



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB5215

Introduced 2/10/2026, by Rep. Theresa Mah

#### SYNOPSIS AS INTRODUCED:

New Act  
35 ILCS 5/203

from Ch. 120, par. 2-203

Creates the Extremely High Wealth Mark-to-Market Tax Act. Provides that a resident taxpayer with net assets worth \$1,000,000,000 or more shall recognize gains or losses as if each asset owned by that taxpayer had been sold for its fair market value on December 31 of the taxable year. Contains provisions concerning the calculation of the amount of tax due from those gains or losses. Amends the Illinois Income Tax Act to make conforming changes. Effective immediately.

LRB104 18495 HLH 31937 b

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. Short title. This Act may be cited as the  
5 Extremely High Wealth Mark-to-Market Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Asset" means, to the extent allowable under the Illinois  
8 Constitution, the United States Constitution, and any other  
9 governing federal law, all real or personal property, whether  
10 tangible or intangible and wherever situated, that is:

11 (1) owned by the taxpayer;

12 (2) owned by (i) the taxpayer's spouse, (ii) the  
13 taxpayer's minor children, or (iii) any trust or estate of  
14 which the taxpayer is a beneficiary;

15 (3) contributed by the taxpayer or the taxpayer's  
16 spouse, minor children, or any trust or estate of which  
17 the taxpayer is a beneficiary to any private foundation,  
18 donor-advised fund, or any other entity described in  
19 Section 501(c) or Section 527 of the Internal Revenue Code  
20 if the taxpayer or the taxpayer's spouse, minor children,  
21 or any trust or estate of which the taxpayer is a  
22 beneficiary is a substantial contributor (as such term is  
23 defined in Section 4958(c)(3)(B)(i) of the Internal

1 Revenue Code) to that foundation, fund, or other entity;  
2 and

3 (4) without duplication, all gifts and donations made  
4 within the 5 years immediately preceding the taxable year  
5 by the taxpayer or the taxpayer's spouse, minor children,  
6 or any trust or estate of which the taxpayer is a  
7 beneficiary, as if those gifts and donations were owned by  
8 the taxpayer on December 31 of the taxable year.

9 "Basis" means the fair market value of an asset on  
10 December 31 of the taxable year immediately preceding the  
11 taxable year in which the gain or loss is calculated under this  
12 Act. If the asset is acquired by the taxpayer during the  
13 taxable year, then the basis shall be the taxpayer's basis in  
14 the asset for the purpose of calculating capital gains under  
15 the federal Internal Revenue Code.

16 "Department" means the Department of Revenue.

17 "Net assets" means the fair market value of the taxpayer's  
18 assets less the fair market value of the taxpayer's  
19 liabilities and, in appropriate cases as determined by the  
20 Department, liabilities of such other persons described in  
21 this Section.

22 "Net income" has the meaning given to that term in Section  
23 202 of the Illinois Income Tax Act.

24 "Phase-in cap amount" means an amount equal to 25% of the  
25 worth of a taxpayer's net assets in excess of \$1,000,000,000  
26 on December 31 of the taxable year for which gains or losses

1 are calculated under this Act.

2 "Resident taxpayer" means an individual, other than a  
3 nonresident of the State or a part-year resident of the State,  
4 who is subject to the tax imposed under subsections (a) and (b)  
5 of Section 201 of the Illinois Income Tax Act for the taxable  
6 year.

7 "Taxable year" has the meaning ascribed to that term in  
8 Section 1501 of the Illinois Income Tax Act.

9 Section 10. Tax imposed for taxable years ending on or  
10 after December 31, 2026 and ending prior to December 31, 2027.

11 (a) Notwithstanding any other provision of law, for  
12 taxable years ending on or after December 31, 2026 and ending  
13 before December 31, 2027, a resident taxpayer with net assets  
14 worth \$1,000,000,000 or more on December 31, 2026 shall  
15 recognize gains or losses as if each asset owned by that  
16 taxpayer had been sold for its fair market value on December  
17 31, 2026. An amount equal to the lesser of (i) any resulting  
18 net gains from these deemed sales or (ii) the phase-in cap  
19 amount shall be included in the taxpayer's net income for that  
20 taxable year for the purpose of calculating the tax due under  
21 the Illinois Income Tax Act. Proper adjustment shall be made  
22 in the amount of any gain or loss subsequently realized for  
23 gains or losses taken into account under this subsection. At  
24 the taxpayer's option, the tax payable as a result of this  
25 Section shall either be payable in one installment or else

1 shall be payable annually in 10 equal installments beginning  
2 in the year of the effective date of this Act and with all such  
3 installment payments commencing after the initial installment  
4 payment also being subject to an annual nondeductible deferral  
5 charge of 7.5% annually.

6 (b) For resident taxpayers who would recognize net gains  
7 as a result of this Section except for the operation of this  
8 sentence, if the taxpayer can show that any portion of those  
9 gains was accumulated prior to the taxpayer becoming a  
10 resident taxpayer of Illinois, and if the taxpayer can also  
11 show that a portion of those gains was previously taxed by any  
12 state or jurisdiction in which the taxpayer was a resident  
13 prior to becoming a resident of Illinois, then a credit  
14 against the tax imposed by this Act shall be provided in the  
15 amount of the tax on those gains that was paid to any such  
16 prior state or jurisdiction. Any credits so provided by this  
17 subsection, however, shall not exceed the lesser of the total  
18 tax owed under this Section on such gains and the tax imposed  
19 on such gains by such other prior states or jurisdictions in  
20 which the taxpayer was a resident prior to becoming a resident  
21 individual of Illinois.

