

104TH GENERAL ASSEMBLY**State of Illinois****2025 and 2026****SB2279**

Introduced 2/7/2025, by Sen. Robert Peters

SYNOPSIS AS INTRODUCED:

See Index

Creates the Responsibility in Firearm Legislation (RIFL) Act. Establishes a firearms manufacturer licensing program in the Department of Financial and Professional Regulation, with certain requirements, including that the sum of all fees for firearms manufacturer licenses shall be equal to the public health costs and financial burdens from firearm injuries and deaths. Provides that, beginning January 1, 2028, a manufacturer of firearms may not operate in this State without a license from the Department and that a manufacturer who violates this provision is subject to a civil penalty of up to \$1,000,000 per month. Provides that, beginning January 1, 2028, a retailer may not sell a firearm to a consumer in this State from a manufacturer who does not have a license from the Department and that a retailer who violates this provision is subject to a civil penalty of up to \$10,000 per violation, with certain requirements. Establishes the RIFL Fund as a special fund in the State treasury, with certain limitations. Provides that the proceeds from fees under the licensing program shall be deposited into the RIFL Fund. Establishes a financial assistance program in the Department with moneys from the RIFL Fund for financial assistance to victims of firearms and for other purposes. Provides that the Department shall contract with a program administrator to administer the financial assistance program, with certain requirements. Provides that the Department shall adopt rules for financial assistance to victims of firearms, with certain requirements, including regarding exemption from certain State taxes. Provides that the Department may contract with a program administrator to implement or administer any part of the Act, with certain requirements. Provides that the Illinois State Police shall report certain information to the Department. Provides that the Department may provide for other civil penalties of no more than \$1,000 per violation. Provides that the Attorney General may enforce the Act. Makes other provisions. Amends the State Finance Act to make conforming changes. Amends the Illinois Income Tax Act to make conforming changes.

LRB104 12211 BDA 22316 b

1 AN ACT concerning regulation.

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

4 Section 1. Short title. This Act may be cited as the
5 Responsibility in Firearm Legislation (RIFL) Act.

6 Section 5. Findings and purpose. The General Assembly
7 finds that the people of the State of Illinois have incurred
8 undue public health costs and financial burdens from injuries
9 and deaths as a result of the use of firearms in this State.
10 Therefore, to protect the health, welfare, and safety of the
11 people of the State of Illinois, it is necessary to require the
12 licensing of manufacturers of firearms in this State and to
13 distribute the proceeds of license fees to victims of firearms
14 in this State.

15 Section 10. Definitions. In this Act:

16 "Consumer price index-u" means the index published by the
17 Bureau of Labor Statistics of the United States Department of
18 Labor that measures the average change in prices of goods and
19 services purchased by all urban consumers, United States city
20 average, all items, 1982-84 = 100.

21 "Department" means the Department of Financial and
22 Professional Regulation.

1 "Direct costs" means costs incurred for any one or more of
2 the following: medical treatment and care; medical devices and
3 prescriptions drugs; mental health treatment provided by a
4 psychiatrist, psychologist, social worker, or behavioral
5 therapist; physical therapy, occupational therapy, and
6 rehabilitation services; funeral and burial; emergency
7 transportation; lost wages; emergency relocation; property
8 damage; legal services; or emergency child or dependent care.

9 "Distributor of firearms" or "distributor" means a person
10 who supplies firearms to retailers or other businesses that
11 sell firearms to consumers in this State.

12 "Firearm" has the meaning given in Section 1.1 of the
13 Firearm Owners Identification Card Act.

14 "Firearm injury or death" or "firearm injury" means an
15 injury to or the death of an individual that is caused by a
16 high-velocity projectile fired from a firearm. "Firearm
17 injury" includes firearm-related suicides and firearm-related
18 homicides.

19 "First-degree relative" means an individual's parent,
20 sibling, or child.

21 "Manufacturer of firearms" or "manufacturer" means a
22 person that manufactures and sells firearms to consumers,
23 distributors, or retailers in this State.

24 "Permanent disability" means a permanent physical
25 impairment to a person that is caused by a firearm injury and
26 either prevents the person from working or performing normal

1 activities or results in paralysis or extended treatment in a
2 long-term acute care facility.

