



Rep. Curtis J. Tarver, II

Filed: 10/28/2025

10400SB1911ham001

LRB104 09605 HLH 29351 a

1 AMENDMENT TO SENATE BILL 1911

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1911 by replacing  
3 everything after the enacting clause with the following:

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

6 (30 ILCS 105/6z-27)

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

11 Within 30 days after July 1, 2025, or as soon thereafter as  
12 practical, the State Comptroller shall order transferred and  
13 the State Treasurer shall transfer from the following funds  
14 moneys in the specified amounts for deposit into the Audit  
15 Expense Fund:

16 Academic Quality Assurance Fund..... \$940

1	African-American HIV/AIDS Response Fund.....	\$4,266
2	Agricultural Premium Fund.....	\$169,467
3	Alzheimer's Awareness Fund .....	\$1,068
4	Alzheimer's Disease Research,	
5	Care, and Support Fund .....	\$502
6	Amusement Ride and Patron Safety Fund .....	\$6,888
7	Assisted Living and Shared	
8	Housing Regulatory Fund.....	\$4,011
9	Board of Higher Education State	
10	Contracts and Grants Fund.....	\$13,416
11	Capital Development Board Revolving Fund .....	\$10,711
12	Care Provider Fund for Persons with	
13	a Developmental Disability .....	\$9,771
14	CDLIS/AAMVA/NMVTIS Trust Fund.....	\$3,433
15	Chicago State University Education	
16	Improvement Fund .....	\$15,774
17	Child Labor and Day and Temporary	
18	Labor Services Enforcement Fund.....	\$15,414
19	Child Support Administrative Fund.....	\$3,739
20	Coal Technology Development	
21	Assistance Fund.....	\$3,019
22	Common School Fund .....	\$246,578
23	Community Mental Health	
24	Medicaid Trust Fund.....	\$10,597
25	Consumer Intervenor Compensation Fund.....	\$1,700
26	Death Certificate Surcharge Fund .....	\$1,550

1	Death Penalty Abolition Fund .....	\$2,688
2	Department of Business Services	
3	Special Operations Fund.....	\$10,406
4	Department of Human Services	
5	Community Services Fund.....	\$15,086
6	Dram Shop Fund .....	\$212,500
7	Driver Services Administration Fund.....	\$937
8	Drug Rebate Fund .....	\$54,214
9	Drug Treatment Fund.....	\$1,236
10	Education Assistance Fund.....	\$2,193,017
11	Emergency Planning and Training Fund .....	\$528
12	Emergency Public Health Fund .....	\$8,769
13	Employee Classification Fund .....	\$967
14	EMS Assistance Fund.....	\$1,150
15	Estate Tax Refund Fund .....	\$1,628
16	Facilities Management Revolving Fund .....	\$35,073
17	Facility Licensing Fund.....	\$6,082
18	Fair and Exposition Fund .....	\$6,903
19	Federal Financing Cost	
20	Reimbursement Fund .....	\$7,100
21	Feed Control Fund.....	\$13,874
22	Fertilizer Control Fund.....	\$9,357
23	Fire Prevention Fund .....	\$4,282
24	General Assembly Technology Fund .....	\$2,830
25	General Professions Dedicated Fund .....	\$4,131
26	<u>General Revenue Fund .....</u>	<u>\$17,653,153</u>

1	Governor's Administrative Fund .....	\$5,956
2	Governor's Grant Fund .....	\$3,164
3	Grant Accountability and Transparency Fund .....	\$1,041
4	Guardianship and Advocacy Fund .....	\$16,432
5	Health Facility Plan Review Fund .....	\$2,286
6	Health and Human Services	
7	Medicaid Trust Fund .....	\$10,902
8	Healthcare Provider Relief Fund .....	\$321,428
9	Home Care Services Agency Licensure Fund .....	\$2,843
10	Hospital Licensure Fund .....	\$1,251
11	Hospital Provider Fund .....	\$99,530
12	Illinois Affordable Housing Trust Fund .....	\$19,809
13	Illinois Community College Board	
14	Contracts and Grants Fund .....	\$14,687
15	Illinois Health Facilities Planning Fund .....	\$3,155
16	Illinois Independent Tax Tribunal Fund .....	\$11,636
17	IMSA Income Fund .....	\$6,805
18	Illinois School Asbestos Abatement Fund .....	\$1,141
19	Illinois State Fair Fund .....	\$69,621
20	Illinois Telecommunications Access	
21	Corporation Fund .....	\$1,546
22	Illinois Underground Utility	
23	Facilities Damage Prevention Fund .....	\$12,035
24	Illinois Veterans' Rehabilitation Fund .....	\$1,103
25	Illinois Workers' Compensation	
26	Commission Operations Fund .....	\$241,658

1	Industrial Hemp Regulatory Fund .....	\$1,407
2	Interpreters for the Deaf Fund .....	\$8,657
3	Lead Poisoning Screening, Prevention,	
4	and Abatement Fund .....	\$19,789
5	Lobbyist Registration Administration Fund.....	\$843
6	Long Term Care Monitor/Receiver Fund .....	\$42,485
7	Long-Term Care Provider Fund .....	\$20,620
8	Low-Level Radioactive Waste Facility	
9	Development and Operation Fund .....	\$2,402
10	Mandatory Arbitration Fund .....	\$2,635
11	Mental Health Fund .....	\$5,353
12	Mental Health Reporting Fund .....	\$1,226
13	Metabolic Screening and Treatment Fund .....	\$46,885
14	Monitoring Device Driving Permit	
15	Administration Fee Fund.....	\$1,475
16	Motor Fuel Tax Fund .....	\$1,068
17	Motor Vehicle License Plate Fund .....	\$13,927
18	Multiple Sclerosis Research Fund .....	\$961
19	Nuclear Safety Emergency Preparedness Fund .....	\$87,774
20	Nursing Dedicated and Professional Fund.....	\$595
21	Partners For Conservation Fund .....	\$117,108
22	Personal Property Tax Replacement Fund .....	\$218,128
23	Pesticide Control Fund .....	\$42,146
24	Plumbing Licensure and Program Fund.....	\$3,672
25	Private Business and Vocational Schools	
26	Quality Assurance Fund .....	\$867

1	Professional Services Fund .....	\$90,610
2	Public Defender Fund .....	\$6,198
3	Public Health Laboratory	
4	Services Revolving Fund.....	\$1,098
5	Public Utility Fund.....	\$282,488
6	Radiation Protection Fund.....	\$37,946
7	Rebuild Illinois Projects Fund .....	\$58,858
8	Rental Housing Support Program Fund .....	\$4,083
9	Road Fund.....	\$55,409
10	Secretary Of State DUI Administration Fund .....	\$2,767
11	Secretary Of State Identification Security	
12	and Theft Prevention Fund.....	\$16,793
13	Secretary Of State Special License Plate Fund .....	\$3,473
14	Secretary Of State Special Services Fund .....	\$26,832
15	Securities Audit and Enforcement Fund.....	\$4,889
16	Serve Illinois Commission Fund .....	\$1,803
17	Special Education Medicaid Matching Fund .....	\$4,329
18	State Gaming Fund.....	\$1,997
19	State Garage Revolving Fund.....	\$7,501
20	State Lottery Fund .....	\$311,489
21	State Pensions Fund.....	\$500,000
22	State Treasurer's Bank Services Trust Fund .....	\$752
23	Supreme Court Special Purposes Fund.....	\$4,184
24	Tattoo and Body Piercing Establishment	
25	Registration Fund.....	\$1,166
26	Tobacco Settlement Recovery Fund .....	\$143,143

1 Tourism Promotion Fund ..... \$79,695  
2 Transportation Regulatory Fund ..... \$108,481  
3 Trauma Center Fund ..... \$1,872  
4 University Of Illinois Hospital Services Fund ..... \$5,476  
5 Vehicle Hijacking and Motor Vehicle Theft Prevention and  
6 Insurance Verification Trust Fund ..... \$9,331  
7 Vehicle Inspection Fund ..... \$2,786  
8 Weights and Measures Fund ..... \$24,640

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

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

22 The Auditor General may bill entities that are not subject  
23 to the above transfer provisions, including private entities,  
24 related organizations and entities whose funds are locally  
25 held, for the cost of audits, studies, and investigations  
26 incurred on their behalf. Any revenues received under this

1 provision shall be deposited into the Audit Expense Fund.

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

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

16 Beginning with fiscal year 1994 and during each fiscal  
17 year thereafter, the Auditor General may direct the State  
18 Comptroller and Treasurer to transfer moneys from funds  
19 authorized by the General Assembly for that fund. In the event  
20 funds, including federal and State trust funds but excluding  
21 the General Revenue Fund, are transferred, during fiscal year  
22 1994 and during each fiscal year thereafter, in excess of the  
23 amount to pay actual costs attributable to audits, studies,  
24 and investigations as permitted or required by the Illinois  
25 State Auditing Act or specific action of the General Assembly,  
26 the Auditor General shall, on September 30, or as soon



1 thereafter as is practicable, direct the State Comptroller and  
2 Treasurer to transfer the excess amount back to the fund from  
3 which it was originally transferred.