22 Section 15. Tax imposed for taxable years ending on or  
23 after December 31, 2027.

24 (a) For taxable years ending on or after December 31,  
25 2027, a resident taxpayer with net assets worth \$1,000,000,000

1 or more on December 31 of the taxable year shall recognize  
2 gains or losses as if each asset owned by that taxpayer on  
3 December 31 of the taxable year had been sold for its fair  
4 market value on December 31 of the taxable year but with  
5 adjustment made for taxes paid on gains in previous years. An  
6 amount equal to the lesser of (i) any resulting net gains from  
7 these deemed sales or (ii) the phase-in cap amount shall be  
8 included in the taxpayer's net income for that taxable year  
9 for the purpose of calculating the tax due under the Illinois  
10 Income Tax Act. Proper adjustment shall be made in the amount  
11 of any gain or loss subsequently realized for gain or loss  
12 taken into account under the preceding sentence. To the extent  
13 that the losses of a taxpayer exceed the taxpayer's gains,  
14 such net losses shall not be recognized in such taxable year  
15 and shall instead carry forward indefinitely.

16 (b) For resident taxpayers who would recognize net gains  
17 as a result of this Section except for the operation of this  
18 sentence, if the taxpayer can show that any portion of those  
19 gains was accumulated prior to the taxpayer becoming a  
20 resident taxpayer of Illinois, and if the taxpayer can also  
21 show that a portion of those gains was previously taxed by any  
22 state or jurisdiction in which the taxpayer was a resident  
23 prior to becoming a resident of Illinois, then credit shall be  
24 provided in the amount of the tax on those gains that was paid  
25 to any such prior state or jurisdiction. Any credits so  
26 provided by this subsection, however, shall not exceed the

1 lesser of the total tax owed under this Section on such gains  
2 and the tax imposed on such gains by such other prior states or  
3 jurisdictions in which the taxpayer was a resident prior to  
4 becoming a resident individual of Illinois.

5 Section 25. Fair market value.

6 (a) The fair market value of each asset owned by the  
7 taxpayer shall be the price at which the asset would change  
8 hands between a willing buyer and a willing seller, neither  
9 being under any compulsion to buy or to sell and both having  
10 reasonable knowledge of relevant facts. The value of a  
11 particular asset shall not be the price that a forced sale of  
12 the property would produce. Further, the fair market value of  
13 an asset shall not be its sale price in a market other than a  
14 market in which the item is most commonly sold to the public,  
15 taking into account the location of the item wherever  
16 appropriate. In the case of an asset that is generally  
17 obtained by the public in the retail market, the fair market  
18 value of such an asset shall be the price at which the item or  
19 a comparable item would be sold at retail.

20 (b) For purposes of this Section, any feature of an asset,  
21 such as a poison pill, that was added with the intent and has  
22 the effect of reducing the value of the asset shall be  
23 disregarded, and no valuation or other discount shall be taken  
24 into account if it would have the effect of reducing the value  
25 of a pro rata economic interest in an asset below the pro rata

1 portion of the value of the entire asset.

2 Section 30. Administration.

3 (a) The Department shall amend or create tax forms as  
4 necessary for the reporting of gains under this Act. Assets  
5 shall be listed with (i) a description of the asset, (ii) the  
6 asset category, (iii) the year in which the asset was  
7 acquired, (iv) the adjusted Illinois basis of the asset as of  
8 December 31 of the tax year, (v) the fair market value of the  
9 asset as of December 31 of the tax year, and (vi) the amount of  
10 gain that would be taxable under this Act, unless the  
11 Department determines that one or more categories is not  
12 appropriate for a particular type of asset.

13 (b) Asset categories separately listed shall include, but  
14 shall not be limited to, the following:

- 15 (1) stock held in any publicly traded corporation;  
16 (2) stock held in any private C corporation;  
17 (3) stock held in any S corporation;  
18 (4) interests in any private equity or hedge fund  
19 organized as a partnership;  
20 (5) interests in any other partnerships;  
21 (6) interests in any other noncorporate businesses;  
22 (7) bonds and interest-bearing savings accounts, cash  
23 and deposits;  
24 (8) interests in mutual funds or index funds;  
25 (9) put and call options;

- 1 (10) futures contracts;
- 2 (11) financial assets held offshore and reported on
- 3 IRS tax form 8938;
- 4 (12) real property;
- 5 (13) art and collectibles;
- 6 (14) pension funds;
- 7 (15) other assets;
- 8 (16) debts and liabilities; and
- 9 (17) assets not owned by the taxpayer but which count
- 10 toward the \$1,000,000,000 threshold under Section 15.

11 (c) The Department shall specifically request the filing

12 of the forms under this Section by any resident individual

13 expected to have net assets in excess of \$1,000,000,000. Those

14 taxpayers shall include, but not be limited to, taxpayers with

15 an adjusted gross income over the previous 10 years in excess

16 of \$600,000,000.