3 "Retailer of firearms" or "retailer" means a person that
4 sells firearms directly to consumers in this State.

5 "RIFL License" or "License" means a Responsibility in
6 Firearm Legislation (RIFL) License granted by the Department
7 under Section 15 of this Act or the rules adopted under this
8 Act.

9 "RIFL Fund" or "Fund" means the Responsibility in Firearm
10 Legislation (RIFL) Fund created under this Act.

11 "Second-degree relative" means an individual's aunt,
12 uncle, grandparent, grandchild, niece, half-sibling, or other
13 blood relative who is one generation removed.

14 "Total annual aggregate fee" means the sum of all license
15 fees imposed over one year on manufacturers under this Act.

16 "Victim of firearms" or "Victim" means (i) an individual
17 who is killed by a firearm injury or suffers a firearm injury
18 or (ii) the next of kin, legal guardian, dependent,
19 first-degree relative, second-degree relative, or employer of
20 an individual described in item (i).

21 Section 15. RIFL Licensing Program.

22 (a) The Responsibility in Firearm Legislation (RIFL)
23 Licensing Program is established in the Department for the
24 licensing of manufacturers of firearms.

25 (b) The Department shall notify all manufacturers that are

1 subject to licensing under this Act.

2 (c) A manufacturer in this State shall be awarded a RIFL
3 License by the Department upon payment of the fee set by the
4 Department for the License.

5 (d) Manufacturers who have a license from the Department
6 shall be listed on an Internet website maintained by the
7 Department in order to ensure that manufacturers,
8 distributors, and retailers comply with the requirements of
9 this Act.

10 (e) The fees for a RIFL License shall be determined by the
11 Department annually based on the findings and purpose of this
12 Act and on the following:

13 (1) The total annual aggregate fee for all
14 manufacturers of firearms in this State shall be set by
15 the Department at an amount that the Department estimates
16 is equal to the public health costs and financial burdens
17 borne by the State and its residents as a result of firearm
18 injuries occurring in this State, as determined by the
19 Department based on the incidence of firearm injuries in
20 this State in the previous year, except that in the first
21 program year the total annual aggregate fee shall not
22 exceed \$866,000,000.

23 (2) The total annual aggregate fee for all
24 manufacturers of firearms in this State shall annually
25 thereafter be increased by the annual unadjusted
26 percentage increase in the consumer price index-u for the

1 12 months ending with the September preceding each
2 November 1, including all previous adjustments.

3 (3) The fee paid by a firearm manufacturer shall be
4 the portion of the total annual aggregate fee equal to the
5 market share of the firearm manufacturer, as determined by
6 rule of the Department.

7 (4) The fee paid by a firearm manufacturer under
8 paragraph (3) may be adjusted by the Department based on
9 the number of firearms recovered in a given year in
10 connection with incidents involving firearm injuries that
11 are linked to a specific manufacturer in the State,
12 regardless of modifications or accessories added to the
13 firearm after manufacturing, divided by the total number
14 of firearms recovered in connection with those incidents
15 in that same year.

16 (f) The Department shall provide information regarding the
17 specific amount for the fee for the license to each
18 manufacturer at least 90 days before the fee for the license is
19 due.

20 (g) The Department shall provide manufacturers with an
21 opportunity to dispute any fees levied for a license under
22 procedures established by rules adopted by the Department
23 under this Act.

24 (h) The proceeds from all fees under the Responsibility in
25 Firearm Legislation (RIFL) Licensing Program shall be
26 deposited into the RIFL Fund established in Section 20 of this

1 Act.

2 (i) Beginning January 1, 2028, a manufacturer of firearms
3 may not operate in this State without a license issued by the
4 Department under this Act.

5 (j) Beginning January 1, 2028, a retailer may not sell a
6 firearm to a consumer in this State from a manufacturer who
7 does not have a license issued by the Department under this
8 Act.

