

HB3124



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3124

Introduced 2/18/2025, by Rep. Blaine Wilhour

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. Provides that the amendatory Act may be referred to as the Reshore Our Supply Chains Tax Reform Act. In specified provisions concerning base income, provides that a taxpayer may claim a depreciation deduction for federal income tax purposes.

LRB104 10028 HLH 20099 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 1. This Act may be referred to as the Reshore Our
5 Supply Chains Tax Reform Act.

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

8 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

9 Sec. 203. Base income defined.

10 (a) Individuals.

11 (1) In general. In the case of an individual, base
12 income means an amount equal to the taxpayer's adjusted
13 gross income for the taxable year as modified by paragraph
14 (2).

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

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

1 described in Section 305(e) of the Internal Revenue
2 Code;

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

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

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

23 (D-5) An amount, to the extent not included in
24 adjusted gross income, equal to the amount of money
25 withdrawn by the taxpayer in the taxable year from a
26 medical care savings account and the interest earned

1 on the account in the taxable year of a withdrawal
2 pursuant to subsection (b) of Section 20 of the
3 Medical Care Savings Account Act or subsection (b) of
4 Section 20 of the Medical Care Savings Account Act of
5 2000;

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

11 (D-15) For taxable years 2001 and thereafter, an
12 amount equal to the bonus depreciation deduction taken
13 on the taxpayer's federal income tax return for the
14 taxable year under subsection (k) of Section 168 of
15 the Internal 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 taxpayer
25 may claim a depreciation deduction for federal income
26 tax purposes ~~a subtraction is allowed with respect to~~

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

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

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

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

9 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

1 its authority under Section 404 of this Act;

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

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

21 This paragraph shall not apply to the following:

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

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

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

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

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

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

1 304(f);

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

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

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

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

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

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

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

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

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

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

1 nonqualified withdrawal or refund that was previously
2 deducted from base income under subsection (a) (2) (HH)
3 of this Section;

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

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

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

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

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

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

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

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

8 (G) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

24 (Q) An amount equal to any amounts included in
25 such total, received by the taxpayer as an
26 acceleration in the payment of life, endowment or

1 annuity benefits in advance of the time they would
2 otherwise be payable as an indemnity for a terminal
3 illness;

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

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

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

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

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

1 deducted on the taxpayer's federal income tax return;

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

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

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

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

1 Tuition Trust Fund, 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 purposes
5 of this subparagraph, contributions made by an
6 employer on behalf of an employee, or matching
7 contributions made by an employee, shall be treated as
8 made by the employee. This subparagraph (Y) is exempt
9 from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

13 (AA) 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-15), then
17 an amount equal to that addition modification.

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which a taxpayer
20 may claim a depreciation deduction for federal income
21 tax purposes ~~a subtraction is allowed with respect to~~
22 ~~that property under subparagraph (Z)~~ and 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 The taxpayer is allowed to take the deduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 This subparagraph (LL) is exempt from the
13 provisions of Section 250; and.

14 (MM) ~~(LL)~~ For taxable years beginning on or after
15 January 1, 2025, if the taxpayer is an eligible
16 resident as defined in the Medical Debt Relief Act, an
17 amount equal to the amount included in the taxpayer's
18 federal adjusted gross income that is attributable to
19 medical debt relief received by the taxpayer during
20 the taxable year from a nonprofit medical debt relief
21 coordinator under the provisions of the Medical Debt
22 Relief Act. This subparagraph (MM) ~~(LL)~~ is exempt from
23 the provisions of Section 250.

24 (b) Corporations.

25 (1) In general. In the case of a corporation, base

1 income means an amount equal to the taxpayer's taxable
2 income for the taxable year as modified by paragraph (2).

