

**SB1729**



**104TH GENERAL ASSEMBLY**

**State of Illinois**

**2025 and 2026**

**SB1729**

Introduced 2/5/2025, by Sen. Mike Porfirio

**SYNOPSIS AS INTRODUCED:**

35 ILCS 5/203

from Ch. 120, par. 2-203

820 ILCS 405/604

from Ch. 48, par. 434

Amends the Illinois Income Tax Act. Creates a deduction in an amount equal to any strike benefits paid to the taxpayer during the taxable year by a labor organization, union, or similar entity during a strike, work stoppage, or labor dispute. Amends the Unemployment Insurance Act. Provides that, if an individual's unemployment is due to a stoppage of work that exists because of a labor dispute, then the individual is ineligible for benefits for a period of not more than one week. Provides that, after the expiration of that one week period, the individual shall be eligible for benefits. Effective immediately.

LRB104 09378 HLH 19437 b

**A BILL FOR**

1           AN ACT concerning employment.

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

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

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

7           Sec. 203. Base income defined.

8           (a) Individuals.

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

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

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

23           (B) An amount equal to the amount of tax imposed by

1                   this Act to the extent deducted from gross income in  
2                   the computation of adjusted gross income for the  
3                   taxable year;

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

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 adjusted gross income;

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

1                   Section 20 of the Medical Care Savings Account Act of  
2                   2000;

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

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

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

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

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

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

1           in gross income under Section 78 of the Internal  
2           Revenue Code) with respect to the stock of the same  
3           person to whom the interest was paid, accrued, or  
4           incurred.

5           This paragraph shall not apply to the following:

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

12           (ii) 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

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

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

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

(D-18) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or

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

1           dividends caused a reduction to the addition  
2           modification required under Section 203(a)(2)(D-17) of  
3           this Act. As used in this subparagraph, the term  
4           "intangible expenses and costs" includes (1) expenses,  
5           losses, and costs for, or related to, the direct or  
6           indirect acquisition, use, maintenance or management,  
7           ownership, sale, exchange, or any other disposition of  
8           intangible property; (2) losses incurred, directly or  
9           indirectly, from factoring transactions or discounting  
10           transactions; (3) royalty, patent, technical, and  
11           copyright fees; (4) licensing fees; and (5) other  
12           similar expenses and costs. For purposes of this  
13           subparagraph, "intangible property" includes patents,  
14           patent applications, trade names, trademarks, service  
15           marks, copyrights, mask works, trade secrets, and  
16           similar types of intangible assets.

17           This paragraph shall not apply to the following:

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

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

indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

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

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

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

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

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

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

1 stock of the same person to whom the premiums and costs  
2 were directly or indirectly paid, incurred, or  
3 accrued. The preceding sentence does not apply to the  
4 extent that the same dividends caused a reduction to  
5 the addition modification required under Section  
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
7 Act;

8 (D-20) For taxable years beginning on or after  
9 January 1, 2002 and ending on or before December 31,  
10 2006, in the case of a distribution from a qualified  
11 tuition program under Section 529 of the Internal  
12 Revenue Code, other than (i) a distribution from a  
13 College Savings Pool created under Section 16.5 of the  
14 State Treasurer Act or (ii) a distribution from the  
15 Illinois Prepaid Tuition Trust Fund, an amount equal  
16 to the amount excluded from gross income under Section  
17 529(c)(3)(B). For taxable years beginning on or after  
18 January 1, 2007, in the case of a distribution from a  
19 qualified tuition program under Section 529 of the  
20 Internal Revenue Code, other than (i) a distribution  
21 from a College Savings Pool created under Section 16.5  
22 of the State Treasurer Act, (ii) a distribution from  
23 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
24 distribution from a qualified tuition program under  
25 Section 529 of the Internal Revenue Code that (I)  
26 adopts and determines that its offering materials

1                   comply with the College Savings Plans Network's  
2 disclosure principles and (II) has made reasonable  
3 efforts to inform in-state residents of the existence  
4 of in-state qualified tuition programs by informing  
5 Illinois residents directly and, where applicable, to  
6 inform financial intermediaries distributing the  
7 program to inform in-state residents of the existence  
8 of in-state qualified tuition programs at least  
9 annually, an amount equal to the amount excluded from  
10 gross income under Section 529(c)(3)(B).