9 Section 20. RIFL Fund. The Responsibility in Firearm
10 Legislation (RIFL) Fund is created as a special fund in the
11 State treasury. Proceeds from fees imposed for RIFL Licenses
12 under Section 15 of this Act or rules adopted under Section 15
13 of this Act shall be collected by the Department and deposited
14 into the Fund. Civil penalties collected under Section 40
15 shall be deposited into the Fund. Proceeds from interest or
16 dividends shall be reinvested into the Fund. Moneys in the
17 RIFL Fund, as directed by the Secretary of Financial and
18 Professional Regulation or the Secretary's designee, shall be
19 expended for financial assistance to victims of firearms in
20 this State under Section 25 of this Act or rules adopted under
21 Section 25 of this Act and for other purposes authorized under
22 this Act or rules adopted under this Act. Subsections (b) and
23 (c) of Section 5 of the State Finance Act do not apply to the
24 RIFL Fund.

1 Section 25. RIFL Financial Assistance Program.

2 (a) The Responsibility in Firearm Legislation (RIFL)
3 Financial Assistance Program is established in the Department
4 for the purpose of providing financial assistance to victims
5 of firearms in this State.

6 (b) The Department shall, in consultation with the
7 Department of Insurance, contract with a program administrator
8 under Section 30 to administer the RIFL Financial Assistance
9 Program. The contract with the program administrator selected
10 by the Department shall include all requirements under this
11 Act and rules adopted by the Department under this Act
12 applicable to the duties of the program administrator.

13 (c) Moneys in the RIFL Fund shall be used for the financial
14 assistance under the Responsibility in Firearm Legislation
15 (RIFL) Financial Assistance Program established under this
16 Section.

17 (d) On or before July 1, 2027, the Department, in
18 consultation with the Department of Insurance, shall adopt
19 rules for the provision of financial assistance to victims of
20 firearms in this State. These rules shall be based on the
21 findings and purpose of this Act and shall provide, at least
22 and as much as practicable, for the following:

23 (1) Eligible claimants for financial assistance shall
24 include all victims as defined in this Act.

25 (2) Except as limited by paragraph (4), expenses
26 eligible for compensation through financial assistance

1 from the RIFL Fund under this Act include, but are not
2 limited to, costs related to medical and mental health
3 care, rehabilitation, prescriptions, medical devices,
4 funeral, emergency transportation, lost wages, loss of
5 tuition, property damage, temporary relocation, property
6 disability accommodations, probate costs, replacement
7 services loss, loss of support, dependent replacement
8 service, short-term childcare, pain and suffering, hiring,
9 recruiting, paid time-off, training, and work
10 accommodation costs.

11 (3) The financial assistance from the RIFL Fund under
12 this Act shall compensate victims of firearms for all
13 direct costs incurred as a result of firearm injury for up
14 to 3 years post-event, except in the event of permanent
15 disability. Individuals who sustain permanent disability
16 from firearm injury are eligible for compensation for the
17 duration of the claimant's life. The Department shall
18 directly pay providers of medical care, mental health
19 care, pharmaceutical services, and rehabilitative services
20 who have provided medical care, mental health care,
21 pharmaceutical services, or rehabilitative services that
22 are connected to a firearm injury to a victim of firearms
23 as part of this compensation.

24 (4) Out-of-State residents who have suffered firearm
25 injury or death in this State are eligible for in-State
26 medical and mental health care costs, and rehabilitation

1 only, through this RIFL Financial Assistance Program.

2 (5) The compensation received through the RIFL
3 Financial Assistance Program is exempt from State taxes
4 under subparagraph (NN) of paragraph (2) of subsection (a)
5 of Section 203 of the Illinois Income Tax Act.

6 (6) If any other sources of reimbursement are
7 available to a victim, the fund must be reimbursed by
8 those sources for the costs it incurs paying claims.

9 (7) Claimants are responsible to provide medical
10 records, proof of employment, and proof of expenses.

11 (8) Claim disputes shall be resolved by a claim
12 dispute review board established in the Department.
13 Claimants whose applications are denied may request review
14 within 30 days of denial by the claims dispute review
15 board. The dedicated review board shall issue a decision
16 within 60 days. Claimants may appeal decisions by the
17 claims dispute review board to the Court of Claims.

18 Section 30. Contracting.

19 (a) The Department may, in consultation with the
20 Department of Insurance, contract with a program administrator
21 to implement or administer any part of this Act, subject to the
22 Illinois Procurement Code.

