the Illinois labor expenditures  
16 generated by the employment of Illinois residents for  
17 services performed for an accredited production in one  
18 or more Illinois counties outside of Cook, DuPage,  
19 Kane, Lake, McHenry, and Will Counties; plus

20           (v) 5% of the Illinois production spending for  
21 television series relocating to Illinois from another  
22 jurisdiction. To qualify under this subparagraph (v),  
23 the production must be a television series in which  
24 all prior seasons of the series were filmed outside of  
25 Illinois; plus

26           (vi) 5% of the Illinois production spending for

1           productions certified as green by the Department.

2           "Department" means the Department of Commerce and Economic  
3 Opportunity.

4           "Director" means the Director of Commerce and Economic  
5 Opportunity.

6           "Fair market value" means:

7           (1) for unrelated parties, the value established  
8 through comparable transactions between unrelated parties  
9 for substantially similar goods and services considering  
10 the geographic market and other pertinent variables as  
11 specified by the Department by rule; and

12           (2) for related parties, the value established through  
13 the related party's historical dealings with unrelated  
14 parties or established by comparable transactions between  
15 other unrelated parties for substantially similar goods  
16 and services considering the geographic market and other  
17 pertinent variables as specified by the Department by  
18 rule.

19           "Illinois labor expenditure" means salary or wages paid to  
20 employees of the applicant for services on the accredited  
21 production, subject to the following limitations: -

22           ~~To qualify as an Illinois labor expenditure, the~~  
23 ~~expenditure must be:~~

24           (1) The expenditure must be reasonable ~~Reasonable~~ in  
25 the circumstances.

26           (2) The expenditure must be included ~~Included~~ in the

1 federal income tax basis of the property.

2 (3) The expenditure must be incurred ~~Incurred~~ by the  
3 applicant for services on or after January 1, 2004.

4 (4) The expenditure must be incurred ~~Incurred~~ for the  
5 production stages of the accredited production, from the  
6 final script stage to the end of the post-production  
7 stage.

8 (5) The expenditure is limited ~~Limited~~ to the first  
9 \$25,000 of wages paid or incurred to each employee of a  
10 production commencing before May 1, 2006 and the first  
11 \$100,000 of wages paid or incurred to each employee of a  
12 production commencing on or after May 1, 2006 and prior to  
13 July 1, 2022. For productions commencing on or after July  
14 1, 2022, the expenditure is limited to the first \$500,000  
15 of wages paid or incurred to each eligible nonresident or  
16 resident employee of a production company or loan out  
17 company that provides in-State services to a production,  
18 whether those wages are paid or incurred by the production  
19 company, loan out company, or both, subject to withholding  
20 payments provided for in Article 7 of the Illinois Income  
21 Tax Act, including, for accredited productions commencing  
22 on or after the effective date of this amendatory Act of  
23 the 104th General Assembly, amounts withheld under  
24 subsection (a-10) of Section 701 of the Illinois Income  
25 Tax Act. For purposes of calculating Illinois labor  
26 expenditures for a television series, the eligible

1 nonresident wage limitations provided under this  
2 subparagraph are applied per episode to the entire season.  
3 For the purpose of this paragraph (5), an eligible  
4 nonresident is a nonresident whose wages qualify as an  
5 Illinois labor expenditure under the provisions of  
6 paragraphs paragraph (9) through (9.3) that apply to that  
7 production.

8 (6) For a production commencing before May 1, 2006,  
9 Illinois labor expenditures are exclusive of the salary or  
10 wages paid to or incurred for the 2 highest paid employees  
11 of the production.

12 (7) The expenditure must be directly ~~Directly~~  
13 attributable to the accredited production.

14 (8) (Blank).