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

23                  (D-20.5) For taxable years beginning on or after  
24 January 1, 2018, in the case of a distribution from a  
25 qualified ABLE program under Section 529A of the  
26 Internal Revenue Code, other than a distribution from

1 a qualified ABLE program created under Section 16.6 of  
2 the State Treasurer Act, an amount equal to the amount  
3 excluded from gross income under Section 529A(c) (1) (B)  
4 of the Internal Revenue Code;

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

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

23 (D-22) For taxable years beginning on or after  
24 January 1, 2009, and prior to January 1, 2018, in the  
25 case of a nonqualified withdrawal or refund of moneys  
26 from a qualified tuition program under Section 529 of

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

26           (D-23) An amount equal to the credit allowable to

1                   the taxpayer under Section 218(a) of this Act,  
2 determined without regard to Section 218(c) of this  
3 Act;

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

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

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

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

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

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

1 computing net earnings from self employment by Section  
2 1402 of the Internal Revenue Code and regulations  
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

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

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

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

1 subparagraph (J) of paragraph (2) of this subsection  
2 shall not be eligible for the deduction provided under  
3 this subparagraph (K);

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

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

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

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

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

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

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

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

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

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

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

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

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

24 (W) For taxable years beginning on or after  
25 January 1, 1998, all amounts included in the  
26 taxpayer's federal gross income in the taxable year

1                   from amounts converted from a regular IRA to a Roth  
2                   IRA. This paragraph is exempt from the provisions of  
3                   Section 250;

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

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

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

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

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

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

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

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

25           (i) for property on which a bonus  
26 depreciation deduction of 30% of the adjusted

basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

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

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

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

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

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

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

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

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

26                   (BB) Any amount included in adjusted gross income,

1           other than salary, received by a driver in a  
2           ridesharing arrangement using a motor vehicle;

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

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

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

15           (EE) An amount equal to the income from intangible  
16           property taken into account for the taxable year (net  
17           of the 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

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

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

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

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

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

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

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

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

(LL) For taxable years beginning on or after January 1, 2026, if the taxpayer is a qualified worker, as defined in the Workforce Development through Charitable Loan Repayment Act, an amount equal to the amount included in the taxpayer's federal

adjusted gross income that is attributable to student loan repayment assistance received by the taxpayer during the taxable year from a qualified community foundation under the provisions of the Workforce Development through Charitable Loan Repayment Act.

This subparagraph (LL) is exempt from the provisions of Section 250.~~;~~

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

(NN) For taxable years beginning on or after January 1, 2026, an amount equal to any strike benefits paid to the taxpayer during the taxable year by a labor organization, union, or similar entity during a strike, work stoppage, or labor dispute; as used in this subparagraph (NN), "strike benefits" means monetary payments or other financial assistance provided to an individual during participation in a

1                   strike, work stoppage, or labor dispute; this  
2                   subparagraph (NN) is exempt from the provisions of  
3                   Section 250.

4                   (b) Corporations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1                   an amount equal to the aggregate amount of the  
2                   deductions taken in all taxable years under  
3                   subparagraph (T) with respect to that property.

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                   allowed in any taxable year to make a subtraction  
9                   modification under subparagraph (T), then an amount  
10                  equal to that subtraction modification.