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

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

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

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

25 (D) The amount of any net operating loss deduction
26 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

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

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

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

26 For taxable years in which there is a net

1 operating loss carryback or carryforward from more
2 than one other taxable year ending prior to December
3 31, 1986, the addition modification provided in this
4 subparagraph (E) shall be the sum of the amounts
5 computed independently under the preceding provisions
6 of this subparagraph (E) for each such taxable year;

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

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

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

24 If the taxpayer continues to own property through
25 the last day of the last tax year for a taxpayer may
26 claim a depreciation deduction for federal income tax

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

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

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

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

10 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

22 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

13 (E-15) For taxable years beginning after December
14 31, 2008, any deduction for dividends paid by a
15 captive real estate investment trust that is allowed
16 to a real estate investment trust under Section
17 857(b)(2)(B) of the Internal Revenue Code for
18 dividends paid;

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

23 (E-17) For taxable years ending on or after
24 December 31, 2017, an amount equal to the deduction
25 allowed under Section 199 of the Internal Revenue Code
26 for the taxable year;

1 (E-18) for taxable years beginning after December
2 31, 2018, an amount equal to the deduction allowed
3 under Section 250(a)(1)(A) of the Internal Revenue
4 Code for the taxable year;

5 (E-19) for taxable years ending on or after June
6 30, 2021, an amount equal to the deduction allowed
7 under Section 250(a)(1)(B)(i) of the Internal Revenue
8 Code for the taxable year;

9 (E-20) for taxable years ending on or after June
10 30, 2021, an amount equal to the deduction allowed
11 under Sections 243(e) and 245A(a) of the Internal
12 Revenue Code for the taxable year;

13 (E-21) the amount that is claimed as a federal
14 deduction when computing the taxpayer's federal
15 taxable income for the taxable year and that is
16 attributable to an endowment gift for which the
17 taxpayer receives a credit under the Illinois Gives
18 Tax Credit Act;

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

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

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

26 (H) In the case of a regulated investment company,

1 an amount equal to the amount of exempt interest
2 dividends as defined in subsection (b)(5) of Section
3 852 of the Internal Revenue Code, paid to shareholders
4 for the taxable year;

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

1 the case of a life insurance company allowed a
2 deduction for an increase in reserves for the tax
3 year); the provisions of this subparagraph are exempt
4 from the provisions of Section 250;

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

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

22 (L) An amount equal to those dividends included in
23 such total that were paid by a corporation that
24 conducts business operations in a federally designated
25 Foreign Trade Zone or Sub-Zone and that is designated
26 a High Impact Business located in Illinois; provided

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph 2 of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (L);

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

1 Section 250;

2 (M-1) For any taxpayer that is a financial
3 organization within the meaning of Section 304(c) of
4 this Act, an amount included in such total as interest
5 income from a loan or loans made by such taxpayer to a
6 borrower, to the extent that such a loan is secured by
7 property which is eligible for the High Impact
8 Business Investment Credit. To determine the portion
9 of a loan or loans that is secured by property eligible
10 for a Section 201(h) investment credit to the
11 borrower, the entire principal amount of the loan or
12 loans between the taxpayer and the borrower should be
13 divided into the basis of the Section 201(h)
14 investment credit property which secures the loan or
15 loans, using for this purpose the original basis of
16 such property on the date that it was placed in service
17 in a federally designated Foreign Trade Zone or
18 Sub-Zone located in Illinois. No taxpayer that is
19 eligible for the deduction provided in subparagraph
20 (M) of paragraph (2) of this subsection shall be
21 eligible for the deduction provided under this
22 subparagraph (M-1). The subtraction modification
23 available to taxpayers in any year under this
24 subsection shall be that portion of the total interest
25 paid by the borrower with respect to such loan
26 attributable to the eligible property as calculated

1 under the previous sentence;

2 (N) Two times any contribution made during the
3 taxable year to a designated zone organization to the
4 extent that the contribution (i) qualifies as a
5 charitable contribution under subsection (c) of
6 Section 170 of the Internal Revenue Code and (ii)
7 must, by its terms, be used for a project approved by
8 the Department of Commerce and Economic Opportunity
9 under Section 11 of the Illinois Enterprise Zone Act
10 or under Section 10-10 of the River Edge Redevelopment
11 Zone Act. This subparagraph (N) is exempt from the
12 provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

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

25 (3) for taxable years ending after December
26 31, 2005:

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

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

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

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

1 percentage bonus depreciation on the property
2 (that is, $100(1-\text{bonus}\%)$).