23 (b) The program administrator must demonstrate:

24 (1) expertise in actuarial science, compensation or
25 mass tort programs, and public health policy;

1 (2) independence from financial or operational ties to
2 the firearm industry or firearm advocacy organizations;
3 and

4 (3) transparency in operations with a publicly
5 accessible annual report detailing administrative costs,
6 personnel costs, claims distributed, and any other
7 information required by the Department.

8 (c) The program administrator shall submit quarterly and
9 annual reports to the Department detailing administrative
10 costs, personnel costs, claims distributed under Section 25,
11 and any other information required by the Department. The
12 annual reports under this Section shall be made publicly
13 available on a public website.

14 Section 35. RIFL firearm recovery reporting.

15 (a) The Illinois State Police shall report to the
16 Department the manufacturer, make, and model of all firearms
17 recovered in any incidents to which they respond that result
18 in a firearm injury.

19 (b) The Department shall make available on the
20 Department's public website the substance of the reports
21 received under subsection (a).

22 (c) The Department, in consultation with the Illinois
23 State Police, shall, by rule, establish procedures
24 implementing this Section.

1 Section 40. Enforcement and penalties.

2 (a) The Attorney General shall have the authority to
3 investigate violations of this Act and bring civil actions to
4 enforce this Act. Any civil penalty collected under this Act
5 shall be deposited into the RIFL Fund.

6 (b) A manufacturer who violates subsection (i) of Section
7 15 is subject to a civil penalty of up to \$1,000,000 per month,
8 for every month a continuing violation of that subsection
9 continues.

10 (c) A retailer who violates subsection (j) of Section 15
11 is subject to a civil penalty of up to \$10,000 per violation.
12 It is an affirmative defense that a retailer reasonably relied
13 upon the list of manufacturers under Section 15 of this Act.

14 (d) The Department may adopt rules that provide for other
15 civil penalties for violations of this Act or rules adopted
16 under this Act of no more than \$1,000 per violation.

17 (e) The Attorney General may bring an action for an
18 equitable or other remedy in a court of competent jurisdiction
19 to enforce this Act or to prevent a violation of this Act.

20 Section 45. Rulemaking. The Department shall adopt rules
21 implementing this Act.

22 Section 50. The State Finance Act is amended by changing
23 Section 5 and by adding Section 5.1030 as follows:

1 (30 ILCS 105/5) (from Ch. 127, par. 141)

2 Sec. 5. Special funds.

3 (a) There are special funds in the State Treasury
4 designated as specified in the Sections which succeed this
5 Section 5 and precede Section 5d.

6 (b) Except as provided in the Illinois Vehicle Hijacking
7 and Motor Vehicle Theft Prevention and Insurance Verification
8 Act and the Responsibility in Firearm Legislation (RIFL) Act,
9 when any special fund in the State Treasury is discontinued by
10 an Act of the General Assembly, any balance remaining therein
11 on the effective date of such Act shall be transferred to the
12 General Revenue Fund, or to such other fund as such Act shall
13 provide. Warrants outstanding against such discontinued fund
14 at the time of the transfer of any such balance therein shall
15 be paid out of the fund to which the transfer was made.

16 (c) Except as provided in the Responsibility in Firearm
17 Legislation (RIFL) Act, when ~~when~~ any special fund in the
18 State Treasury has been inactive for 18 months or longer, the
19 Comptroller may terminate the fund, and the balance remaining
20 in such fund shall be transferred by the Comptroller to the
21 General Revenue Fund. When a special fund has been terminated
22 by the Comptroller as provided in this Section, the General
23 Assembly shall repeal or amend all Sections of the statutes
24 creating or otherwise referring to that fund.

25 The Comptroller shall be allowed the discretion to
26 maintain or dissolve any federal trust fund which has been

1 inactive for 18 months or longer.

2 (d) (Blank).

3 (e) (Blank).

4 (Source: P.A. 102-904, eff. 1-1-23; 103-266, eff. 1-1-24;
5 103-616, eff. 7-1-24.)