15 (8.5) For a production commencing on or after July 1,  
16 2025, subject to the other limitations of this definition,  
17 wages paid to no more than 2 executive producers per  
18 accredited production may be considered Illinois labor  
19 expenditures. Notwithstanding that limitation, if an  
20 executive producer receives compensation for another  
21 position on the accredited production for services  
22 performed, including, but not limited to, writing  
23 services, and that compensation is otherwise considered an  
24 Illinois labor expenditure under the provisions of this  
25 definition, then, subject to the other limitations of this  
26 definition, that person's salary or wages may be

1 considered an Illinois labor expenditure, and that person  
2 shall not be considered one of the 2 executive producers  
3 for the purposes of the limitation under this paragraph  
4 (8.5). In addition, line producers are not subject to the  
5 2-producer limit of this paragraph (8.5). As used in this  
6 paragraph (8.5), the term "executive producer" means a  
7 person who is responsible for overseeing the creative and  
8 managerial process of an accredited production. As used in  
9 this paragraph (8.5), the term "line producer" means a  
10 person who is responsible for the day-to-day operational  
11 management of the accredited production.

12 (9) Prior to July 1, 2022, the expenditure must be  
13 paid to persons resident in Illinois at the time the  
14 payments were made. For a production commencing on or  
15 after July 1, 2022, subject to the limitations of  
16 paragraphs (9.1) through (9.3), the expenditure may be  
17 paid to a person who is a persons resident in Illinois at  
18 the time the payment is made or to a person who is a  
19 nonresident and nonresidents at the time the payment is  
20 payments were made.

21 (9.1) For purposes of paragraph (9) this subparagraph,  
22 if the production is accredited by the Department before  
23 the effective date of this amendatory Act of the 102nd  
24 General Assembly, only wages paid to nonresidents working  
25 in the following positions shall be considered Illinois  
26 labor expenditures: Writer, Director, Director of

1 Photography, Production Designer, Costume Designer,  
2 Production Accountant, VFX Supervisor, Editor, Composer,  
3 and Actor, subject to the limitations set forth under this  
4 subparagraph. For an accredited Illinois production  
5 spending of \$25,000,000 or less, no more than 2  
6 nonresident actors' wages shall qualify as an Illinois  
7 labor expenditure. For an accredited production with  
8 Illinois production spending of more than \$25,000,000, no  
9 more than 4 nonresident actor's wages shall qualify as  
10 Illinois labor expenditures.

11 (9.2) For purposes of paragraph (9) ~~this subparagraph~~,  
12 if the production is accredited by the Department on or  
13 after the effective date of this amendatory Act of the  
14 102nd General Assembly and before July 1, 2025, wages paid  
15 to nonresidents shall qualify as Illinois labor  
16 expenditures only under the following conditions:

17 (A) the nonresident must be employed in a  
18 qualified position;

19 (B) for each of those accredited productions, the  
20 wages of not more than 9 nonresidents who are employed  
21 in a qualified position other than Actor shall qualify  
22 as Illinois labor expenditures;

23 (C) for an accredited production with Illinois  
24 production spending of \$25,000,000 or less, no more  
25 than 2 nonresident actors' wages shall qualify as  
26 Illinois labor expenditures; and

1 (D) for an accredited production with Illinois  
2 production spending of more than \$25,000,000, no more  
3 than 4 nonresident actors' wages shall qualify as  
4 Illinois labor expenditures.

5 As used in this paragraph (9.2) ~~(9)~~, "qualified  
6 position" means: Writer, Director, Director of  
7 Photography, Production Designer, Costume Designer,  
8 Production Accountant, VFX Supervisor, Editor, Composer,  
9 or Actor.

10 (9.3) For the purposes of paragraph (9), in the case  
11 of a production that commences on or after July 1, 2025,  
12 wages paid to nonresidents shall qualify as Illinois labor  
13 expenditures only under the following conditions:

14 (A) the wages of not more than 13 nonresidents who  
15 are selected by the accredited production and employed  
16 in a position other than Actor shall qualify as  
17 Illinois labor expenditures;

18 (B) for an accredited production with Illinois  
19 production spending of less than \$20,000,000, no more  
20 than 4 nonresident actors' wages shall qualify as  
21 Illinois labor expenditures; and

22 (C) for an accredited production with Illinois  
23 production spending of more than \$20,000,000 and less  
24 than \$40,000,000, no more than 5 nonresident actors'  
25 wages shall qualify as Illinois labor expenditures;  
26 and

1           (D) for an accredited production with Illinois  
2           production spending of \$40,000,000 or more, no more  
3           than 6 nonresident actors' wages shall qualify as  
4           Illinois labor expenditures.