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

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

8 (35 ILCS 5/201)

9 Sec. 201. Tax imposed.

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

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

20 (1) In the case of an individual, trust or estate, for  
21 taxable years ending prior to July 1, 1989, an amount  
22 equal to 2 1/2% of the taxpayer's net income for the  
23 taxable year.

24 (2) In the case of an individual, trust or estate, for

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

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

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

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

22 (5.1) In the case of an individual, trust, or estate,  
23 for taxable years beginning prior to January 1, 2015, and  
24 ending after December 31, 2014, an amount equal to the sum  
25 of (i) 5% of the taxpayer's net income for the period prior  
26 to January 1, 2015, as calculated under Section 202.5, and

1 (ii) 3.75% of the taxpayer's net income for the period  
2 after December 31, 2014, as calculated under Section  
3 202.5.

4 (5.2) In the case of an individual, trust, or estate,  
5 for taxable years beginning on or after January 1, 2015,  
6 and ending prior to July 1, 2017, an amount equal to 3.75%  
7 of the taxpayer's net income for the taxable year.

8 (5.3) In the case of an individual, trust, or estate,  
9 for taxable years beginning prior to July 1, 2017, and  
10 ending after June 30, 2017, an amount equal to the sum of  
11 (i) 3.75% of the taxpayer's net income for the period  
12 prior to July 1, 2017, as calculated under Section 202.5,  
13 and (ii) 4.95% of the taxpayer's net income for the period  
14 after June 30, 2017, as calculated under Section 202.5.

15 (5.4) In the case of an individual, trust, or estate,  
16 for taxable years beginning on or after July 1, 2017, an  
17 amount equal to 4.95% of the taxpayer's net income for the  
18 taxable year.

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

22 (7) In the case of a corporation, for taxable years  
23 beginning prior to July 1, 1989 and ending after June 30,  
24 1989, an amount equal to the sum of (i) 4% of the  
25 taxpayer's net income for the period prior to July 1,  
26 1989, as calculated under Section 202.3, and (ii) 4.8% of

1 the taxpayer's net income for the period after June 30,  
2 1989, as calculated under Section 202.3.

3 (8) In the case of a corporation, for taxable years  
4 beginning after June 30, 1989, and ending prior to January  
5 1, 2011, an amount equal to 4.8% of the taxpayer's net  
6 income for the taxable year.

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

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

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

25 (12) In the case of a corporation, for taxable years  
26 beginning on or after January 1, 2015, and ending prior to

1 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
2 net income for the taxable year.

3 (13) In the case of a corporation, for taxable years  
4 beginning prior to July 1, 2017, and ending after June 30,  
5 2017, an amount equal to the sum of (i) 5.25% of the  
6 taxpayer's net income for the period prior to July 1,  
7 2017, as calculated under Section 202.5, and (ii) 7% of  
8 the taxpayer's net income for the period after June 30,  
9 2017, as calculated under Section 202.5.

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

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

15 (b-5) Surcharge; sale or exchange of assets, properties,  
16 and intangibles of organization gaming licensees. For each of  
17 taxable years 2019 through 2027, a surcharge is imposed on all  
18 taxpayers on income arising from the sale or exchange of  
19 capital assets, depreciable business property, real property  
20 used in the trade or business, and Section 197 intangibles (i)  
21 of an organization licensee under the Illinois Horse Racing  
22 Act of 1975 and (ii) of an organization gaming licensee under  
23 the Illinois Gambling Act. The amount of the surcharge is  
24 equal to the amount of federal income tax liability for the  
25 taxable year attributable to those sales and exchanges. The  
26 surcharge imposed shall not apply if:

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

4           (A) bankruptcy, a receivership, or a debt  
5 adjustment initiated by or against the initial  
6 licensee or the substantial owners of the initial  
7 licensee;

8           (B) cancellation, revocation, or termination of  
9 any such license by the Illinois Gaming Board or the  
10 Illinois Racing Board;

11           (C) a determination by the Illinois Gaming Board  
12 that transfer of the license is in the best interests  
13 of Illinois gaming;

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

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

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

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

24           (2) the controlling interest in the organization  
25 gaming license, organization license, or racetrack  
26 property is transferred in a transaction to lineal

1 descendants in which no gain or loss is recognized or as a  
2 result of a transaction in accordance with Section 351 of  
3 the Internal Revenue Code in which no gain or loss is  
4 recognized; or

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

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

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

1 corporation or political subdivision thereof.

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

14 (d-1) Rate reduction for certain foreign insurers. In the  
15 case of a foreign insurer, as defined by Section 35A-5 of the  
16 Illinois Insurance Code, whose state or country of domicile  
17 imposes on insurers domiciled in Illinois a retaliatory tax  
18 (excluding any insurer whose premiums from reinsurance assumed  
19 are 50% or more of its total insurance premiums as determined  
20 under paragraph (2) of subsection (b) of Section 304, except  
21 that for purposes of this determination premiums from  
22 reinsurance do not include premiums from inter-affiliate  
23 reinsurance arrangements), beginning with taxable years ending  
24 on or after December 31, 1999, the sum of the rates of tax  
25 imposed by subsections (b) and (d) shall be reduced (but not  
26 increased) to the rate at which the total amount of tax imposed



1 under this Act, net of all credits allowed under this Act,  
2 shall equal (i) the total amount of tax that would be imposed  
3 on the foreign insurer's net income allocable to Illinois for  
4 the taxable year by such foreign insurer's state or country of  
5 domicile if that net income were subject to all income taxes  
6 and taxes measured by net income imposed by such foreign  
7 insurer's state or country of domicile, net of all credits  
8 allowed or (ii) a rate of zero if no such tax is imposed on  
9 such income by the foreign insurer's state of domicile. For  
10 the purposes of this subsection (d-1), an inter-affiliate  
11 includes a mutual insurer under common management.

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

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

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

24 equals 1.25% for taxable years ending prior to December  
25 31, 2003, or 1.75% for taxable years ending on or after  
26 December 31, 2003, of the net taxable premiums written for

1 the taxable year, as described by subsection (1) of  
2 Section 409 of the Illinois Insurance Code. This paragraph  
3 will in no event increase the rates imposed under  
4 subsections (b) and (d).

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

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

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

17 (1) A taxpayer shall be allowed a credit equal to .5%  
18 of the basis of qualified property placed in service  
19 during the taxable year, provided such property is placed  
20 in service on or after July 1, 1984. There shall be allowed  
21 an additional credit equal to .5% of the basis of  
22 qualified property placed in service during the taxable  
23 year, provided such property is placed in service on or  
24 after July 1, 1986, and the taxpayer's base employment  
25 within Illinois has increased by 1% or more over the  
26 preceding year as determined by the taxpayer's employment

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

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

23           (2) The term "qualified property" means property  
24      which:

25           (A) is tangible, whether new or used, including  
26      buildings and structural components of buildings and

1 signs that are real property, but not including land  
2 or improvements to real property that are not a  
3 structural component of a building such as  
4 landscaping, sewer lines, local access roads, fencing,  
5 parking lots, and other appurtenances;

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

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

13 (D) is used in Illinois by a taxpayer who is  
14 primarily engaged in manufacturing, or in mining coal  
15 or fluorite, or in retailing, or was placed in service  
16 on or after July 1, 2006 in a River Edge Redevelopment  
17 Zone established pursuant to the River Edge  
18 Redevelopment Zone Act; and

19 (E) has not previously been used in Illinois in  
20 such a manner and by such a person as would qualify for  
21 the credit provided by this subsection (e) or  
22 subsection (f).

23 (3) For purposes of this subsection (e),  
24 "manufacturing" means the material staging and production  
25 of tangible personal property by procedures commonly  
26 regarded as manufacturing, processing, fabrication, or

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

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

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

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

26 (7) If during any taxable year, any property ceases to

1 be qualified property in the hands of the taxpayer within  
2 48 months after being placed in service, or the situs of  
3 any qualified property is moved outside Illinois within 48  
4 months after being placed in service, the Personal  
5 Property Tax Replacement Income Tax for such taxable year  
6 shall be increased. Such increase shall be determined by  
7 (i) recomputing the investment credit which would have  
8 been allowed for the year in which credit for such  
9 property was originally allowed by eliminating such  
10 property from such computation and, (ii) subtracting such  
11 recomputed credit from the amount of credit previously  
12 allowed. For the purposes of this paragraph (7), a  
13 reduction of the basis of qualified property resulting  
14 from a redetermination of the purchase price shall be  
15 deemed a disposition of qualified property to the extent  
16 of such reduction.