17 Section 35. Mark-to-market in other states. If a resident

18 taxpayer becomes an Illinois resident after having paid tax to

19 another state as a result of recognizing gain or loss pursuant

20 to any mark-to-market or deemed-realization regime of that

21 other state, proper adjustment shall be made in the amount of

22 any gain or loss subsequently realized for gain or loss taken

23 into account under such mark-to-market or deemed-realization

24 regime of that other state for purposes of computing gain or

25 loss under Sections 10 or 15 of this Act.

1           Section 40. Collection. The Department shall collect the  
2 mark-to-market taxes imposed by this Act. Money collected,  
3 after deducting amounts necessary for administration and  
4 enforcement by the Department, shall be paid into the General  
5 Revenue Fund in the State treasury.

6           Section 45. Rules. The Department shall adopt rules  
7 necessary or appropriate to carry out the purposes of this  
8 Act, including rules to prevent the use of year-end transfers,  
9 related parties, or other arrangements to avoid its  
10 provisions.

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

13           (35 ILCS 5/203) (from Ch. 120, par. 2-203)

14           Sec. 203. Base income defined.

15           (a) Individuals.

16           (1) In general. In the case of an individual, base  
17 income means an amount equal to the taxpayer's adjusted  
18 gross income for the taxable year as modified by paragraph  
19 (2).

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

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

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

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

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

1 computation of adjusted gross income;

2 (D-5) An amount, to the extent not included in  
3 adjusted gross income, equal to the amount of money  
4 withdrawn by the taxpayer in the taxable year from a  
5 medical care savings account and the interest earned  
6 on the account in the taxable year of a withdrawal  
7 pursuant to subsection (b) of Section 20 of the  
8 Medical Care Savings Account Act or subsection (b) of  
9 Section 20 of the Medical Care Savings Account Act of  
10 2000;

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

16 (D-15) For taxable years 2001 through 2025, an  
17 amount equal to the bonus depreciation deduction taken  
18 on the taxpayer's federal income tax return for the  
19 taxable year under subsection (k) of Section 168 of  
20 the Internal Revenue Code; for taxable years 2026 and  
21 thereafter, an amount equal to the bonus depreciation  
22 deduction taken on the taxpayer's federal income tax  
23 return for the taxable year under subsection (k) or  
24 (n) of Section 168 of the Internal Revenue Code;

25 (D-16) If the taxpayer sells, transfers, abandons,  
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an  
2 addition modification under subparagraph (D-15), then  
3 an amount equal to the aggregate amount of the  
4 deductions taken in all taxable years under  
5 subparagraph (Z) with respect to that property.

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

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

16 (D-17) 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 that 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 under Sections 951 through  
12 964 of the Internal Revenue Code and amounts included  
13 in gross income under Section 78 of the Internal  
14 Revenue Code) with respect to the stock of the same  
15 person to whom the interest was paid, accrued, or  
16 incurred. For taxable years ending on and after  
17 December 31, 2025, for purposes of applying this  
18 paragraph in the case of a taxpayer to which Section  
19 163(j) of the Internal Revenue Code applies for the  
20 taxable year, the reduction in the amount of interest  
21 for which a deduction is allowed by reason of Section  
22 163(j) shall be treated as allocable first to persons  
23 who are not foreign persons referred to in this  
24 paragraph and then to such foreign persons.

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

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

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

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

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

22           (iii) the taxpayer can establish, based on  
23 clear and convincing evidence, that the interest  
24 paid, accrued, or incurred relates to a contract  
25 or agreement entered into at arm's-length rates  
26 and terms and the principal purpose for the

1 payment is not federal or Illinois tax avoidance;  
2 or

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

10 For taxable years ending on or after December 31,  
11 2025, this paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

24 (a) the person during the same taxable  
25 year paid, accrued, or incurred, the  
26 intangible expense or cost to a person that is

1 not a related member, and

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

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

18 For taxable years ending on or after December 31,  
19 2025, this paragraph shall not apply to the following:

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

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

1 intangible expense or cost to a person that is  
2 not a related member, and

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

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

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

1 404 of this Act;

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

1           203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
2           Act;

3           (D-20) For taxable years beginning on or after  
4           January 1, 2002 and ending on or before December 31,  
5           2006, in the case of a distribution from a qualified  
6           tuition program under Section 529 of the Internal  
7           Revenue Code, other than (i) a distribution from a  
8           College Savings Pool created under Section 16.5 of the  
9           State Treasurer Act or (ii) a distribution from the  
10          Illinois Prepaid Tuition Trust Fund, an amount equal  
11          to the amount excluded from gross income under Section  
12          529(c)(3)(B). For taxable years beginning on or after  
13          January 1, 2007, in the case of a distribution from a  
14          qualified tuition program under Section 529 of the  
15          Internal Revenue Code, other than (i) a distribution  
16          from a College Savings Pool created under Section 16.5  
17          of the State Treasurer Act, (ii) a distribution from  
18          the Illinois Prepaid Tuition Trust Fund, or (iii) a  
19          distribution from a qualified tuition program under  
20          Section 529 of the Internal Revenue Code that (I)  
21          adopts and determines that its offering materials  
22          comply with the College Savings Plans Network's  
23          disclosure principles and (II) has made reasonable  
24          efforts to inform in-state residents of the existence  
25          of in-state qualified tuition programs by informing  
26          Illinois residents directly and, where applicable, to

1 inform financial intermediaries distributing the  
2 program to inform in-state residents of the existence  
3 of in-state qualified tuition programs at least  
4 annually, an amount equal to the amount excluded from  
5 gross income under Section 529(c)(3)(B).

