

HB2568



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2568

by Rep. Anne Stava-Murray

SYNOPSIS AS INTRODUCED:

New Act

Creates the Corporate Buyback Tax Act. Imposes a tax on the buyback of shares of a publicly held corporation at the rate of 0.25% of the purchase price paid by a corporation for the purchase of its own securities. Applies to publicly held corporations having 100 or more employees. Effective immediately.

LRB101 10619 JLS 55725 b

A BILL FOR

1 AN ACT concerning business.

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 Corporate Buyback Tax Act.

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

7 "Corporation" means a publicly held corporation that has,
8 at the time of the transaction, 100 or more employees.

9 "Department" means the Department of Revenue.

10 "Purchase" means the purchase by a corporation of its own
11 corporate securities.

12 Section 10. Tax imposed.

13 (a) Beginning on July 1, 2020, a tax is imposed upon each
14 corporation that makes a purchase of its own corporate
15 securities in this State. The tax is imposed at the rate of
16 0.25% of the amount of the purchase.

17 (b) A corporation subject to the tax under subsection (a)
18 shall apply to the Department (upon a form prescribed and
19 furnished by the Department) for a certificate of registration
20 under this Act.

21 (c) The Department shall have full power to administer and
22 enforce this Act, to collect all taxes and penalties due under

1 this Act, to dispose of taxes and penalties so collected in the
2 manner provided in this Act, and to determine all rights to
3 credit memoranda, arising on account of the erroneous payment
4 of tax or penalty hereunder.

5 (d) The tax imposed under this Act shall be in addition to
6 all other taxes imposed by the State of Illinois or by any
7 municipal corporation or political subdivision of the State.
8 Persons subject to the tax imposed by this Act may reimburse
9 themselves for their tax liability under this Act by separately
10 stating the amount of the tax as an additional charge to
11 consumers.

12 (e) The tax is not imposed with respect to any business in
13 interstate commerce, or otherwise to the extent to which such
14 business may not, under the Constitution and statutes of the
15 United States, be made the subject of taxation by this State.

16 Section 15. Returns. On or before the 20th day of each
17 calendar month, a corporation is subject to the tax under this
18 Act during the preceding calendar month shall file a return
19 with the Department, stating:

- 20 (1) the name of the taxpayer;
- 21 (2) the address of the taxpayer's principal place of
22 business;
- 23 (3) the amount of tax due;
- 24 (4) the signature of the taxpayer; and
- 25 (5) such other reasonable information as the

1 Department may require.

2 If a taxpayer fails to sign a return within 30 days after
3 the proper notice and demand for signature by the Department,
4 the return shall be considered valid and any amount shown to be
5 due on the return shall be deemed assessed.

6 The taxpayer shall remit the amount of the tax due to the
7 Department at the time the taxpayer files its return.

8 Section 20. Suspension or revocation of certificates of
9 registration. The Department may, after notice and a hearing as
10 provided in this Act, suspend or revoke the certificate of
11 registration of any person who violates any of the provisions
12 of this Act. Before suspension or revocation of a certificate
13 of registration, the Department shall, within 90 days after
14 noncompliance and at least 7 days prior to the date of the
15 hearing, give the person so accused notice in writing of the
16 charge against him or her, and on the date designated shall
17 conduct a hearing upon this matter. The lapse of such 90-day
18 period shall not preclude the Department from conducting
19 suspension or revocation proceedings at a later date if
20 necessary. Any hearing held under this Section shall be
21 conducted by the Director of Revenue or by any officer or
22 employee of the Department designated, in writing, by the
23 Director of Revenue.

24 Upon the hearing of any such proceeding, the Director of
25 Revenue, or any officer or employee of the Department

1 designated, in writing, by the Director of Revenue, may
2 administer oaths and the Department may procure by its subpoena
3 the attendance of witnesses and, by its subpoena duces tecum,
4 the production of relevant books and papers. Any circuit court,
5 upon application either of the accused or of the Department,
6 may, by order, require the attendance of witnesses and the
7 production of relevant books and papers, before the Department
8 in any hearing relating to the suspension or revocation of
9 certificates of registration. Upon refusal or neglect to obey
10 the order of the court, the court may compel obedience thereof
11 by proceedings for contempt.

12 Section 25. Review of Department decisions. Any person
13 aggrieved by any decision of the Department under this Act may,
14 within 20 days after notice of the decision, protest and
15 request a hearing. The Department shall give notice to the
16 person of the time and place fixed for the hearing, hold a
17 hearing in conformity with this Act, and issue its final
18 administrative decision in the matter to the person. In the
19 absence of a protest within 20 days, the Department's decision
20 shall become final without any further determination being made
21 or notice given.

22 Section 30. Rules. The Department may adopt rules related
23 to the enforcement of this Act.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.