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

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

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

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

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

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

1 from the provisions of Section 250;

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

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

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

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

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

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

16 (AA) 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 (AA) are exempt from the provisions
2 of Section 250.

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

11 (c) Trusts and estates.

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

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

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

23 (B) In the case of (i) an estate, \$600; (ii) a
24 trust which, under its governing instrument, is
25 required to distribute all of its income currently,

1 \$300; and (iii) any other trust, \$100, but in each such
2 case, only to the extent such amount was deducted in
3 the computation of taxable income;

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

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

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

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

1 (E) which related to that net operating loss and
2 which was taken into account in calculating the
3 base income of an earlier taxable year, and

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

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

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

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

26 (G-5) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation
2 costs that the trust or estate deducted in computing
3 adjusted gross income and for which the trust or
4 estate claims a credit under subsection (l) of Section
5 201;

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

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

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

26 The taxpayer is required to make the addition

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

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

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

4 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) the taxpayer can establish, based on

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

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

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

23 (G-13) An amount equal to the amount of intangible
24 expenses and costs otherwise allowed as a deduction in
25 computing base income, and that were paid, accrued, or
26 incurred, directly or indirectly, (i) for taxable

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

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

16 This paragraph shall not apply to the following:

17 (i) any item of intangible expenses or costs
18 paid, accrued, or incurred, directly or
19 indirectly, from a transaction with 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 item; or

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

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

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

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

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

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

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

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

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

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

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

15 (G-17) the amount that is claimed as a federal
16 deduction when computing the taxpayer's federal
17 taxable income for the taxable year and that is
18 attributable to an endowment gift for which the
19 taxpayer receives a credit under the Illinois Gives
20 Tax Credit Act;

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

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

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

8 (I) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 equal to that addition modification.

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

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

13 This subparagraph (S) is exempt from the
14 provisions of Section 250;

15 (T) 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 such 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 such
4 addition modification. This subparagraph (T) is exempt
5 from the provisions of Section 250;

6 (U) 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 the foreign person's business activity
12 outside the United States is 80% or more of that
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, but not to exceed the
21 addition modification required to be made for the same
22 taxable year under Section 203(c)(2)(G-12) for
23 interest paid, accrued, or incurred, directly or
24 indirectly, to the same person. This subparagraph (U)
25 is exempt from the provisions of Section 250;

26 (V) An amount equal to the income from intangible

1 property taken into account for the taxable year (net
2 of the 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(c)(2)(G-13) for intangible expenses and costs
18 paid, accrued, or incurred, directly or indirectly, to
19 the same foreign person. This subparagraph (V) is
20 exempt from the provisions of Section 250;

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

1 from Section 250;

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

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

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

1 Revenue Code; and

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

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

22 (d) Partnerships.

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

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

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

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

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

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

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

24 (D-6) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (D-5), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (O) with respect to that property.

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

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

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

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

17 This paragraph shall not apply to the following:

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

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

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

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

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

13 (iii) the taxpayer can establish, based on
14 clear and convincing evidence, that the interest
15 paid, accrued, or incurred relates to a contract
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 Nothing in this subsection shall preclude the
2 Director from making any other adjustment
3 otherwise allowed under Section 404 of this Act
4 for any tax year beginning after the effective
5 date of this amendment provided such adjustment is
6 made pursuant to regulation adopted by the
7 Department and such regulations provide methods
8 and standards by which the Department will utilize
9 its authority under Section 404 of this Act; and

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

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

1 marks, copyrights, mask works, trade secrets, and
2 similar types of intangible assets;