6 (30 ILCS 105/5.1030 new)

7 Sec. 5.1030. The Responsibility in Firearm Legislation
8 (RIFL) Fund.

9 Section 55. The Illinois Income Tax Act is amended by
10 changing Section 203 as follows:

11 (35 ILCS 5/203)

12 Sec. 203. Base income defined.

13 (a) Individuals.

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

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

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

1 in the computation of adjusted gross income, except
2 stock dividends of qualified public utilities
3 described in Section 305(e) of the Internal Revenue
4 Code;

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

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

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 adjusted gross income;

25 (D-5) An amount, to the extent not included in
26 adjusted gross income, equal to the amount of money

1 withdrawn by the taxpayer in the taxable year from a
2 medical care savings account and the interest earned
3 on the account in the taxable year of a withdrawal
4 pursuant to subsection (b) of Section 20 of the
5 Medical Care Savings Account Act or subsection (b) of
6 Section 20 of the Medical Care Savings Account Act of
7 2000;

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

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

18 (D-16) 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 the aggregate amount of the
23 deductions taken in all taxable years under
24 subparagraph (Z) with respect to that property.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which a

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

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

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

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

10 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

3 (D-18) 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 under Sections 951 through 964 of the Internal
26 Revenue Code and amounts included in gross income

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

22 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 materials;

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

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

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

1 Section;

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

1 amount equal to the contribution component of the
2 nonqualified withdrawal or refund that was previously
3 deducted from base income under subsection (a) (2) (HH)
4 of this Section;

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

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

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

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

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

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

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

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

9 (G) The valuation limitation amount;

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

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

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

26 (K) An amount equal to those dividends included in

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

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

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

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

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

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

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

25 (Q) An amount equal to any amounts included in
26 such total, received by the taxpayer as an

1 acceleration in the payment of life, endowment or
2 annuity benefits in advance of the time they would
3 otherwise be payable as an indemnity for a terminal
4 illness;

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

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

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

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

1 Act during the taxpayer's taxable years 1992 and 1993;

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

1 213 of the Internal Revenue Code of 1986 not actually
2 deducted on the taxpayer's federal income tax return;

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

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

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

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

1 State Treasurer Act or (ii) the Illinois Prepaid
2 Tuition Trust Fund, except that amounts excluded from
3 gross income under Section 529(c)(3)(C)(i) of the
4 Internal Revenue Code shall not be considered moneys
5 contributed under this subparagraph (Y). For purposes
6 of this subparagraph, contributions made by an
7 employer on behalf of an employee, or matching
8 contributions made by an employee, shall be treated as
9 made by the employee. This subparagraph (Y) is exempt
10 from the provisions of Section 250;

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

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

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

1 0.429); and

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

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

9 (ii) for property on which a bonus
10 depreciation deduction of 50% of the adjusted
11 basis was taken, "x" equals "y" multiplied by
12 1.0;

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

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

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

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

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

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

26 The taxpayer is allowed to take the deduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (NN) For taxable years that begin on or after
25 January 1, 2028, any amount received from the
26 Responsibility in Firearm Legislation (RIFL) Fund or

1 the Responsibility in Firearm Legislation (RIFL)
2 Financial Assistance Program to the extent included in
3 the taxpayer's federal adjusted gross income and that
4 is not excluded from the taxpayer's federal adjusted
5 gross income.

6 (b) Corporations.

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

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

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

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

22 (C) In the case of a regulated investment company,
23 an amount equal to the excess of (i) the net long-term
24 capital gain for the taxable year, over (ii) the
25 amount of the capital gain dividends designated as

1 such in accordance with Section 852(b)(3)(C) of the
2 Internal Revenue Code and any amount designated under
3 Section 852(b)(3)(D) of the Internal Revenue Code,
4 attributable to the taxable year (this amendatory Act
5 of 1995 (Public Act 89-89) is declarative of existing
6 law and is not a new enactment);

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

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

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

1 which was taken into account in calculating the
2 base income of an earlier taxable year, and

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

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

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

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

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.