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

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

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

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:

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

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

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

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

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

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

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

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

1           This paragraph shall not apply to the following:

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

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

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

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

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

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

Act;

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

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

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

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

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

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

(F) An amount equal to the amount of any tax

imposed by this Act which was refunded to the taxpayer and included in such total for the taxable year;

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

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

(I) With the exception of any amounts subtracted under subparagraph (J), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) and amounts disallowed as interest expense by Section 291(a)(3) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, for tax years ending on or after December 31, 2011, amounts disallowed as deductions by Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code and the policyholders' share of

1 tax-exempt interest of a life insurance company under  
2 Section 807(a)(2)(B) of the Internal Revenue Code (in  
3 the case of a life insurance company with gross income  
4 from a decrease in reserves for the tax year) or  
5 Section 807(b)(1)(B) of the Internal Revenue Code (in  
6 the case of a life insurance company allowed a  
7 deduction for an increase in reserves for the tax  
8 year); the provisions of this subparagraph are exempt  
9 from the provisions of Section 250;

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

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

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

(M) For any taxpayer that is a financial organization within the meaning of Section 304(c) of this Act, an amount included in such total as interest income from a loan or loans made by such taxpayer to a borrower, to the extent that such a loan is secured by property which is eligible for the River Edge Redevelopment Zone Investment Credit. To determine the portion of a loan or loans that is secured by property eligible for a Section 201(f) investment credit to the borrower, the entire principal amount of the loan or loans between the taxpayer and the borrower should be divided into the basis of the Section 201(f) investment credit property which secures the loan or loans, using for this purpose the original basis of such property on the date that it was placed in service in the River Edge Redevelopment Zone. The subtraction modification available to the taxpayer in any year

1           under this subsection shall be that portion of the  
2           total interest paid by the borrower with respect to  
3           such loan attributable to the eligible property as  
4           calculated under the previous sentence. This  
5           subparagraph (M) is exempt from the provisions of  
6           Section 250;

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

1 subparagraph (M-1). The subtraction modification  
2 available to taxpayers in any year under this  
3 subsection shall be that portion of the total interest  
4 paid by the borrower with respect to such loan  
5 attributable to the eligible property as calculated  
6 under the previous sentence;

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

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

1 including, for taxable years ending on or after  
2 December 31, 1988, dividends received or deemed  
3 received or paid or deemed paid under Sections 951  
4 through 965 of the Internal Revenue Code, exceed the  
5 amount of the modification provided under subparagraph  
6 (G) of paragraph (2) of this subsection (b) which is  
7 related to such dividends, and including, for taxable  
8 years ending on or after December 31, 2008, dividends  
9 received from a captive real estate investment trust;  
10 plus (ii) 100% of the amount by which dividends,  
11 included in taxable income and received, including,  
12 for taxable years ending on or after December 31,  
13 1988, dividends received or deemed received or paid or  
14 deemed paid under Sections 951 through 964 of the  
15 Internal Revenue Code and including, for taxable years  
16 ending on or after December 31, 2008, dividends  
17 received from a captive real estate investment trust,  
18 from any such corporation specified in clause (i) that  
19 would but for the provisions of Section 1504(b)(3) of  
20 the Internal Revenue Code be treated as a member of the  
21 affiliated group which includes the dividend  
22 recipient, exceed the amount of the modification  
23 provided under subparagraph (G) of paragraph (2) of  
24 this subsection (b) which is related to such  
25 dividends. For taxable years ending on or after June  
26 30, 2021, (i) for purposes of this subparagraph, the

1 term "dividend" does not include any amount treated as  
2 a dividend under Section 1248 of the Internal Revenue  
3 Code, and (ii) this subparagraph shall not apply to  
4 dividends for which a deduction is allowed under  
5 Section 245(a) of the Internal Revenue Code. This  
6 subparagraph (O) is exempt from the provisions of  
7 Section 250 of this Act;

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

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

1                   this subparagraph are exempt from the provisions of  
2                   Section 250;

3                   (S) For taxable years ending on or after December  
4                   31, 1997, in the case of a Subchapter S corporation, an  
5                   amount equal to all amounts of income allocable to a  
6                   shareholder subject to the Personal Property Tax  
7                   Replacement Income Tax imposed by subsections (c) and  
8                   (d) of Section 201 of this Act, including amounts  
9                   allocable to organizations exempt from federal income  
10                  tax by reason of Section 501(a) of the Internal  
11                  Revenue Code. This subparagraph (S) is exempt from the  
12                  provisions of Section 250;

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

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

26                   (2) for taxable years ending on or before

December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

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

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

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

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

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis

was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is,  $100(\text{bonus}\%)$ ) and then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is,  $100(1-\text{bonus}\%)$ ).