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

22 (9) Each taxable year ending before December 31, 2000,  
23 a partnership may elect to pass through to its partners  
24 the credits to which the partnership is entitled under  
25 this subsection (e) for the taxable year. A partner may  
26 use the credit allocated to him or her under this

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

12 For taxable years ending on or after December 31,  
13 2000, a partner that qualifies its partnership for a  
14 subtraction under subparagraph (I) of paragraph (2) of  
15 subsection (d) of Section 203 or a shareholder that  
16 qualifies a Subchapter S corporation for a subtraction  
17 under subparagraph (S) of paragraph (2) of subsection (b)  
18 of Section 203 shall be allowed a credit under this  
19 subsection (e) equal to its share of the credit earned  
20 under this subsection (e) during the taxable year by the  
21 partnership or Subchapter S corporation, determined in  
22 accordance with the determination of income and  
23 distributive share of income under Sections 702 and 704  
24 and Subchapter S of the Internal Revenue Code. This  
25 paragraph is exempt from the provisions of Section 250.

26 (f) Investment credit; Enterprise Zone; River Edge



1 Redevelopment Zone.

2 (1) A taxpayer shall be allowed a credit against the  
3 tax imposed by subsections (a) and (b) of this Section for  
4 investment in qualified property which is placed in  
5 service in an Enterprise Zone created pursuant to the  
6 Illinois Enterprise Zone Act or, for property placed in  
7 service on or after July 1, 2006, a River Edge  
8 Redevelopment Zone established pursuant to the River Edge  
9 Redevelopment Zone Act. For partners, shareholders of  
10 Subchapter S corporations, and owners of limited liability  
11 companies, if the liability company is treated as a  
12 partnership for purposes of federal and State income  
13 taxation, for taxable years ending before December 31,  
14 2023, there shall be allowed a credit under this  
15 subsection (f) to be determined in accordance with the  
16 determination of income and distributive share of income  
17 under Sections 702 and 704 and Subchapter S of the  
18 Internal Revenue Code. For taxable years ending on or  
19 after December 31, 2023, for partners and shareholders of  
20 Subchapter S corporations, the provisions of Section 251  
21 shall apply with respect to the credit under this  
22 subsection. The credit shall be .5% of the basis for such  
23 property. The credit shall be available only in the  
24 taxable year in which the property is placed in service in  
25 the Enterprise Zone or River Edge Redevelopment Zone and  
26 shall not be allowed to the extent that it would reduce a

1 taxpayer's liability for the tax imposed by subsections  
2 (a) and (b) of this Section to below zero. For tax years  
3 ending on or after December 31, 1985, the credit shall be  
4 allowed for the tax year in which the property is placed in  
5 service, or, if the amount of the credit exceeds the tax  
6 liability for that year, whether it exceeds the original  
7 liability or the liability as later amended, such excess  
8 may be carried forward and applied to the tax liability of  
9 the 5 taxable years following the excess credit year. The  
10 credit shall be applied to the earliest year for which  
11 there is a liability. If there is credit from more than one  
12 tax year that is available to offset a liability, the  
13 credit accruing first in time shall be applied first.

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

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

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

22 (C) is acquired by purchase as defined in Section  
23 179(d) of the Internal Revenue Code;

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

26 (E) has not been previously used in Illinois in

1           such a manner and by such a person as would qualify for  
2           the credit provided by this subsection (f) or  
3           subsection (e).

4           (3) The basis of qualified property shall be the basis  
5           used to compute the depreciation deduction for federal  
6           income tax purposes.

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

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

15          (6) If during any taxable year, any property ceases to  
16          be qualified property in the hands of the taxpayer within  
17          48 months after being placed in service, or the situs of  
18          any qualified property is moved outside the Enterprise  
19          Zone or River Edge Redevelopment Zone within 48 months  
20          after being placed in service, the tax imposed under  
21          subsections (a) and (b) of this Section for such taxable  
22          year shall be increased. Such increase shall be determined  
23          by (i) recomputing the investment credit which would have  
24          been allowed for the year in which credit for such  
25          property was originally allowed by eliminating such  
26          property from such computation, and (ii) subtracting such

1 recomputed credit from the amount of credit previously  
2 allowed. For the purposes of this paragraph (6), a  
3 reduction of the basis of qualified property resulting  
4 from a redetermination of the purchase price shall be  
5 deemed a disposition of qualified property to the extent  
6 of such reduction.

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

25 (8) For taxable years beginning on or after January 1,  
26 2021, there shall be allowed an Enterprise Zone

1 construction jobs credit against the taxes imposed under  
2 subsections (a) and (b) of this Section as provided in  
3 Section 13 of the Illinois Enterprise Zone Act.

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

15 For partners, shareholders of Subchapter S  
16 corporations, and owners of limited liability companies,  
17 if the liability company is treated as a partnership for  
18 the purposes of federal and State income taxation, for  
19 taxable years ending before December 31, 2023, there shall  
20 be allowed a credit under this Section to be determined in  
21 accordance with the determination of income and  
22 distributive share of income under Sections 702 and 704  
23 and Subchapter S of the Internal Revenue Code. For taxable  
24 years ending on or after December 31, 2023, for partners  
25 and shareholders of Subchapter S corporations, the  
26 provisions of Section 251 shall apply with respect to the

1 credit under this subsection.

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

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

7 (g) (Blank).

8 (h) Investment credit; High Impact Business.

9 (1) Subject to subsections (b) and (b-5) of Section  
10 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall  
11 be allowed a credit against the tax imposed by subsections  
12 (a) and (b) of this Section for investment in qualified  
13 property which is placed in service by a Department of  
14 Commerce and Economic Opportunity designated High Impact  
15 Business. The credit shall be .5% of the basis for such  
16 property. The credit shall not be available (i) until the  
17 minimum investments in qualified property set forth in  
18 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
19 Enterprise Zone Act have been satisfied or (ii) until the  
20 time authorized in subsection (b-5) of the Illinois  
21 Enterprise Zone Act for entities designated as High Impact  
22 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
23 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
24 Act, and shall not be allowed to the extent that it would  
25 reduce a taxpayer's liability for the tax imposed by  
26 subsections (a) and (b) of this Section to below zero. The

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

23 Changes made in this subdivision (h)(1) by Public Act  
24 88-670 restore changes made by Public Act 85-1182 and  
25 reflect existing law.

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

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

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

8 (C) is acquired by purchase as defined in Section  
9 179(d) of the Internal Revenue Code; and

10 (D) is not eligible for the Enterprise Zone  
11 Investment Credit provided by subsection (f) of this  
12 Section.

13 (3) The basis of qualified property shall be the basis  
14 used to compute the depreciation deduction for federal  
15 income tax purposes.

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

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

24 (6) If during any taxable year ending on or before  
25 December 31, 1996, any property ceases to be qualified  
26 property in the hands of the taxpayer within 48 months



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

16 (7) Beginning with tax years ending after December 31,  
17 1996, if a taxpayer qualifies for the credit under this  
18 subsection (h) and thereby is granted a tax abatement and  
19 the taxpayer relocates its entire facility in violation of  
20 the explicit terms and length of the contract under  
21 Section 18-183 of the Property Tax Code, the tax imposed  
22 under subsections (a) and (b) of this Section shall be  
23 increased for the taxable year in which the taxpayer  
24 relocated its facility by an amount equal to the amount of  
25 credit received by the taxpayer under this subsection (h).

26 (h-5) High Impact Business construction jobs credit. For

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

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

16 For partners, shareholders of Subchapter S corporations,  
17 and owners of limited liability companies, for taxable years  
18 ending before December 31, 2023, if the liability company is  
19 treated as a partnership for the purposes of federal and State  
20 income taxation, there shall be allowed a credit under this  
21 Section to be determined in accordance with the determination  
22 of income and distributive share of income under Sections 702  
23 and 704 and Subchapter S of the Internal Revenue Code. For  
24 taxable years ending on or after December 31, 2023, for  
25 partners and shareholders of Subchapter S corporations, the  
26 provisions of Section 251 shall apply with respect to the

1 credit under this subsection.

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

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

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

17 Any credit earned on or after December 31, 1986 under this  
18 subsection which is unused in the year the credit is computed  
19 because it exceeds the tax liability imposed by subsections  
20 (a) and (b) for that year (whether it exceeds the original  
21 liability or the liability as later amended) may be carried  
22 forward and applied to the tax liability imposed by  
23 subsections (a) and (b) of the 5 taxable years following the  
24 excess credit year, provided that no credit may be carried  
25 forward to any year ending on or after December 31, 2003. This  
26 credit shall be applied first to the earliest year for which

1 there is a liability. If there is a credit under this  
2 subsection from more than one tax year that is available to  
3 offset a liability the earliest credit arising under this  
4 subsection shall be applied first.

5 If, during any taxable year ending on or after December  
6 31, 1986, the tax imposed by subsections (c) and (d) of this  
7 Section for which a taxpayer has claimed a credit under this  
8 subsection (i) is reduced, the amount of credit for such tax  
9 shall also be reduced. Such reduction shall be determined by  
10 recomputing the credit to take into account the reduced tax  
11 imposed by subsections (c) and (d). If any portion of the  
12 reduced amount of credit has been carried to a different  
13 taxable year, an amended return shall be filed for such  
14 taxable year to reduce the amount of credit claimed.