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

3 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

20 (E-15) For taxable years beginning after December
21 31, 2008, any deduction for dividends paid by a
22 captive real estate investment trust that is allowed
23 to a real estate investment trust under Section
24 857(b)(2)(B) of the Internal Revenue Code for
25 dividends paid;

26 (E-16) An amount equal to the credit allowable to

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

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

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

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

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

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

26 and by deducting from the total so obtained the sum of the

1 following amounts:

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

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

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

12 (I) With the exception of any amounts subtracted
13 under subparagraph (J), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a)(2) and 265(a)(2) and amounts disallowed as
16 interest expense by Section 291(a)(3) of the Internal
17 Revenue Code, and all amounts of expenses allocable to
18 interest and disallowed as deductions by Section
19 265(a)(1) of the Internal Revenue Code; and (ii) for
20 taxable years ending on or after August 13, 1999,
21 Sections 171(a)(2), 265, 280C, 291(a)(3), and
22 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
23 for tax years ending on or after December 31, 2011,
24 amounts disallowed as deductions by Section 45G(e)(3)
25 of the Internal Revenue Code and, for taxable years
26 ending on or after December 31, 2008, any amount

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

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

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

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

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

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

1 in the River Edge Redevelopment Zone. The subtraction
2 modification available to the taxpayer in any year
3 under this subsection shall be that portion of the
4 total interest paid by the borrower with respect to
5 such loan attributable to the eligible property as
6 calculated under the previous sentence. This
7 subparagraph (M) is exempt from the provisions of
8 Section 250;

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

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

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

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

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

1 dividends. For taxable years ending on or after June
2 30, 2021, (i) for purposes of this subparagraph, the
3 term "dividend" does not include any amount treated as
4 a dividend under Section 1248 of the Internal Revenue
5 Code, and (ii) this subparagraph shall not apply to
6 dividends for which a deduction is allowed under
7 Section 245(a) of the Internal Revenue Code. This
8 subparagraph (O) is exempt from the provisions of
9 Section 250 of this Act;

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

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

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

1 attorney-in-fact under Section 835(b) of the Internal
2 Revenue Code for the taxable year; the provisions of
3 this subparagraph are exempt from the provisions of
4 Section 250;

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

15 (T) 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) of Section 168 of the Internal
19 Revenue Code and for each applicable taxable year
20 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) of Section
26 168 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) of the
24 Internal Revenue Code to not claim bonus
25 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) of Section 168 of the Internal Revenue Code. This
16 subparagraph (T) is exempt from the provisions of
17 Section 250;

18 (U) If the taxpayer sells, transfers, abandons, or
19 otherwise disposes of property for which the taxpayer
20 was required in any taxable year to make an addition
21 modification under subparagraph (E-10), then an amount
22 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 (T) and for which the taxpayer was

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

4 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 (U) is exempt from the
8 provisions of Section 250;

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

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

8 (W) 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(b)(2)(E-12) for interest paid, accrued, or
26 incurred, directly or indirectly, to the same person.

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

3 (X) An amount equal to the income from intangible
4 property taken into account for the taxable year (net
5 of the 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(b)(2)(E-13) for intangible expenses and costs
21 paid, accrued, or incurred, directly or indirectly, to
22 the same foreign person. This subparagraph (X) is
23 exempt from the provisions of Section 250;

24 (Y) For taxable years ending on or after December
25 31, 2011, in the case of a taxpayer who was required to
26 add back any insurance premiums under Section

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

14 (Z) The difference between the nondeductible
15 controlled foreign corporation dividends under Section
16 965(e)(3) of the Internal Revenue Code over the
17 taxable income of the taxpayer, computed without
18 regard to Section 965(e)(2)(A) of the Internal Revenue
19 Code, and without regard to any net operating loss
20 deduction. This subparagraph (Z) is exempt from the
21 provisions of Section 250; and

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

1 organization operating in this State and licensed
2 under the Compassionate Use of Medical Cannabis
3 Program Act, an amount equal to the deductions that
4 were disallowed under Section 280E of the Internal
5 Revenue Code for the taxable year and that would not be
6 added back under this subsection. The provisions of
7 this subparagraph (AA) are exempt from the provisions
8 of Section 250.

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

17 (c) Trusts and estates.