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

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

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

1 equal to that addition modification.

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

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

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

1 transaction under Section 203(a)(2)(D-19), Section  
2 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
3 203(d)(2)(D-9), but not to exceed the amount of that  
4 addition modification. This subparagraph (V) is exempt  
5 from the provisions of Section 250;

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

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

(Y) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(b)(2)(E-14), such taxpayer may elect to subtract that part of a reimbursement received from the

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

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

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

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

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

(c) Trusts and estates.

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

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

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

1 in the computation of taxable income;

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

8 (C) 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 taxable income for the taxable  
11 year;

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

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

26 (i) the addition modification relating to the

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

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

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

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

26                   (G) An amount equal to the amount of the capital

1                   gain deduction allowable under the Internal Revenue  
2                   Code, to the extent deducted from gross income in the  
3                   computation of taxable income;

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

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

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

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

1 modification under subparagraph (R), then an amount  
2 equal to that subtraction modification.

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

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

1                    included in gross income pursuant to Sections 951  
2                    through 964 of the Internal Revenue Code and amounts  
3                    included in gross income under Section 78 of the  
4                    Internal Revenue Code) with respect to the stock of  
5                    the same person to whom the interest was paid,  
6                    accrued, or incurred.

7                    This paragraph shall not apply to the following:

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

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

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

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

reflects an arm's-length interest rate and terms; or

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

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

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

(G-13) An amount equal to the amount of intangible

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

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

19           This paragraph shall not apply to the following:

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

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

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

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

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

Nothing in this subsection shall preclude the

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

(G-14) For taxable years ending on or after December 31, 2008, an amount equal to the amount of insurance premium expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code

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

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

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

18 (G-17) 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 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

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

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

(N) An amount equal to any contribution made to a 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) of Section 168 of the Internal

1           Revenue Code and for each applicable taxable year  
2 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) of Section  
8                   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

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

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

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

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

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

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

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

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

(T) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification and (ii) any income from intangible property (net of the deductions 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 and before January 1, 2026, the amount of excess

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

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

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

24                   (d) Partnerships.

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

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

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

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

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

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

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

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

26              (D-6) If the taxpayer sells, transfers, abandons,

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

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

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

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

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

18 This paragraph shall not apply to the following:

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

25 (ii) an item of interest paid, accrued, or  
26 incurred, directly or indirectly, to a person if

1                   the taxpayer can establish, based on a  
2 preponderance of the evidence, both of the  
3 following:

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

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

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

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

1 of apportionment under Section 304(f).

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

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

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

1           patent applications, trade names, trademarks, service  
2           marks, copyrights, mask works, trade secrets, and  
3           similar types of intangible assets;

4           This paragraph shall not apply to the following:

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

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

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

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

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

20 (D-9) For taxable years ending on or after  
21 December 31, 2008, an amount equal to the amount of  
22 insurance premium expenses and costs otherwise allowed  
23 as a deduction in computing base income, and that were  
24 paid, accrued, or incurred, directly or indirectly, to  
25 a person who would be a member of the same unitary  
26 business group but for the fact that the person is

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

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

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

1 for the taxable year;

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

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

10 (E) The valuation limitation amount;

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

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

24 (H) Any income of the partnership which  
25 constitutes personal service income as defined in  
26 Section 1348(b)(1) of the Internal Revenue Code (as in

effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater; this subparagraph (H) is exempt from the provisions of Section 250;

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

(J) With the exception of any amounts subtracted under subparagraph (G), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, (iii) for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008,

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

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

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

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

25 (N) An amount equal to the amount of the deduction  
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of  
2 right for the taxable year pursuant to Section 1341 of  
3 the Internal Revenue Code;

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

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

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

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

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

1 by 0.429);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Valuation limitation amount.