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

18 (D-20.5) For taxable years beginning on or after  
19 January 1, 2018, in the case of a distribution from a  
20 qualified ABLE program under Section 529A of the  
21 Internal Revenue Code, other than a distribution from  
22 a qualified ABLE program created under Section 16.6 of  
23 the State Treasurer Act, an amount equal to the amount  
24 excluded from gross income under Section 529A(c)(1)(B)  
25 of the Internal Revenue Code;

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

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

7 (D-21.5) For taxable years beginning on or after  
8 January 1, 2018, in the case of the transfer of moneys  
9 from a qualified tuition program under Section 529 or  
10 a qualified ABLE program under Section 529A of the  
11 Internal Revenue Code that is administered by this  
12 State to an ABLE account established under an  
13 out-of-state ABLE account program, an amount equal to  
14 the contribution component of the transferred amount  
15 that was previously deducted from base income under  
16 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this  
17 Section;

18 (D-22) For taxable years beginning on or after  
19 January 1, 2009, and prior to January 1, 2018, in the  
20 case of a nonqualified withdrawal or refund of moneys  
21 from a qualified tuition program under Section 529 of  
22 the Internal Revenue Code administered by the State  
23 that is not used for qualified expenses at an eligible  
24 education institution, an amount equal to the  
25 contribution component of the nonqualified withdrawal  
26 or refund that was previously deducted from base

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

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

25 (D-24) For taxable years ending on or after  
26 December 31, 2017, an amount equal to the deduction

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

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

6 (D-26) For taxable years ending on or after  
7 December 31, 2026, an amount required to be included  
8 under the Extremely High Wealth Mark-to-Market Tax  
9 Act.

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

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

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

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

1 1402 of the Internal Revenue Code and regulations  
2 adopted pursuant thereto;

3 (G) The valuation limitation amount;

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

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

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

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

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

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

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

25 (N) An amount equal to all amounts included in  
26 such total which are exempt from taxation by this

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

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

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

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

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

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

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

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

22           (V) Beginning with tax years ending on or after  
23 December 31, 1995 and ending with tax years ending on  
24 or before December 31, 2004, an amount equal to the  
25 amount paid by a taxpayer who is a self-employed  
26 taxpayer, a partner of a partnership, or a shareholder

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

23 (W) For taxable years beginning on or after  
24 January 1, 1998, all amounts included in the  
25 taxpayer's federal gross income in the taxable year  
26 from amounts converted from a regular IRA to a Roth

1 IRA. This paragraph is exempt from the provisions of  
2 Section 250;

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

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

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

1 employer on behalf of an employee, or matching  
2 contributions made by an employee, shall be treated as  
3 made by the employee. This subparagraph (Y) is exempt  
4 from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

26 The aggregate amount deducted under this

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

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

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

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

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

25          (BB) Any amount included in adjusted gross income,  
26          other than salary, received by a driver in a

1           ridesharing arrangement using a motor vehicle;

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

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

1 taxable years ending on or after December 31, 2008, to  
2 a person who would be a member of the same unitary  
3 business group but for the fact that the person is  
4 prohibited under Section 1501(a)(27) from being  
5 included in the unitary business group because he or  
6 she is ordinarily required to apportion business  
7 income under different subsections of Section 304, but  
8 not to exceed the addition modification required to be  
9 made for the same taxable year under Section  
10 203(a)(2)(D-17) for interest paid, accrued, or  
11 incurred, directly or indirectly, to the same person.  
12 This subparagraph (DD) is exempt from the provisions  
13 of Section 250;

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

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

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

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

1 add back to income the amount subtracted by the  
2 taxpayer pursuant to this subparagraph (GG). This  
3 subparagraph (GG) is exempt from the provisions of  
4 Section 250;

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

17 (II) For taxable years that begin on or after  
18 January 1, 2021 and begin before January 1, 2026, the  
19 amount that is included in the taxpayer's federal  
20 adjusted gross income pursuant to Section 61 of the  
21 Internal Revenue Code as discharge of indebtedness  
22 attributable to student loan forgiveness and that is  
23 not excluded from the taxpayer's federal adjusted  
24 gross income pursuant to paragraph (5) of subsection  
25 (f) of Section 108 of the Internal Revenue Code;

26 (JJ) For taxable years beginning on or after

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

13 (KK) To the extent includible in gross income for  
14 federal income tax purposes, any amount awarded or  
15 paid to the taxpayer as a result of a judgment or  
16 settlement for fertility fraud as provided in Section  
17 15 of the Illinois Fertility Fraud Act, donor  
18 fertility fraud as provided in Section 20 of the  
19 Illinois Fertility Fraud Act, or similar action in  
20 another state;

21 (LL) For taxable years beginning on or after  
22 January 1, 2026, if the taxpayer is a qualified  
23 worker, as defined in the Workforce Development  
24 through Charitable Loan Repayment Act, an amount equal  
25 to the amount included in the taxpayer's federal  
26 adjusted gross income that is attributable to student

1 loan repayment assistance received by the taxpayer  
2 during the taxable year from a qualified community  
3 foundation under the provisions of the Workforce  
4 Development through Charitable Loan Repayment Act.