15 (j) Training expense credit. Beginning with tax years  
16 ending on or after December 31, 1986 and prior to December 31,  
17 2003, a taxpayer shall be allowed a credit against the tax  
18 imposed by subsections (a) and (b) under this Section for all  
19 amounts paid or accrued, on behalf of all persons employed by  
20 the taxpayer in Illinois or Illinois residents employed  
21 outside of Illinois by a taxpayer, for educational or  
22 vocational training in semi-technical or technical fields or  
23 semi-skilled or skilled fields, which were deducted from gross  
24 income in the computation of taxable income. The credit  
25 against the tax imposed by subsections (a) and (b) shall be  
26 1.6% of such training expenses. For partners, shareholders of

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

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

23 (k) Research and development credit. For tax years ending  
24 after July 1, 1990 and prior to December 31, 2003, and  
25 beginning again for tax years ending on or after December 31,  
26 2004, and ending prior to January 1, 2032, a taxpayer shall be

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

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

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

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

13 If an unused credit is carried forward to a given year from  
14 2 or more earlier years, that credit arising in the earliest  
15 year will be applied first against the tax liability for the  
16 given year. If a tax liability for the given year still  
17 remains, the credit from the next earliest year will then be  
18 applied, and so on, until all credits have been used or no tax  
19 liability for the given year remains. Any remaining unused  
20 credit or credits then will be carried forward to the next  
21 following year in which a tax liability is incurred, except  
22 that no credit can be carried forward to a year which is more  
23 than 5 years after the year in which the expense for which the  
24 credit is given was incurred.

25 No inference shall be drawn from Public Act 91-644 in  
26 construing this Section for taxable years beginning before

1 January 1, 1999.

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

11 (l) Environmental Remediation Tax Credit.

12 (i) For tax years ending after December 31, 1997 and  
13 on or before December 31, 2001, a taxpayer shall be  
14 allowed a credit against the tax imposed by subsections  
15 (a) and (b) of this Section for certain amounts paid for  
16 unreimbursed eligible remediation costs, as specified in  
17 this subsection. For purposes of this Section,  
18 "unreimbursed eligible remediation costs" means costs  
19 approved by the Illinois Environmental Protection Agency  
20 ("Agency") under Section 58.14 of the Environmental  
21 Protection Act that were paid in performing environmental  
22 remediation at a site for which a No Further Remediation  
23 Letter was issued by the Agency and recorded under Section  
24 58.10 of the Environmental Protection Act. The credit must  
25 be claimed for the taxable year in which Agency approval  
26 of the eligible remediation costs is granted. The credit



1 is not available to any taxpayer if the taxpayer or any  
2 related party caused or contributed to, in any material  
3 respect, a release of regulated substances on, in, or  
4 under the site that was identified and addressed by the  
5 remedial action pursuant to the Site Remediation Program  
6 of the Environmental Protection Act. After the Pollution  
7 Control Board rules are adopted pursuant to the Illinois  
8 Administrative Procedure Act for the administration and  
9 enforcement of Section 58.9 of the Environmental  
10 Protection Act, determinations as to credit availability  
11 for purposes of this Section shall be made consistent with  
12 those rules. For purposes of this Section, "taxpayer"  
13 includes a person whose tax attributes the taxpayer has  
14 succeeded to under Section 381 of the Internal Revenue  
15 Code and "related party" includes the persons disallowed a  
16 deduction for losses by paragraphs (b), (c), and (f)(1) of  
17 Section 267 of the Internal Revenue Code by virtue of  
18 being a related taxpayer, as well as any of its partners.  
19 The credit allowed against the tax imposed by subsections  
20 (a) and (b) shall be equal to 25% of the unreimbursed  
21 eligible remediation costs in excess of \$100,000 per site,  
22 except that the \$100,000 threshold shall not apply to any  
23 site contained in an enterprise zone as determined by the  
24 Department of Commerce and Community Affairs (now  
25 Department of Commerce and Economic Opportunity). The  
26 total credit allowed shall not exceed \$40,000 per year

1 with a maximum total of \$150,000 per site. For partners  
2 and shareholders of subchapter S corporations, there shall  
3 be allowed a credit under this subsection to be determined  
4 in accordance with the determination of income and  
5 distributive share of income under Sections 702 and 704  
6 and subchapter S of the Internal Revenue Code.

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

1 of Revenue of the assignor's intent to sell the  
2 remediation site and the amount of the tax credit to be  
3 transferred as a portion of the sale. In no event may a  
4 credit be transferred to any taxpayer if the taxpayer or a  
5 related party would not be eligible under the provisions  
6 of subsection (i).

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

10 (m) Education expense credit. Beginning with tax years  
11 ending after December 31, 1999, a taxpayer who is the  
12 custodian of one or more qualifying pupils shall be allowed a  
13 credit against the tax imposed by subsections (a) and (b) of  
14 this Section for qualified education expenses incurred on  
15 behalf of the qualifying pupils. The credit shall be equal to  
16 25% of qualified education expenses, but in no event may the  
17 total credit under this subsection claimed by a family that is  
18 the custodian of qualifying pupils exceed (i) \$500 for tax  
19 years ending prior to December 31, 2017, and (ii) \$750 for tax  
20 years ending on or after December 31, 2017. In no event shall a  
21 credit under this subsection reduce the taxpayer's liability  
22 under this Act to less than zero. Notwithstanding any other  
23 provision of law, for taxable years beginning on or after  
24 January 1, 2017, no taxpayer may claim a credit under this  
25 subsection (m) if the taxpayer's adjusted gross income for the  
26 taxable year exceeds (i) \$500,000, in the case of spouses

1 filing a joint federal tax return or (ii) \$250,000, in the case  
2 of all other taxpayers. This subsection is exempt from the  
3 provisions of Section 250 of this Act.

4 For purposes of this subsection:

5 "Qualifying pupils" means individuals who (i) are  
6 residents of the State of Illinois, (ii) are under the age of  
7 21 at the close of the school year for which a credit is  
8 sought, and (iii) during the school year for which a credit is  
9 sought were full-time pupils enrolled in a kindergarten  
10 through twelfth grade education program at any school, as  
11 defined in this subsection.

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

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

23 "Custodian" means, with respect to qualifying pupils, an  
24 Illinois resident who is a parent, the parents, a legal  
25 guardian, or the legal guardians of the qualifying pupils.

26 (n) River Edge Redevelopment Zone site remediation tax

1 credit.

2 (i) For tax years ending on or after December 31,  
3 2006, a taxpayer shall be allowed a credit against the tax  
4 imposed by subsections (a) and (b) of this Section for  
5 certain amounts paid for unreimbursed eligible remediation  
6 costs, as specified in this subsection. For purposes of  
7 this Section, "unreimbursed eligible remediation costs"  
8 means costs approved by the Illinois Environmental  
9 Protection Agency ("Agency") under Section 58.14a of the  
10 Environmental Protection Act that were paid in performing  
11 environmental remediation at a site within a River Edge  
12 Redevelopment Zone for which a No Further Remediation  
13 Letter was issued by the Agency and recorded under Section  
14 58.10 of the Environmental Protection Act. The credit must  
15 be claimed for the taxable year in which Agency approval  
16 of the eligible remediation costs is granted. The credit  
17 is not available to any taxpayer if the taxpayer or any  
18 related party caused or contributed to, in any material  
19 respect, a release of regulated substances on, in, or  
20 under the site that was identified and addressed by the  
21 remedial action pursuant to the Site Remediation Program  
22 of the Environmental Protection Act. Determinations as to  
23 credit availability for purposes of this Section shall be  
24 made consistent with rules adopted by the Pollution  
25 Control Board pursuant to the Illinois Administrative  
26 Procedure Act for the administration and enforcement of

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

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

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

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

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

21 (1) the medical cannabis cultivation center  
22 registration, medical cannabis dispensary registration, or  
23 the property of a registration is transferred as a result  
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt  
26 adjustment initiated by or against the initial

1 registration or the substantial owners of the initial  
2 registration;

3 (B) cancellation, revocation, or termination of  
4 any registration by the Illinois Department of Public  
5 Health;

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

11 (D) the death of an owner of the equity interest in  
12 a registrant;

13 (E) the acquisition of a controlling interest in  
14 the stock or substantially all of the assets of a  
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly  
17 owned subsidiary; or

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

22 (2) the cannabis cultivation center registration,  
23 medical cannabis dispensary registration, or the  
24 controlling interest in a registrant's property is  
25 transferred in a transaction to lineal descendants in  
26 which no gain or loss is recognized or as a result of a



1 transaction in accordance with Section 351 of the Internal  
2 Revenue Code in which no gain or loss is recognized.

3 (p) Pass-through entity tax.