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

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

which such gain was reported for the taxable year;  
plus

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

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

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

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

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

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

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

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

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

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

5 Section 10. The Unemployment Insurance Act is amended by  
6 changing Section 604 as follows:

7 (820 ILCS 405/604) (from Ch. 48, par. 434)

8 Sec. 604. Labor dispute. If An individual shall be  
9 ~~ineligible for benefits for any week with respect to which it~~  
10 is found that an individual's his total or partial  
11 unemployment is due to a stoppage of work which exists because  
12 of a labor dispute at the factory, establishment, or other  
13 premises at which he is or was last employed, then the  
14 individual shall be ineligible for benefits for a period of  
15 not more than one week for each such labor dispute. After the  
16 expiration of that one week period, the individual shall be  
17 eligible for benefits. The term "labor dispute" does not  
18 include an individual's refusal to work because of his  
19 employer's failure to pay accrued earned wages within 10  
20 working days from the date due, or to pay any other uncontested  
21 accrued obligation arising out of his employment within 10  
22 working days from the date due.

23 For the purpose of disqualification under this Section the  
24 term "labor dispute" does not include a lockout by an

1 employer, and no individual shall be denied benefits by reason  
2 of a lockout, provided that no individual shall be eligible  
3 for benefits during a lockout who is ineligible for benefits  
4 under another Section of this Act, and provided further that  
5 no individual locked out by an employer shall be eligible for  
6 benefits for any week during which (1) the recognized or  
7 certified collective bargaining representative of the locked  
8 out employees refuses to meet under reasonable conditions with  
9 the employer to discuss the issues giving rise to the lockout  
10 or (2) there is a final adjudication under the National Labor  
11 Relations Act that during the period of the lockout the  
12 recognized or certified collective bargaining representative  
13 of the locked-out employees has refused to bargain in good  
14 faith with the employer over issues giving rise to the  
15 lockout, or (3) the lockout has resulted as a direct  
16 consequence of a violation by the recognized or certified  
17 collective bargaining representative of the locked out  
18 employees of the provisions of an existing collective  
19 bargaining agreement. An individual's total or partial  
20 unemployment resulting from any reduction in operations or  
21 reduction of force or layoff of employees by an employer made  
22 in the course of or in anticipation of collective bargaining  
23 negotiations between a labor organization and such employer,  
24 is not due to a stoppage of work which exists because of a  
25 labor dispute until the date of actual commencement of a  
26 strike or lockout.

1        This Section shall not apply if it is shown that (A) the  
2 individual is not participating in or financing or directly  
3 interested in the labor dispute which caused the stoppage of  
4 work and (B) he does not belong to a grade or class of workers  
5 of which immediately before the commencement of the stoppage  
6 there were members employed at the premises at which the  
7 stoppage occurs, any of whom are participating in or financing  
8 or directly interested in the dispute; provided, that a  
9 lockout by the employer or an individual's failure to cross a  
10 picket line at such factory, establishment, or other premises  
11 shall not, in itself, be deemed to be participation by him in  
12 the labor dispute. If in any case, separate branches of work  
13 which are commonly conducted as separate businesses in  
14 separate premises are conducted in separate departments of the  
15 same premises, each such department shall, for the purpose of  
16 this Section, be deemed to be a separate factory,  
17 establishment, or other premises.

18        Whenever any claim involves the provisions of this  
19 Section, the claims adjudicator referred to in Section 702  
20 shall make a separate determination as to the eligibility or  
21 ineligibility of the claimant with respect to the provisions  
22 of this Section. This separate determination may be appealed  
23 to the Director in the manner prescribed by Section 800.

24        (Source: P.A. 93-1088, eff. 1-1-06.)

25        Section 99. Effective date. This Act takes effect upon  
26 becoming law.