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

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

25 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of taxable income;

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

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

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

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

1 they are listed:

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

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

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

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

1 of this Act;

2 (G) An amount equal to the amount of the capital
3 gain deduction allowable under the Internal Revenue
4 Code, to the extent deducted from gross income in the
5 computation of taxable income;

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

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

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

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which a
26 subtraction is allowed with respect to that property

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

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

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

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

9 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

1 its authority under Section 404 of this Act;

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

21 This paragraph shall not apply to the following:

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

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

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

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

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

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

1 304(f);

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

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

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

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

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

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

26 and by deducting from the total so obtained the sum of the

1 following amounts:

2 (H) 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 408
5 of the Internal Revenue Code or included in such total
6 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 (I) The valuation limitation amount;

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

1 premium amortization;

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

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

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

4 (O) 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 (M) of paragraph (2) of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (O);

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

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

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

25 (R) For taxable years 2001 and thereafter, for the
26 taxable year in which the bonus depreciation deduction

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

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

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

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

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

23 (ii) for property on which a bonus
24 depreciation deduction of 50% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 1.0;

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

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

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

1 Section 250;

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

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

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

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

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

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

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

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

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

25 (W) in the case of an estate, an amount equal to
26 all amounts included in such total pursuant to the

1 provisions of Section 111 of the Internal Revenue Code
2 as a recovery of items previously deducted by the
3 decedent from adjusted gross income in the computation
4 of taxable income. This subparagraph (W) is exempt
5 from Section 250;

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

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

1 (Z) For taxable years beginning after December 31,
2 2018 and before January 1, 2026, the amount of excess
3 business loss of the taxpayer disallowed as a
4 deduction by Section 461(1)(1)(B) of the Internal
5 Revenue Code; and

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

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

1 (d) Partnerships.

2 (1) In general. In the case of a partnership, 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 or dividends during the
10 taxable year to the extent excluded from gross income
11 in the computation of taxable income;

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

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

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

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

1 the Internal Revenue Code;

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

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

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

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

1 person's total business activity and (ii) for taxable
2 years ending on or after December 31, 2008, to a person
3 who would be a member of the same unitary business
4 group but for the fact that the person is prohibited
5 under Section 1501(a)(27) from being included in the
6 unitary business group because he or she is ordinarily
7 required to apportion business income under different
8 subsections of Section 304. The addition modification
9 required by this subparagraph shall be reduced to the
10 extent that dividends were included in base income of
11 the unitary group for the same taxable year and
12 received by the taxpayer or by a member of the
13 taxpayer's unitary business group (including amounts
14 included in gross income pursuant to Sections 951
15 through 964 of the Internal Revenue Code and amounts
16 included in gross income under Section 78 of the
17 Internal Revenue Code) with respect to the stock of
18 the same person to whom the interest was paid,
19 accrued, or incurred.

20 This paragraph shall not apply to the following:

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

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

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

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

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

23 (iv) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer establishes by clear and convincing
26 evidence that the adjustments are unreasonable; or

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

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

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

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

1 similar expenses and costs. For purposes of this
2 subparagraph, "intangible property" includes patents,
3 patent applications, trade names, trademarks, service
4 marks, copyrights, mask works, trade secrets, and
5 similar types of intangible assets;

6 This paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the
24 intangible expense or cost between the
25 taxpayer and the person did not have as a
26 principal purpose the avoidance of Illinois

1 income tax, and is paid pursuant to a contract
2 or agreement that reflects arm's-length terms;
3 or

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

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

22 (D-9) For taxable years ending on or after
23 December 31, 2008, an amount equal to the amount of
24 insurance premium expenses and costs otherwise allowed
25 as a deduction in computing base income, and that were
26 paid, accrued, or incurred, directly or indirectly, 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. The
7 addition modification required by this subparagraph
8 shall be reduced to the extent that dividends were
9 included in base income of the unitary group for the
10 same taxable year and received by the taxpayer or by a
11 member of the taxpayer's unitary business group
12 (including amounts included in gross income under
13 Sections 951 through 964 of the Internal Revenue Code
14 and amounts included in gross income under Section 78
15 of the Internal Revenue Code) with respect to the
16 stock of the same person to whom the premiums and costs
17 were directly or indirectly paid, incurred, or
18 accrued. The preceding sentence does not apply to the
19 extent that the same dividends caused a reduction to
20 the addition modification required under Section
21 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