5 This subparagraph (LL) is exempt from the  
6 provisions of Section 250; and

7 (MM) For taxable years beginning on or after  
8 January 1, 2025, if the taxpayer is an eligible  
9 resident as defined in the Medical Debt Relief Act, an  
10 amount equal to the amount included in the taxpayer's  
11 federal adjusted gross income that is attributable to  
12 medical debt relief received by the taxpayer during  
13 the taxable year from a nonprofit medical debt relief  
14 coordinator under the provisions of the Medical Debt  
15 Relief Act. This subparagraph (MM) is exempt from the  
16 provisions of Section 250.

17 (b) Corporations.

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

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

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

1 received from regulated investment companies during  
2 the taxable year to the extent excluded from gross  
3 income in the computation of taxable income;

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

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

22 (E) For taxable years in which a net operating  
23 loss carryback or carryforward from a taxable year  
24 ending prior to December 31, 1986 is an element of  
25 taxable income under paragraph (1) of subsection (e)  
26 or subparagraph (E) of paragraph (2) of subsection

1 (e), the amount by which addition modifications other  
2 than those provided by this subparagraph (E) exceeded  
3 subtraction modifications in such earlier taxable  
4 year, with the following limitations applied in the  
5 order that they are listed:

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

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

19 For taxable years in which there is a net  
20 operating loss carryback or carryforward from more  
21 than one other taxable year ending prior to December  
22 31, 1986, the addition modification provided in this  
23 subparagraph (E) shall be the sum of the amounts  
24 computed independently under the preceding provisions  
25 of this subparagraph (E) for each such taxable year;

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

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

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

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

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

1 equal to that subtraction modification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (E-15) For taxable years beginning after December  
19 31, 2008, any deduction for dividends paid by a  
20 captive real estate investment trust that is allowed  
21 to a real estate investment trust under Section  
22 857(b)(2)(B) of the Internal Revenue Code for  
23 dividends paid;

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

1 Act;

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

6 (E-18) for taxable years beginning after December  
7 31, 2018, an amount equal to the deduction allowed  
8 under Section 250(a)(1)(A) of the Internal Revenue  
9 Code for the taxable year;

10 (E-19) for taxable years ending on or after June  
11 30, 2021, an amount equal to the deduction allowed  
12 under Section 250(a)(1)(B)(i) of the Internal Revenue  
13 Code for the taxable year;

14 (E-20) for taxable years ending on or after June  
15 30, 2021, an amount equal to the deduction allowed  
16 under Sections 243(e) and 245A(a) of the Internal  
17 Revenue Code for the taxable year;

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

24 (E-22) For taxable years ending on or after  
25 December 31, 2026, an amount required to be included  
26 under the Extremely High Wealth Mark-to-Market Tax

1           Act.

2           and by deducting from the total so obtained the sum of the  
3           following amounts:

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

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

9                   (H) In the case of a regulated investment company,  
10                   an amount equal to the amount of exempt interest  
11                   dividends as defined in subsection (b) (5) of Section  
12                   852 of the Internal Revenue Code, paid to shareholders  
13                   for the taxable year;

14                   (I) With the exception of any amounts subtracted  
15                   under subparagraph (J), an amount equal to the sum of  
16                   all amounts disallowed as deductions by (i) Sections  
17                   171(a) (2) and 265(a) (2) and amounts disallowed as  
18                   interest expense by Section 291(a) (3) of the Internal  
19                   Revenue Code, and all amounts of expenses allocable to  
20                   interest and disallowed as deductions by Section  
21                   265(a) (1) of the Internal Revenue Code; and (ii) for  
22                   taxable years ending on or after August 13, 1999,  
23                   Sections 171(a) (2), 265, 280C, 291(a) (3), and  
24                   832(b) (5) (B) (i) of the Internal Revenue Code, plus,  
25                   for tax years ending on or after December 31, 2011,  
26                   amounts disallowed as deductions by Section 45G(e) (3)

1 of the Internal Revenue Code and, for taxable years  
2 ending on or after December 31, 2008, any amount  
3 included in gross income under Section 87 of the  
4 Internal Revenue Code and the policyholders' share of  
5 tax-exempt interest of a life insurance company under  
6 Section 807(a)(2)(B) of the Internal Revenue Code (in  
7 the case of a life insurance company with gross income  
8 from a decrease in reserves for the tax year) or  
9 Section 807(b)(1)(B) of the Internal Revenue Code (in  
10 the case of a life insurance company allowed a  
11 deduction for an increase in reserves for the tax  
12 year); the provisions of this subparagraph are exempt  
13 from the provisions of Section 250;

14 (J) An amount equal to all amounts included in  
15 such total 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 (K) An amount equal to those dividends included in  
24 such total which were paid by a corporation which  
25 conducts business operations in a River Edge  
26 Redevelopment Zone or zones created under the River