5           (10) Paid for services rendered in Illinois.

6           For a production commencing on or after the effective date  
7           of this amendatory Act of the 104th General Assembly,  
8           "Illinois labor expenditure" does not include:

9           (1) above-the-line spending exceeding 40% of the total  
10           Illinois production spending for the production, unless  
11           the Department determines, through a process specified by  
12           administrative rule, that inclusion as an Illinois labor  
13           expenditure of above-the-line spending for the production  
14           in an amount that exceeds 40% of the production's total  
15           Illinois production spending is necessary for the  
16           production to meet the conditions set forth in subsection  
17           (a) of Section 30;

18           (2) above-the-line spending paid to related parties  
19           that exceeds, in the aggregate, 12% of the total Illinois  
20           production spending for the production; or

21           (3) below-the-line spending paid to a related party  
22           that exceeds the fair market value of the transaction.

23           "Illinois production spending" means the expenses incurred  
24           by the applicant for an accredited production that are  
25           reasonable under the circumstances, but does not include any  
26           monetary prize or the cost of any non-monetary prize awarded

1 pursuant to a production in respect of a game, questionnaire,  
2 or contest. "Illinois production spending" includes, without  
3 limitation, unless otherwise specified in this definition, all  
4 of the following:

5 (1) expenses to purchase, from vendors within  
6 Illinois, tangible personal property that is used in the  
7 accredited production;

8 (2) expenses to acquire services, from vendors in  
9 Illinois, for film production, editing, or processing;

10 (2.1) airfare, if purchased from an airline domiciled  
11 in Illinois;

12 (3) for a production commencing before July 1, 2022,  
13 the compensation, not to exceed \$100,000 for any one  
14 employee, for contractual or salaried employees who are  
15 Illinois residents performing services with respect to the  
16 accredited production. For a production commencing on or  
17 after July 1, 2022, Illinois labor expenditure  
18 compensation, not to exceed \$500,000 for any one employee,  
19 for contractual or salaried employees who are Illinois  
20 residents or nonresident employees, subject to the  
21 limitations set forth under Section 10 of this Act; and

22 (4) for a production commencing on or after the  
23 effective date of this amendatory Act of the 104th General  
24 Assembly, the fair market value of any transaction that  
25 (i) is entered into between the taxpayer and a related  
26 party or the taxpayer and an unrelated party, (ii) is for

1 the accredited production, and (iii) has terms that  
2 reflect the fair market value of the transaction.

3 "Loan out company" means a personal service corporation or  
4 other entity that is under contract with the taxpayer to  
5 provide specified individual personnel, such as artists, crew,  
6 actors, producers, or directors for the performance of  
7 services used directly in a production. "Loan out company"  
8 does not include entities contracted with by the taxpayer to  
9 provide goods or ancillary contractor services such as  
10 catering, construction, trailers, equipment, or  
11 transportation.

12 "Qualified production facility" means stage facilities in  
13 the State in which television shows and films are or are  
14 intended to be regularly produced and that contain at least  
15 one sound stage of at least 15,000 square feet.

16 "Related party" means a party that is deemed to be related  
17 to the taxpayer by common ownership or control according to  
18 generally accepted accounting standards and generally accepted  
19 accounting principles.

20 "Unrelated party" means a party that is not a related  
21 party with respect to the taxpayer.

22 The Department shall adopt rules to implement the changes  
23 made to this Section within one year after the effective date  
24 of this amendatory Act of the 104th General Assembly.

25 (Source: P.A. 103-595, eff. 6-26-24; 104-6, eff. 6-16-25.)

1 (35 ILCS 16/42)

2 Sec. 42. Sunset of credits. The application of credits  
3 awarded pursuant to this Act shall be limited by a reasonable  
4 and appropriate sunset date. A taxpayer shall not be awarded  
5 any new credits pursuant to this Act for tax years beginning on  
6 or after January 1, 2039 ~~2033~~.

7 (Source: P.A. 101-178, eff. 8-1-19; 102-700, eff. 4-19-22;  
8 102-1125, eff. 2-3-23.)

9 ARTICLE 99

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