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

26 (D-11) For taxable years ending on or after

1 December 31, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

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

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

12 (E) The valuation limitation amount;

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

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

26 (H) Any income of the partnership which

1 constitutes personal service income as defined in
2 Section 1348(b)(1) of the Internal Revenue Code (as in
3 effect December 31, 1981) or a reasonable allowance
4 for compensation paid or accrued for services rendered
5 by partners to the partnership, whichever is greater;
6 this subparagraph (H) is exempt from the provisions of
7 Section 250;

8 (I) An amount equal to all amounts of income
9 distributable to an entity subject to the Personal
10 Property Tax Replacement Income Tax imposed by
11 subsections (c) and (d) of Section 201 of this Act
12 including amounts distributable to organizations
13 exempt from federal income tax by reason of Section
14 501(a) of the Internal Revenue Code; this subparagraph
15 (I) is exempt from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

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

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied
3 by 0.429);

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

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

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

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

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

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

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

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

26 (Q) The amount of (i) any interest income (net of

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

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

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

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

1 made for the same taxable year under Section
2 203(d)(2)(D-8) for intangible expenses and costs paid,
3 accrued, or incurred, directly or indirectly, to the
4 same person. This subparagraph (S) is exempt from
5 Section 250;

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

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

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

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

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

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

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

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

1 (B) Certain other insurance companies. In the case
2 of mutual insurance companies subject to the tax
3 imposed by Section 831 of the Internal Revenue Code,
4 insurance company taxable income;

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

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

13 (E) Consolidated corporations. In the case of a
14 corporation which is a member of an affiliated group
15 of corporations filing a consolidated income tax
16 return for the taxable year for federal income tax
17 purposes, taxable income determined as if such
18 corporation had filed a separate return for federal
19 income tax purposes for the taxable year and each
20 preceding taxable year for which it was a member of an
21 affiliated group. For purposes of this subparagraph,
22 the taxpayer's separate taxable income shall be
23 determined as if the election provided by Section
24 243(b)(2) of the Internal Revenue Code had been in
25 effect for all such years;

26 (F) Cooperatives. In the case of a cooperative

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

1 resulting Illinois net loss and the standards to be
2 used by the Director in evaluating requests to revoke
3 elections. Public Act 96-932 is declaratory of
4 existing law;

5 (G) Subchapter S corporations. In the case of: (i)
6 a Subchapter S corporation for which there is in
7 effect an election for the taxable year under Section
8 1362 of the Internal Revenue Code, the taxable income
9 of such corporation determined in accordance with
10 Section 1363(b) of the Internal Revenue Code, except
11 that taxable income shall take into account those
12 items which are required by Section 1363(b)(1) of the
13 Internal Revenue Code to be separately stated; and
14 (ii) a Subchapter S corporation for which there is in
15 effect a federal election to opt out of the provisions
16 of the Subchapter S Revision Act of 1982 and have
17 applied instead the prior federal Subchapter S rules
18 as in effect on July 1, 1982, the taxable income of
19 such corporation determined in accordance with the
20 federal Subchapter S rules as in effect on July 1,
21 1982; and

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

1 but which would be taken into account by an individual
2 in calculating his taxable income.

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

20 (f) Valuation limitation amount.

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

24 (A) The sum of the pre-August 1, 1969 appreciation
25 amounts (to the extent consisting of gain reportable

1 under the provisions of Section 1245 or 1250 of the
2 Internal Revenue Code) for all property in respect of
3 which such gain was reported for the taxable year;
4 plus

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

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

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

25 (B) If the fair market value of property referred
26 to in paragraph (1) was not readily ascertainable on

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

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

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

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

1 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
2 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
3 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592,
4 Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170,
5 Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647,
6 eff. 7-1-24; revised 8-20-24.)

1 INDEX

2 Statutes amended in order of appearance

3 New Act

4 30 ILCS 105/5 from Ch. 127, par. 141

5 30 ILCS 105/5.1030 new

6 35 ILCS 5/203