4 (1) For taxable years ending on or after December 31,  
5 ~~2021 and beginning prior to January 1, 2026~~, a partnership  
6 (other than a publicly traded partnership under Section  
7 7704 of the Internal Revenue Code) or Subchapter S  
8 corporation may elect to apply the provisions of this  
9 subsection. A separate election shall be made for each  
10 taxable year. Such election shall be made at such time,  
11 and in such form and manner as prescribed by the  
12 Department, and, once made, is irrevocable.

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

19 (3) Net income defined.

20 (A) In general. For purposes of paragraph (2), the  
21 term net income has the same meaning as defined in  
22 Section 202 of this Act, except that, for tax years  
23 ending on or after December 31, 2023, a deduction  
24 shall be allowed in computing base income for  
25 distributions to a retired partner to the extent that  
26 the partner's distributions are exempt from tax under

1           Section 203(a)(2)(F) of this Act. In addition, the  
2           following modifications shall not apply:

3                   (i) the standard exemption allowed under  
4           Section 204;

5                   (ii) the deduction for net losses allowed  
6           under Section 207;

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

9                   (iv) in the case of a partnership, the  
10          modifications under Section 203(d)(2)(H) and  
11          Section 203(d)(2)(I).

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

22          (4) Credit for entity level tax. Each partner or  
23          shareholder of a taxpayer making the election under this  
24          Section shall be allowed a credit against the tax imposed  
25          under subsections (a) and (b) of Section 201 of this Act  
26          for the taxable year of the partnership or Subchapter S

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

23 (5) Nonresidents. A nonresident individual who is a  
24 partner or shareholder of a partnership or Subchapter S  
25 corporation for a taxable year for which an election is in  
26 effect under paragraph (1) shall not be required to file

1 an income tax return under this Act for such taxable year  
2 if the only source of net income of the individual (or the  
3 individual and the individual's spouse in the case of a  
4 joint return) is from an entity making the election under  
5 paragraph (1) and the credit allowed to the partner or  
6 shareholder under paragraph (4) equals or exceeds the  
7 individual's liability for the tax imposed under  
8 subsections (a) and (b) of Section 201 of this Act for the  
9 taxable year.

10 (6) Liability for tax. Except as provided in this  
11 paragraph, a partnership or Subchapter S making the  
12 election under paragraph (1) is liable for the  
13 entity-level tax imposed under paragraph (2). If the  
14 electing partnership or corporation fails to pay the full  
15 amount of tax deemed assessed under paragraph (2), the  
16 partners or shareholders shall be liable to pay the tax  
17 assessed (including penalties and interest). Each partner  
18 or shareholder shall be liable for the unpaid assessment  
19 based on the ratio of the partner's or shareholder's share  
20 of the net income of the partnership over the total net  
21 income of the partnership. If the partnership or  
22 Subchapter S corporation fails to pay the tax assessed  
23 (including penalties and interest) and thereafter an  
24 amount of such tax is paid by the partners or  
25 shareholders, such amount shall not be collected from the  
26 partnership or corporation.

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

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

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

22          (10) The provisions of this subsection shall apply  
23          only with respect to taxable years for which the  
24          limitation on individual deductions applies under Section  
25          164(b)(6) of the Internal Revenue Code.

26          (Source: P.A. 102-558, eff. 8-20-21; 102-658, eff. 8-27-21;

1 103-9, eff. 6-7-23; 103-396, eff. 1-1-24; 103-595, eff.  
2 6-26-24; 103-605, eff. 7-1-24.)

3 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

4 Sec. 203. Base income defined.

5 (a) Individuals.

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

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

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

20 (B) An amount equal to the amount of tax imposed by  
21 this Act to the extent deducted from gross income in  
22 the computation of adjusted gross income for the  
23 taxable year;

24 (C) An amount equal to the amount received during  
25 the taxable year as a recovery or refund of real

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

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

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

24 (D-10) For taxable years ending after December 31,  
25 1997, an amount equal to any eligible remediation  
26 costs that the individual deducted in computing

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

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

13 (D-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. For taxable years ending on and after  
5 December 31, 2025, for purposes of applying this  
6 paragraph in the case of a taxpayer to which Section  
7 163(j) of the Internal Revenue Code applies for the  
8 taxable year, the reduction in the amount of interest  
9 for which a deduction is allowed by reason of Section  
10 163(j) shall be treated as allocable first to persons  
11 who are not foreign persons referred to in this  
12 paragraph and then to such foreign persons.

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

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

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

26 (a) the person, during the same taxable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (i) any item of intangible expenses or costs

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

20 For the purposes of this subparagraph (D-20), a  
21 qualified tuition program has made reasonable efforts  
22 if it makes disclosures (which may use the term  
23 "in-state program" or "in-state plan" and need not  
24 specifically refer to Illinois or its qualified  
25 programs by name) (i) directly to prospective  
26 participants in its offering materials or makes a

1 public disclosure, such as a website posting; and (ii)  
2 where applicable, to intermediaries selling the  
3 out-of-state program in the same manner that the  
4 out-of-state program distributes its offering  
5 materials;

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

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

21 (D-21.5) For taxable years beginning on or after  
22 January 1, 2018, in the case of the transfer of moneys  
23 from a qualified tuition program under Section 529 or  
24 a qualified ABLE program under Section 529A of the  
25 Internal Revenue Code that is administered by this  
26 State to an ABLE account established under an

1 out-of-state ABLE account program, an amount equal to  
2 the contribution component of the transferred amount  
3 that was previously deducted from base income under  
4 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this  
5 Section;

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

19 (1) in the case of a nonqualified withdrawal or  
20 refund, as defined under Section 16.5 of the State  
21 Treasurer Act, of moneys from a qualified tuition  
22 program under Section 529 of the Internal Revenue Code  
23 administered by the State, an amount equal to the  
24 contribution component of the nonqualified withdrawal  
25 or refund that was previously deducted from base  
26 income under subsection (a)(2)(Y) of this Section, and

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

9 (D-23) An amount equal to the credit allowable to  
10 the taxpayer under Section 218(a) of this Act,  
11 determined without regard to Section 218(c) of this  
12 Act;

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

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

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

22 (E) For taxable years ending before December 31,  
23 2001, any amount included in such total in respect of  
24 any compensation (including but not limited to any  
25 compensation paid or accrued to a serviceman while a  
26 prisoner of war or missing in action) paid to a

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

1 of Section 250;

2 (F) An amount equal to all amounts included in  
3 such total pursuant to the provisions of Sections  
4 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
5 408 of the Internal Revenue Code, or included in such  
6 total as distributions under the provisions of any  
7 retirement or disability plan for employees of any  
8 governmental agency or unit, or retirement payments to  
9 retired partners, which payments are excluded in  
10 computing net earnings from self employment by Section  
11 1402 of the Internal Revenue Code and regulations  
12 adopted pursuant thereto;

13 (G) The valuation limitation amount;

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

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

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



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

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

13 (L) For taxable years ending after December 31,  
14 1983, an amount equal to all social security benefits  
15 and railroad retirement benefits included in such  
16 total pursuant to Sections 72(r) and 86 of the  
17 Internal Revenue Code;

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

1 Internal Revenue Code, plus, for taxable years ending  
2 on or after December 31, 2011, Section 45G(e)(3) of  
3 the Internal Revenue Code and, for taxable years  
4 ending on or after December 31, 2008, any amount  
5 included in gross income under Section 87 of the  
6 Internal Revenue Code; the provisions of this  
7 subparagraph are exempt from the provisions of Section  
8 250;

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

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

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

1 taxable income for restoration of substantial amounts  
2 held under claim of right for the taxable year;

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

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

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

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

26 (U) For one taxable year beginning on or after

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

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

1 determined by multiplying total health insurance and  
2 long-term care insurance premiums paid by the taxpayer  
3 times a number that represents the fractional  
4 percentage of eligible medical expenses under Section  
5 213 of the Internal Revenue Code of 1986 not actually  
6 deducted on the taxpayer's federal income tax return;

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

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

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

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

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

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

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

1 including the bonus depreciation deduction;

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

6 (3) for taxable years ending after December  
7 31, 2005:

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

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

17 (iii) for property on which a bonus  
18 depreciation deduction of 100% of the adjusted  
19 basis was taken in a taxable year ending on or  
20 after December 31, 2021, "x" equals the  
21 depreciation deduction that would be allowed  
22 on that property if the taxpayer had made the  
23 election under Section 168(k)(7) or Section  
24 168(n)(6) of the Internal Revenue Code to not  
25 claim bonus depreciation on that property; and

26 (iv) for property on which a bonus



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

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

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

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

1 required in any taxable year to make an addition  
2 modification under subparagraph (D-15), then an amount  
3 equal to that addition modification.