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

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

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

1 loans, using for this purpose the original basis of  
2 such property on the date that it was placed in service  
3 in the River Edge Redevelopment Zone. The subtraction  
4 modification available to the taxpayer in any year  
5 under this subsection shall be that portion of the  
6 total interest paid by the borrower with respect to  
7 such loan attributable to the eligible property as  
8 calculated under the previous sentence. This  
9 subparagraph (M) is exempt from the provisions of  
10 Section 250;

11 (M-1) For any taxpayer that is a financial  
12 organization within the meaning of Section 304(c) of  
13 this Act, an amount included in such total as interest  
14 income from a loan or loans made by such taxpayer to a  
15 borrower, to the extent that such a loan is secured by  
16 property which is eligible for the High Impact  
17 Business Investment Credit. To determine the portion  
18 of a loan or loans that is secured by property eligible  
19 for a Section 201(h) investment credit to the  
20 borrower, the entire principal amount of the loan or  
21 loans between the taxpayer and the borrower should be  
22 divided into the basis of the Section 201(h)  
23 investment credit property which secures the loan or  
24 loans, using for this purpose the original basis of  
25 such property on the date that it was placed in service  
26 in a federally designated Foreign Trade Zone or

1 Sub-Zone located in Illinois. No taxpayer that is  
2 eligible for the deduction provided in subparagraph  
3 (M) of paragraph (2) of this subsection shall be  
4 eligible for the deduction provided under this  
5 subparagraph (M-1). The subtraction modification  
6 available to taxpayers in any year under this  
7 subsection shall be that portion of the total interest  
8 paid by the borrower with respect to such loan  
9 attributable to the eligible property as calculated  
10 under the previous sentence;

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

22 (O) An amount equal to: (i) 85% for taxable years  
23 ending on or before December 31, 1992, or, a  
24 percentage equal to the percentage allowable under  
25 Section 243(a)(1) of the Internal Revenue Code of 1986  
26 for taxable years ending after December 31, 1992, of

1 the amount by which dividends included in taxable  
2 income and received from a corporation that is not  
3 created or organized under the laws of the United  
4 States or any state or political subdivision thereof,  
5 including, for taxable years ending on or after  
6 December 31, 1988, dividends received or deemed  
7 received or paid or deemed paid under Sections 951  
8 through 965 of the Internal Revenue Code, exceed the  
9 amount of the modification provided under subparagraph  
10 (G) of paragraph (2) of this subsection (b) which is  
11 related to such dividends, and including, for taxable  
12 years ending on or after December 31, 2008, dividends  
13 received from a captive real estate investment trust;  
14 plus (ii) 100% of the amount by which dividends,  
15 included in taxable income and received, including,  
16 for taxable years ending on or after December 31,  
17 1988, dividends received or deemed received or paid or  
18 deemed paid under Sections 951 through 964 of the  
19 Internal Revenue Code and including, for taxable years  
20 ending on or after December 31, 2008, dividends  
21 received from a captive real estate investment trust,  
22 from any such corporation specified in clause (i) that  
23 would but for the provisions of Section 1504(b)(3) of  
24 the Internal Revenue Code be treated as a member of the  
25 affiliated group which includes the dividend  
26 recipient, exceed the amount of the modification

1 provided under subparagraph (G) of paragraph (2) of  
2 this subsection (b) which is related to such  
3 dividends. For taxable years ending on or after June  
4 30, 2021, (i) for purposes of this subparagraph, the  
5 term "dividend" does not include any amount treated as  
6 a dividend under Section 1248 of the Internal Revenue  
7 Code, and (ii) this subparagraph shall not apply to  
8 dividends for which a deduction is allowed under  
9 Section 245(a) of the Internal Revenue Code. For  
10 taxable years ending on or after December 31, 2025,  
11 50% of the amount of global intangible low-taxed  
12 income or net controlled foreign corporation (CFC)  
13 tested income received or deemed received or paid or  
14 deemed paid under Sections 951 through 965 of the  
15 Internal Revenue Code. This subparagraph (O) is exempt  
16 from the provisions of Section 250 of this Act;

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

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

25 (R) On and after July 20, 1999, in the case of an  
26 attorney-in-fact with respect to whom an interinsurer

1 or a reciprocal insurer has made the election under  
2 Section 835 of the Internal Revenue Code, 26 U.S.C.  
3 835, an amount equal to the excess, if any, of the  
4 amounts paid or incurred by that interinsurer or  
5 reciprocal insurer in the taxable year to the  
6 attorney-in-fact over the deduction allowed to that  
7 interinsurer or reciprocal insurer with respect to the  
8 attorney-in-fact under Section 835(b) of the Internal  
9 Revenue Code for the taxable year; the provisions of  
10 this subparagraph are exempt from the provisions of  
11 Section 250;

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

22 (T) For taxable years 2001 and thereafter, for the  
23 taxable year in which the bonus depreciation deduction  
24 is taken on the taxpayer's federal income tax return  
25 under subsection (k) or (n) of Section 168 of the  
26 Internal Revenue Code and for each applicable taxable

1 year thereafter, an amount equal to "x", where:

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

9 (2) for taxable years ending on or before  
10 December 31, 2005, "x" equals "y" multiplied by 30  
11 and then divided by 70 (or "y" multiplied by  
12 0.429); and

13 (3) for taxable years ending after December  
14 31, 2005:

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

20 (ii) for property on which a bonus  
21 depreciation deduction of 50% of the adjusted  
22 basis was taken, "x" equals "y" multiplied by  
23 1.0;