3 This paragraph shall not apply to the following:

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

11 (ii) 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 (iii) 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
12 otherwise allowed under Section 404 of this Act
13 for any tax year beginning after the effective
14 date of this amendment provided such adjustment is
15 made pursuant to regulation adopted by the
16 Department and such regulations provide methods
17 and standards by which the Department will utilize
18 its authority under Section 404 of this Act;

19 (D-9) 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(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

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

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

1 (D-12) the amount that is claimed as a federal
2 deduction when computing the taxpayer's federal
3 taxable income for the taxable year and that is
4 attributable to an endowment gift for which the
5 taxpayer receives a credit under the Illinois Gives
6 Tax Credit Act;

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

9 (E) The valuation limitation amount;

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

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

23 (H) Any income of the partnership which
24 constitutes personal service income as defined in
25 Section 1348(b)(1) of the Internal Revenue Code (as in
26 effect December 31, 1981) or a reasonable allowance

1 for compensation paid or accrued for services rendered
2 by partners to the partnership, whichever is greater;
3 this subparagraph (H) is exempt from the provisions of
4 Section 250;

5 (I) An amount equal to all amounts of income
6 distributable to an entity subject to the Personal
7 Property Tax Replacement Income Tax imposed by
8 subsections (c) and (d) of Section 201 of this Act
9 including amounts distributable to organizations
10 exempt from federal income tax by reason of Section
11 501(a) of the Internal Revenue Code; this subparagraph
12 (I) is exempt from the provisions of Section 250;

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

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

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

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

15 (M) 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 (M);

24 (N) 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;

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

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

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

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

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

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

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

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

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

1 depreciation deduction taken on that property on the
2 taxpayer's federal income tax return under subsection
3 (k) of Section 168 of the Internal Revenue Code. This
4 subparagraph (O) is exempt from the provisions of
5 Section 250;

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

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

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

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

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

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

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

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

1 accrued, or incurred, directly or indirectly, to the
2 same person. This subparagraph (S) is exempt from
3 Section 250;

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

20 (U) For taxable years beginning on or after
21 January 1, 2023, for any cannabis establishment
22 operating in this State and licensed under the
23 Cannabis Regulation and Tax Act or any cannabis
24 cultivation center or medical cannabis dispensing
25 organization operating in this State and licensed
26 under the Compassionate Use of Medical Cannabis

1 Program Act, an amount equal to the deductions that
2 were disallowed under Section 280E of the Internal
3 Revenue Code for the taxable year and that would not be
4 added back under this subsection. The provisions of
5 this subparagraph (U) are exempt from the provisions
6 of Section 250.

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

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

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

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

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

25 (B) Certain other insurance companies. In the case
26 of mutual insurance companies subject to the tax

1 imposed by Section 831 of the Internal Revenue Code,
2 insurance company taxable income;

3 (C) Regulated investment companies. In the case of
4 a regulated investment company subject to the tax
5 imposed by Section 852 of the Internal Revenue Code,
6 investment company taxable income;

7 (D) Real estate investment trusts. In the case of
8 a real estate investment trust subject to the tax
9 imposed by Section 857 of the Internal Revenue Code,
10 real estate investment trust taxable income;

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

24 (F) Cooperatives. In the case of a cooperative
25 corporation or association, the taxable income of such
26 organization determined in accordance with the

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

1 elections. Public Act 96-932 is declaratory of
2 existing law;

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

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

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

18 (f) Valuation limitation amount.

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

22 (A) The sum of the pre-August 1, 1969 appreciation
23 amounts (to the extent consisting of gain reportable
24 under the provisions of Section 1245 or 1250 of the
25 Internal Revenue Code) for all property in respect of

1 which such gain was reported for the taxable year;
2 plus

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

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

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

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

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

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

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

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

23 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
24 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.

1 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592,
2 Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170,
3 Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647,
4 eff. 7-1-24; revised 8-20-24.)