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

7 This subparagraph (AA) is exempt from the  
8 provisions of Section 250;

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

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

1 addition modification. This subparagraph (CC) is  
2 exempt from the provisions of Section 250;

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

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

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

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

25 (GG) For taxable years ending on or after December  
26 31, 2011, in the case of a taxpayer who was required to

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

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

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

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

23          (KK) To the extent includible in gross income for  
24          federal income tax purposes, any amount awarded or  
25          paid to the taxpayer as a result of a judgment or  
26          settlement for fertility fraud as provided in Section

1           15 of the Illinois Fertility Fraud Act, donor  
2           fertility fraud as provided in Section 20 of the  
3           Illinois Fertility Fraud Act, or similar action in  
4           another state;

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

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

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

1 (b) Corporations.

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

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

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

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

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



1 law and is not a new enactment);

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

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

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

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

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

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

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

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

25 (E-11) If the taxpayer sells, transfers, abandons,  
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an  
2 addition modification under subparagraph (E-10), then  
3 an amount equal to the aggregate amount of the  
4 deductions taken in all taxable years under  
5 subparagraph (T) with respect to that property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17          (E-13) An amount equal to the amount of intangible  
18          expenses and costs otherwise allowed as a deduction in  
19          computing base income, and that were paid, accrued, or  
20          incurred, directly or indirectly, (i) for taxable  
21          years ending on or after December 31, 2004, to a  
22          foreign person who would be a member of the same  
23          unitary business group but for the fact that the  
24          foreign person's business activity outside the United  
25          States is 80% or more of that person's total business  
26          activity and (ii) for taxable years ending on or after

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



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

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

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

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

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

1 not a related member, and

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

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

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

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

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

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

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

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

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

1 404 of this Act;

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

1           203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
2           Act;

3           (E-15) For taxable years beginning after December  
4           31, 2008, any deduction for dividends paid by a  
5           captive real estate investment trust that is allowed  
6           to a real estate investment trust under Section  
7           857(b)(2)(B) of the Internal Revenue Code for  
8           dividends paid;

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

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

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

21          (E-19) for taxable years ending on or after June  
22          30, 2021, an amount equal to the deduction allowed  
23          under Section 250(a)(1)(B)(i) of the Internal Revenue  
24          Code for the taxable year;

25          (E-20) for taxable years ending on or after June  
26          30, 2021, an amount equal to the deduction allowed

1 under Sections 243(e) and 245A(a) of the Internal  
2 Revenue Code for the taxable year;

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

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

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 any amount included in such  
15 total under Section 78 of the Internal Revenue Code;

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

21 (I) With the exception of any amounts subtracted  
22 under subparagraph (J), an amount equal to the sum of  
23 all amounts disallowed as deductions by (i) Sections  
24 171(a)(2) and 265(a)(2) and amounts disallowed as  
25 interest expense by Section 291(a)(3) of the Internal  
26 Revenue Code, and all amounts of expenses allocable to

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

21 (J) An amount equal to all amounts included in  
22 such total which are exempt from taxation by this  
23 State either by reason of its statutes or Constitution  
24 or by reason of the Constitution, treaties or statutes  
25 of the United States; provided that, in the case of any  
26 statute of this State that exempts income derived from

1 bonds or other obligations from the tax imposed under  
2 this Act, the amount exempted shall be the interest  
3 net of bond premium amortization;

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

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

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



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

18               (M-1) For any taxpayer that is a financial  
19               organization within the meaning of Section 304(c) of  
20               this Act, an amount included in such total as interest  
21               income from a loan or loans made by such taxpayer to a  
22               borrower, to the extent that such a loan is secured by  
23               property which is eligible for the High Impact  
24               Business Investment Credit. To determine the portion  
25               of a loan or loans that is secured by property eligible  
26               for a Section 201(h) investment credit to the

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

18           (N) Two times any contribution made during the  
19      taxable year to a designated zone organization to the  
20      extent that the contribution (i) qualifies as a  
21      charitable contribution under subsection (c) of  
22      Section 170 of the Internal Revenue Code and (ii)  
23      must, by its terms, be used for a project approved by  
24      the Department of Commerce and Economic Opportunity  
25      under Section 11 of the Illinois Enterprise Zone Act  
26      or under Section 10-10 of the River Edge Redevelopment

1           Zone Act. This subparagraph (N) is exempt from the  
2           provisions of Section 250;

3           (O) An amount equal to: (i) 85% for taxable years  
4           ending on or before December 31, 1992, or, a  
5           percentage equal to the percentage allowable under  
6           Section 243(a)(1) of the Internal Revenue Code of 1986  
7           for taxable years ending after December 31, 1992, of  
8           the amount by which dividends included in taxable  
9           income and received from a corporation that is not  
10          created or organized under the laws of the United  
11          States or any state or political subdivision thereof,  
12          including, for taxable years ending on or after  
13          December 31, 1988, dividends received or deemed  
14          received or paid or deemed paid under Sections 951  
15          through 965 of the Internal Revenue Code, exceed the  
16          amount of the modification provided under subparagraph  
17          (G) of paragraph (2) of this subsection (b) which is  
18          related to such dividends, and including, for taxable  
19          years ending on or after December 31, 2008, dividends  
20          received from a captive real estate investment trust;  
21          plus (ii) 100% of the amount by which dividends,  
22          included in taxable income and received, including,  
23          for taxable years ending on or after December 31,  
24          1988, dividends received or deemed received or paid or  
25          deemed paid under Sections 951 through 964 of the  
26          Internal Revenue Code and including, for taxable years

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

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

1 Increment Allocation Redevelopment Act;

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

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

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

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

4 (T) For taxable years 2001 and thereafter, for the  
5 taxable year in which the bonus depreciation deduction  
6 is taken on the taxpayer's federal income tax return  
7 under subsection (k) or (n) of Section 168 of the  
8 Internal Revenue Code and for each applicable taxable  
9 year 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) or (n) of  
15 Section 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) or Section  
13 168(n)(6) of the Internal Revenue Code to not  
14 claim bonus 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) or (n) of Section 168 of the Internal Revenue Code.  
5 This subparagraph (T) is exempt from the provisions of  
6 Section 250;

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

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

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

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

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



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

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

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

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

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

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

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

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

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

24          (3) Special rule. For purposes of paragraph (2)(A),  
25          "gross income" in the case of a life insurance company,  
26          for tax years ending on and after December 31, 1994, and

1 prior to December 31, 2011, shall mean the gross  
2 investment income for the taxable year and, for tax years  
3 ending on or after December 31, 2011, shall mean all  
4 amounts included in life insurance gross income under  
5 Section 803(a)(3) of the Internal Revenue Code.

6 (c) Trusts and estates.

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

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

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

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

24 (C) An amount equal to the amount of tax imposed by  
25 this Act to the extent deducted from gross income in

1           the computation of taxable income for the taxable  
2           year;

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

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

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

25               (ii) the addition modification relating to the  
26               net operating loss carried back or forward to the

1 taxable year from any taxable year ending prior to  
2 December 31, 1986 shall not exceed the amount of  
3 such carryback or carryforward;

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

11 (F) For taxable years ending on or after January  
12 1, 1989, an amount equal to the tax deducted pursuant  
13 to Section 164 of the Internal Revenue Code if the  
14 trust or estate is claiming the same tax for purposes  
15 of the Illinois foreign tax credit under Section 601  
16 of this Act;

17 (G) 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 (G-5) For taxable years ending after December 31,  
22 1997, an amount equal to any eligible remediation  
23 costs that the trust or estate deducted in computing  
24 adjusted gross income and for which the trust or  
25 estate claims a credit under subsection (1) of Section  
26 201;

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

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

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

25 The taxpayer is required to make the addition  
26 modification under this subparagraph only once with



1           respect to any one piece of property;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Department will utilize its authority under Section  
2 404 of this Act;

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

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

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

24 (i) any item of intangible expenses or costs  
25 paid, accrued, or incurred, directly or  
26 indirectly, from a transaction with a person who

1 is subject in a foreign country or state, other  
2 than a state which requires mandatory unitary  
3 reporting, to a tax on or measured by net income  
4 with respect to such item; or

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

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

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

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

1 writing to the application or use of an  
2 alternative method of apportionment under Section  
3 304(f);

4 For taxable years ending on or after December 31,  
5 2025, this paragraph shall not apply to the following:

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

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

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

22 (ii) any item of intangible expense or cost  
23 paid, accrued, or incurred, directly or  
24 indirectly, from a transaction with a person if  
25 the taxpayer establishes by clear and convincing  
26 evidence, that the adjustments are unreasonable;



1           or if the taxpayer and the Director agree in  
2           writing to the application or use of an  
3           alternative method of apportionment under Section  
4           304(f).