24 (iii) for property on which a bonus  
25 depreciation deduction of 100% of the adjusted  
26 basis was taken in a taxable year ending on or

1 after December 31, 2021, "x" equals the  
2 depreciation deduction that would be allowed  
3 on that property if the taxpayer had made the  
4 election under Section 168(k)(7) or Section  
5 168(n)(6) of the Internal Revenue Code to not  
6 claim bonus depreciation on that property; and

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

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

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

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

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

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

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

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

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

15 (W) An amount equal to the interest income taken  
16 into account for the taxable year (net of the  
17 deductions allocable thereto) with respect to  
18 transactions with (i) a foreign person who would be a  
19 member of the taxpayer's unitary business group but  
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(b)(2)(E-12) for interest paid, accrued, or  
7 incurred, directly or indirectly, to the same person.  
8 This subparagraph (W) is exempt from the provisions of  
9 Section 250;

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

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

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

21          (Z) The difference between the nondeductible  
22          controlled foreign corporation dividends under Section  
23          965(e)(3) of the Internal Revenue Code over the  
24          taxable income of the taxpayer, computed without  
25          regard to Section 965(e)(2)(A) of the Internal Revenue  
26          Code, and without regard to any net operating loss

1 deduction. This subparagraph (Z) is exempt from the  
2 provisions of Section 250; and

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

16 (3) Special rule. For purposes of paragraph (2)(A),  
17 "gross income" in the case of a life insurance company,  
18 for tax years ending on and after December 31, 1994, and  
19 prior to December 31, 2011, shall mean the gross  
20 investment income for the taxable year and, for tax years  
21 ending on or after December 31, 2011, shall mean all  
22 amounts included in life insurance gross income under  
23 Section 803(a)(3) of the Internal Revenue Code.

24 (c) Trusts and estates.

25 (1) In general. In the case of a trust or estate, 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. Subject to the provisions of  
4 paragraph (3), the taxable income referred to in paragraph  
5 (1) shall be modified by adding thereto the sum of the  
6 following amounts:

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

11 (B) In the case of (i) an estate, \$600; (ii) a  
12 trust which, under its governing instrument, is  
13 required to distribute all of its income currently,  
14 \$300; and (iii) any other trust, \$100, but in each such  
15 case, only to the extent such amount was deducted in  
16 the computation of taxable income;

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

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

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

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

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

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

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

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

3           (F) For taxable years ending on or after January  
4           1, 1989, an amount equal to the tax deducted pursuant  
5           to Section 164 of the Internal Revenue Code if the  
6           trust or estate is claiming the same tax for purposes  
7           of the Illinois foreign tax credit under Section 601  
8           of this Act;

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

13          (G-5) For taxable years ending after December 31,  
14          1997, an amount equal to any eligible remediation  
15          costs that the trust or estate deducted in computing  
16          adjusted gross income and for which the trust or  
17          estate claims a credit under subsection (l) of Section  
18          201;

19          (G-10) For taxable years 2001 through 2025, 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; for taxable years 2026 and  
24          thereafter, an amount equal to the bonus depreciation  
25          deduction taken on the taxpayer's federal income tax  
26          return for the taxable year under subsection (k) or

1 (n) of Section 168 of the Internal Revenue Code; and  
2 (G-11) If the taxpayer sells, transfers, abandons,  
3 or otherwise disposes of property for which the  
4 taxpayer was required in any taxable year to make an  
5 addition modification under subparagraph (G-10), then  
6 an amount equal to the aggregate amount of the  
7 deductions taken in all taxable years under  
8 subparagraph (R) with respect to that property.

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

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

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

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

1 paragraph and then to such foreign persons.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 following:

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

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

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

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

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

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

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

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

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

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

20 (G-18) For taxable years ending on or after  
21 December 31, 2026, an amount required to be included  
22 under the Extremely High Wealth Mark-to-Market Tax  
23 Act.

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

26 (H) An amount equal to all amounts included in

1 such total pursuant to the provisions of Sections  
2 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408  
3 of the Internal Revenue Code or included in such total  
4 as distributions under the provisions of any  
5 retirement or disability plan for employees of any  
6 governmental agency or unit, or retirement payments to  
7 retired partners, which payments are excluded in  
8 computing net earnings from self employment by Section  
9 1402 of the Internal Revenue Code and regulations  
10 adopted pursuant thereto;

11 (I) The valuation limitation amount;

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

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

26 (L) With the exception of any amounts subtracted

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

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

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

1 Increment Allocation Redevelopment Act;

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

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

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

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

23 (R) For taxable years 2001 and thereafter, for the  
24 taxable year in which the bonus depreciation deduction  
25 is taken on the taxpayer's federal income tax return  
26 under subsection (k) or (n) of Section 168 of the

1 Internal Revenue Code and for each applicable taxable  
2 year thereafter, an amount equal to "x", where:

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

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

14 (3) for taxable years ending after December  
15 31, 2005:

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

21 (ii) for property on which a bonus  
22 depreciation deduction of 50% of the adjusted  
23 basis was taken, "x" equals "y" multiplied by  
24 1.0;

25 (iii) for property on which a bonus  
26 depreciation deduction of 100% of the adjusted

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

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

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

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

1 otherwise disposes of property for which the taxpayer  
2 was required in any taxable year to make an addition  
3 modification under subparagraph (G-10), then an amount  
4 equal to that addition modification.