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

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

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

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

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

23 (G-17) the amount that is claimed as a federal  
24 deduction when computing the taxpayer's federal  
25 taxable income for the taxable year and that is  
26 attributable to an endowment gift for which the

1 taxpayer receives a credit under the Illinois Gives  
2 Tax Credit Act;  
3 and by deducting from the total so obtained the sum of the  
4 following amounts:

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

16 (I) The valuation limitation amount;

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

20 (K) An amount equal to all amounts included in  
21 taxable income as modified by subparagraphs (A), (B),  
22 (C), (D), (E), (F) and (G) which are exempt from  
23 taxation by this State either by reason of its  
24 statutes or Constitution or by reason of the  
25 Constitution, treaties or statutes of the United  
26 States; provided that, in the case of any statute of

1           this State that exempts income derived from bonds or  
2           other obligations from the tax imposed under this Act,  
3           the amount exempted shall be the interest net of bond  
4           premium amortization;

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

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

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

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

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

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

21 (Q) For taxable year 1999 and thereafter, an  
22 amount equal to the amount of any (i) distributions,  
23 to the extent includible in gross income for federal  
24 income tax purposes, made to the taxpayer because of  
25 his or her status as a victim of persecution for racial  
26 or religious reasons by Nazi Germany or any other Axis

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

1 exempt from the provisions of Section 250;

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

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

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

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

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

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted  
2 basis was taken, "x" equals "y" multiplied by  
3 1.0;

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

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

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



1 taxpayer's federal income tax return under subsection  
2 (k) or (n) of Section 168 of the Internal Revenue Code.  
3 This subparagraph (R) is exempt from the provisions of  
4 Section 250;

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

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

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

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

22 (T) The amount of (i) any interest income (net of  
23 the deductions allocable thereto) taken into account  
24 for the taxable year with respect to a transaction  
25 with a taxpayer that is required to make an addition  
26 modification with respect to such transaction under

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

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

1 subsections of Section 304, but not to exceed the  
2 addition modification required to be made for the same  
3 taxable year under Section 203(c)(2)(G-12) for  
4 interest paid, accrued, or incurred, directly or  
5 indirectly, to the same person. This subparagraph (U)  
6 is exempt from the provisions of Section 250;

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

1 exempt from the provisions of Section 250;

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

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

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

1 taxpayer pursuant to this subparagraph (Y). This  
2 subparagraph (Y) is exempt from the provisions of  
3 Section 250;

4 (Z) For taxable years beginning after December 31,  
5 2018 ~~and before January 1, 2026~~, the amount of excess  
6 business loss of the taxpayer disallowed as a  
7 deduction by Section 461(1)(1)(B) of the Internal  
8 Revenue Code; and

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

22 (3) Limitation. The amount of any modification  
23 otherwise required under this subsection shall, under  
24 regulations prescribed by the Department, be adjusted by  
25 any amounts included therein which were properly paid,  
26 credited, or required to be distributed, or permanently

1 set aside for charitable purposes pursuant to Internal  
2 Revenue Code Section 642(c) during the taxable year.

3 (d) Partnerships.

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

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

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

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

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

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

25 (D-5) For taxable years 2001 through 2025 ~~and~~

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

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

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

24 The taxpayer is required to make the addition  
25 modification under this subparagraph only once with  
26 respect to any one piece of property;

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



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

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

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

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

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

26 (b) the transaction giving rise to the

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

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

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

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

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

1 following:

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

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

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

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

1 404 of this Act; and

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

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

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

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

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

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

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

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

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

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

3 For taxable years ending on or after December 31,  
4 2025, this paragraph shall not apply to the following:

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

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

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

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

1 writing to the application or use of an  
2 alternative method of apportionment under Section  
3 304(f).

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

13 (D-9) For taxable years ending on or after  
14 December 31, 2008, an amount equal to the amount of  
15 insurance premium expenses and costs otherwise allowed  
16 as a deduction in computing base income, and that were  
17 paid, accrued, or incurred, directly or indirectly, 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. The  
24 addition modification required by this subparagraph  
25 shall be reduced to the extent that dividends were  
26 included in base income of the unitary group for the



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

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

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

21 (D-12) the amount that is claimed as a federal  
22 deduction when computing the taxpayer's federal  
23 taxable income for the taxable year and that is  
24 attributable to an endowment gift for which the  
25 taxpayer receives a credit under the Illinois Gives  
26 Tax Credit Act;

1       and by deducting from the total so obtained the following  
2       amounts:

3               (E) The valuation limitation amount;

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

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

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

25              (I) An amount equal to all amounts of income  
26      distributable to an entity subject to the Personal

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

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

24          (K) An amount equal to those dividends included in  
25          such total which were paid by a corporation which  
26          conducts business operations in a River Edge

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 otherwise disposes of property for which the taxpayer  
2 was required in any taxable year to make an addition  
3 modification under subparagraph (D-5), then an amount  
4 equal to that addition modification.

5 If the taxpayer continues to own property through  
6 the last day of the last tax year for which a  
7 subtraction is allowed with respect to that property  
8 under subparagraph (O) and for which the taxpayer was  
9 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 The taxpayer is allowed to take the deduction  
13 under this subparagraph only once with respect to any  
14 one piece of property.

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

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

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

8           (R) 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 that the foreign person's business  
14          activity outside the United States is 80% or more of  
15          that person's total business activity and (ii) for  
16          taxable years ending on or after December 31, 2008, to  
17          a person who would be a member of the same unitary  
18          business group but for the fact that the person is  
19          prohibited under Section 1501(a)(27) from being  
20          included in the unitary business group because he or  
21          she is ordinarily required to apportion business  
22          income under different subsections of Section 304, but  
23          not to exceed the addition modification required to be  
24          made for the same taxable year under Section  
25          203(d)(2)(D-7) for interest paid, accrued, or  
26          incurred, directly or indirectly, to the same person.



1           This subparagraph (R) is exempt from Section 250;

2           (S) 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(d)(2)(D-8) for intangible expenses and costs paid,  
20          accrued, or incurred, directly or indirectly, to the  
21          same person. This subparagraph (S) is exempt from  
22          Section 250;

23          (T) For taxable years ending on or after December  
24          31, 2011, in the case of a taxpayer who was required to  
25          add back any insurance premiums under Section  
26          203(d)(2)(D-9), such taxpayer may elect to subtract

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

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

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

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

1 addition modification must be made under those  
2 subparagraphs for any other taxable year to which the  
3 taxable income less than zero (net operating loss) is  
4 applied under Section 172 of the Internal Revenue Code or  
5 under subparagraph (E) of paragraph (2) of this subsection  
6 (e) applied in conjunction with Section 172 of the  
7 Internal Revenue Code.

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

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

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

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

26 (D) Real estate investment trusts. In the case of

1 a real estate investment trust subject to the tax  
2 imposed by Section 857 of the Internal Revenue Code,  
3 real estate investment trust taxable income;

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

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

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

22 (G) Subchapter S corporations. In the case of: (i)  
23 a Subchapter S corporation for which there is in  
24 effect an election for the taxable year under Section  
25 1362 of the Internal Revenue Code, the taxable income  
26 of such corporation determined in accordance with

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

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

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

1 related to that asset or business that generated the  
2 non-business income shall be added back and recaptured as  
3 business income in the year of the disposition of the  
4 asset or business. Such amount shall be apportioned to  
5 Illinois using the greater of the apportionment fraction  
6 computed for the business under Section 304 of this Act  
7 for the taxable year or the average of the apportionment  
8 fractions computed for the business under Section 304 of  
9 this Act for the taxable year and for the 2 immediately  
10 preceding taxable years.

11 (f) Valuation limitation amount.

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

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

21 (B) The lesser of (i) the sum of the pre-August 1,  
22 1969 appreciation amounts (to the extent consisting of  
23 capital gain) for all property in respect of which  
24 such gain was reported for federal income tax purposes  
25 for the taxable year, or (ii) the net capital gain for



1 the taxable year, reduced in either case by any amount  
2 of such gain included in the amount determined under  
3 subsection (a) (2) (F) or (c) (2) (H) .

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

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

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

1           (C)    The    Department    shall    prescribe    such  
2           regulations   as may be necessary to carry out the  
3           purposes of this paragraph.

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

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

16          (Source: P.A. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;  
17          103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,  
18          Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.  
19          7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,  
20          eff. 8-15-25.)

21          (35 ILCS 5/701) (from Ch. 120, par. 7-701)

22          Sec. 701. Requirement and amount of withholding.

23          (a) In General. Every employer maintaining an office or

1 transacting business within this State and required under the  
2 provisions of the Internal Revenue Code to withhold a tax on:

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

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

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

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

24 (A) in which the employee is required, on a  
25 contemporaneous basis, to record the work location for  
26 every day worked outside of the State where the

1 employment duties are primarily performed; and

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

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

17 (a-10) If the compensation is paid to a loan out company,  
18 as defined under Section 10 of the Film Production Services  
19 Tax Credit Act of 2008, if the compensation is considered  
20 compensation paid in this State under paragraph (B) of item  
21 (2) of subsection (a) of Section 304, and if the compensation  
22 is for in-State services performed for a production that is  
23 accredited under Section 10 of the Film Production Services  
24 Tax Credit Act of 2008 and commences on or after the effective  
25 date of this amendatory Act of the 104th General Assembly,  
26 then the production company or its authorized payroll service

1 company shall withhold tax on that compensation under this  
2 Article 7 and shall withhold at the tax rate provided in  
3 subsection (b) of Section 201 on all payments to loan out  
4 companies for services performed in Illinois by the loan out  
5 company's employees. Notwithstanding any other provision of  
6 law, nonresident employees of loan out companies who perform  
7 services in Illinois shall be considered taxable nonresidents  
8 and shall be subject to the tax under this Act in the taxable  
9 year in which the employee performs services in Illinois.