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

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

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

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

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

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

1 is exempt from the provisions of Section 250;

2 (V) An amount equal to the income from intangible  
3 property taken into account for the taxable year (net  
4 of the deductions allocable thereto) with respect to  
5 transactions with (i) a foreign person who would be a  
6 member of the taxpayer's unitary business group but  
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(c)(2)(G-13) for intangible expenses and costs  
20 paid, accrued, or incurred, directly or indirectly, to  
21 the same foreign person. This subparagraph (V) is  
22 exempt from the provisions of Section 250;

23 (W) in the case of an estate, an amount equal to  
24 all amounts included in such total pursuant to the  
25 provisions of Section 111 of the Internal Revenue Code  
26 as a recovery of items previously deducted by the

1 decedent from adjusted gross income in the computation  
2 of taxable income. This subparagraph (W) is exempt  
3 from Section 250;

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

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

25 (Z) For taxable years beginning after December 31,  
26 2018, the amount of excess business loss of the

1 taxpayer disallowed as a deduction by Section  
2 461(1)(1)(B) of the Internal Revenue Code; and

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

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

23 (d) Partnerships.

24 (1) In general. In the case of a partnership, base  
25 income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

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

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

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

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

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

20 (D-5) For taxable years 2001 through 2025, an  
21 amount equal to the bonus depreciation deduction taken  
22 on the taxpayer's federal income tax return for the  
23 taxable year under subsection (k) of Section 168 of  
24 the Internal Revenue Code; for taxable years 2026 and  
25 thereafter, an amount equal to the bonus depreciation  
26 deduction taken on the taxpayer's federal income tax

1 return for the taxable year under subsection (k) or  
2 (n) of Section 168 of the Internal Revenue Code;

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

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

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

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

1 the United States is 80% or more of the foreign  
2 person's total business activity and (ii) for taxable  
3 years ending on or after December 31, 2008, to a person  
4 who would be a member of the same unitary business  
5 group but for the fact that the person is prohibited  
6 under Section 1501(a)(27) from being included in the  
7 unitary business group because he or she is ordinarily  
8 required to apportion business income under different  
9 subsections of Section 304. The addition modification  
10 required by this subparagraph shall be reduced to the  
11 extent that dividends were included in base income of  
12 the unitary group for the same taxable year and  
13 received by the taxpayer or by a member of the  
14 taxpayer's unitary business group (including amounts  
15 included in gross income pursuant to Sections 951  
16 through 964 of the Internal Revenue Code and amounts  
17 included in gross income under Section 78 of the  
18 Internal Revenue Code) with respect to the stock of  
19 the same person to whom the interest was paid,  
20 accrued, or incurred. For taxable years ending on and  
21 after December 31, 2025, for purposes of applying this  
22 paragraph in the case of a taxpayer to which Section  
23 163(j) of the Internal Revenue Code applies for the  
24 taxable year, the reduction in the amount of interest  
25 for which a deduction is allowed by reason of Section  
26 163(j) shall be treated as allocable first to persons

1 who are not foreign persons referred to in this  
2 paragraph and then to such foreign persons.

3 For taxable years ending before December 31, 2025,  
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 For taxable years ending on or after December 31,  
15 2025, this paragraph shall not apply to the following:

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

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

21 (D-8) An amount equal to the amount of intangible  
22 expenses and costs otherwise allowed as a deduction in  
23 computing base income, and that were paid, accrued, or  
24 incurred, directly or indirectly, (i) for taxable  
25 years ending on or after December 31, 2004, to a  
26 foreign person who would be a member of the same

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

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

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

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

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

1 following:

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

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

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

22 For taxable years ending on or after December 31,  
23 2025, this paragraph shall not apply to the following:

24 (i) 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 (ii) 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 otherwise  
25 allowed under Section 404 of this Act for any tax year  
26 beginning after the effective date of this amendment

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

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

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

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

14          (D-12) the amount that is claimed as a federal  
15          deduction when computing the taxpayer's federal  
16          taxable income for the taxable year and that is  
17          attributable to an endowment gift for which the  
18          taxpayer receives a credit under the Illinois Gives  
19          Tax Credit Act;

20          (D-13) For taxable years ending on or after  
21          December 31, 2026, an amount required to be included  
22          under the Extremely High Wealth Mark-to-Market Tax  
23          Act.

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

26                 (E) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

20 (O) For taxable years 2001 and thereafter, for the  
21 taxable year in which the bonus depreciation deduction  
22 is taken on the taxpayer's federal income tax return  
23 under subsection (k) or (n) of Section 168 of the  
24 Internal Revenue Code and for each applicable taxable  
25 year 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) or (n) of  
5 Section 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) or Section  
3 168(n)(6) of the Internal Revenue Code to not  
4 claim bonus 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) or (n) of Section 168 of the Internal Revenue Code.  
21 This subparagraph (O) is exempt from the provisions of  
22 Section 250;

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

1 equal to that addition modification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8       (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

13           (Source: P.A. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;  
14 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,  
15 Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.  
16 7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,  
17 eff. 8-15-25; 104-453, eff. 12-12-25.)

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