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

1     Employment Security.

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

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

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

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

24           Section 15. The Film Production Services Tax Credit Act of  
25     2008 is amended by changing Sections 10 and 42 as follows:

1 (35 ILCS 16/10)

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

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

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

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

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

3           (2) is a talk show produced for local or regional  
4           markets;

5           (3) (blank);

6           (4) is a sports event or activity;

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

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

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

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

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

21          "Accredited production certificate" means a certificate  
22          issued by the Department certifying that the production is an  
23          accredited production that meets the guidelines of this Act.

24          "Applicant" means a taxpayer that is a film production  
25          company that is operating or has operated an accredited  
26          production located within the State of Illinois and that (i)



1 owns the copyright in the accredited production throughout the  
2 Illinois production period or (ii) has contracted directly  
3 with the owner of the copyright in the accredited production  
4 or a person acting on behalf of the owner to provide services  
5 for the production, where the owner of the copyright is not an  
6 eligible production corporation.

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

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

17 "Credit" means:

18 (1) for an accredited production approved by the  
19 Department on or before January 1, 2005 and commencing  
20 before May 1, 2006, the amount equal to 25% of the Illinois  
21 labor expenditure approved by the Department. The  
22 applicant is deemed to have paid, on its balance due day  
23 for the year, an amount equal to 25% of its qualified  
24 Illinois labor expenditure for the tax year. For Illinois  
25 labor expenditures generated by the employment of  
26 residents of geographic areas of high poverty or high

1 unemployment, as determined by the Department, in an  
2 accredited production commencing before May 1, 2006 and  
3 approved by the Department after January 1, 2005, the  
4 applicant shall receive an enhanced credit of 10% in  
5 addition to the 25% credit; ~~and~~

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

9 (i) 20% of the Illinois production spending for  
10 the taxable year; plus

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

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

18 (i) 30% of the Illinois production spending for  
19 the taxable year; plus

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

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

26 (i) 35% of the Illinois production spending for

1       the use of tangible personal property or the expenses  
2       to acquire services from vendors in Illinois and for  
3       Illinois labor expenditures generated by the  
4       employment of Illinois residents; plus

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

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

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

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

23           (vi) 5% of the Illinois production spending for  
24       productions certified as green by the Department.

25       "Department" means the Department of Commerce and Economic  
26       Opportunity.

1 "Director" means the Director of Commerce and Economic  
2 Opportunity.

3 "Fair market value" means:

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

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

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

19 ~~To qualify as an Illinois labor expenditure, the~~  
20 ~~expenditure must be:~~

21 (1) The expenditure must be reasonable ~~Reasonable~~ in  
22 the circumstances.

23 (2) The expenditure must be included ~~Included~~ in the  
24 federal income tax basis of the property.

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

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

5           (5) The expenditure is limited ~~Limited~~ to the first  
6 \$25,000 of wages paid or incurred to each employee of a  
7 production commencing before May 1, 2006 and the first  
8 \$100,000 of wages paid or incurred to each employee of a  
9 production commencing on or after May 1, 2006 and prior to  
10 July 1, 2022. For productions commencing on or after July  
11 1, 2022, the expenditure is limited to the first \$500,000  
12 of wages paid or incurred to each eligible nonresident or  
13 resident employee of a production company or loan out  
14 company that provides in-State services to a production,  
15 whether those wages are paid or incurred by the production  
16 company, loan out company, or both, subject to withholding  
17 payments provided for in Article 7 of the Illinois Income  
18 Tax Act, including, for accredited productions commencing  
19 on or after the effective date of this amendatory Act of  
20 the 104th General Assembly, amounts withheld under  
21 subsection (a-10) of Section 701 of the Illinois Income  
22 Tax Act. For purposes of calculating Illinois labor  
23 expenditures for a television series, the eligible  
24 nonresident wage limitations provided under this  
25 subparagraph are applied per episode to the entire season.  
26 For the purpose of this paragraph (5), an eligible

1 nonresident is a nonresident whose wages qualify as an  
2 Illinois labor expenditure under the provisions of  
3 paragraphs paragraph (9) through (9.3) that apply to that  
4 production.

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

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

11 (8) (Blank).

12 (8.5) For a production commencing on or after July 1,  
13 2025, subject to the other limitations of this definition,  
14 wages paid to no more than 2 executive producers per  
15 accredited production may be considered Illinois labor  
16 expenditures. Notwithstanding that limitation, if an  
17 executive producer receives compensation for another  
18 position on the accredited production for services  
19 performed, including, but not limited to, writing  
20 services, and that compensation is otherwise considered an  
21 Illinois labor expenditure under the provisions of this  
22 definition, then, subject to the other limitations of this  
23 definition, that person's salary or wages may be  
24 considered an Illinois labor expenditure, and that person  
25 shall not be considered one of the 2 executive producers  
26 for the purposes of the limitation under this paragraph

1       (8.5). In addition, line producers are not subject to the  
2       2-producer limit of this paragraph (8.5). As used in this  
3       paragraph (8.5), the term "executive producer" means a  
4       person who is responsible for overseeing the creative and  
5       managerial process of an accredited production. As used in  
6       this paragraph (8.5), the term "line producer" means a  
7       person who is responsible for the day-to-day operational  
8       management of the accredited production.

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

18      (9.1) For purposes of paragraph (9) this subparagraph,  
19      if the production is accredited by the Department before  
20      the effective date of this amendatory Act of the 102nd  
21      General Assembly, only wages paid to nonresidents working  
22      in the following positions shall be considered Illinois  
23      labor expenditures: Writer, Director, Director of  
24      Photography, Production Designer, Costume Designer,  
25      Production Accountant, VFX Supervisor, Editor, Composer,  
26      and Actor, subject to the limitations set forth under this

1        subparagraph. For an accredited Illinois production  
2        spending of \$25,000,000 or less, no more than 2  
3        nonresident actors' wages shall qualify as an Illinois  
4        labor expenditure. For an accredited production with  
5        Illinois production spending of more than \$25,000,000, no  
6        more than 4 nonresident actor's wages shall qualify as  
7        Illinois labor expenditures.

8        (9.2) For purposes of paragraph (9) ~~this subparagraph~~,  
9        if the production is accredited by the Department on or  
10       after the effective date of this amendatory Act of the  
11       102nd General Assembly and before July 1, 2025, wages paid  
12       to nonresidents shall qualify as Illinois labor  
13       expenditures only under the following conditions:

14                (A) the nonresident must be employed in a  
15                qualified position;

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

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

24                (D) for an accredited production with Illinois  
25                production spending of more than \$25,000,000, no more  
26                than 4 nonresident actors' wages shall qualify as



1 Illinois labor expenditures.

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

7 (9.3) For the purposes of paragraph (9), in the case  
8 of a production that commences on or after July 1, 2025,  
9 wages paid to nonresidents shall qualify as Illinois labor  
10 expenditures only under the following conditions:

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

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

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

24 (D) for an accredited production with Illinois  
25 production spending of \$40,000,000 or more, no more  
26 than 6 nonresident actors' wages shall qualify as

1           Illinois labor expenditures.

2           (10) Paid for services rendered in Illinois.

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

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

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

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

20           "Illinois production spending" means the expenses incurred  
21 by the applicant for an accredited production that are  
22 reasonable under the circumstances, but does not include any  
23 monetary prize or the cost of any non-monetary prize awarded  
24 pursuant to a production in respect of a game, questionnaire,  
25 or contest. "Illinois production spending" includes, without  
26 limitation, unless otherwise specified in this definition, all

1 of the following:

2 (1) expenses to purchase, from vendors within  
3 Illinois, tangible personal property that is used in the  
4 accredited production;

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

7 (2.1) airfare, if purchased from an airline domiciled  
8 in Illinois;

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

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

26 "Loan out company" means a personal service corporation or

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

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

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

17 "Unrelated party" means a party that is not a related  
18 party with respect to the taxpayer.

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

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

23 (35 ILCS 16/42)

24 Sec. 42. Sunset of credits. The application of credits  
25 awarded pursuant to this Act shall be limited by a reasonable

1 and appropriate sunset date. A taxpayer shall not be awarded  
2 any new credits pursuant to this Act for tax years beginning on  
3 or after January 1, 2039 ~~2033~~.

4 (Source: P.A. 101-178, eff. 8-1-19; 102-700, eff. 4-19-22;  
5 102-1125, eff. 2-3-23.)

6 Section 99. Effective date. This Act takes effect upon  
7 becoming law.".