

SB3695



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3695

Introduced 2/14/2020, by Sen. Neil Anderson

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. Creates a deduction in an amount equal to any overtime wages paid to the taxpayer during the taxable year. Effective immediately.

LRB101 18085 HLH 67524 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

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

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

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

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

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

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

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

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

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which the
21 taxpayer may claim a depreciation deduction for
22 federal income tax purposes and for which the taxpayer
23 was allowed in any taxable year to make a subtraction
24 modification under subparagraph (Z), then an amount
25 equal to that subtraction modification.

26 The taxpayer is required to make the addition

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

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

1 Code) with respect to the stock of the same person to
2 whom the interest was paid, accrued, or incurred.

3 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

21 (D-18) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

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

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

14 This paragraph shall not apply to the following:

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

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

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

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

12 (iii) any item of intangible expense or cost
13 paid, accrued, or incurred, directly or
14 indirectly, from a transaction with a person if the
15 taxpayer establishes by clear and convincing
16 evidence, that the adjustments are unreasonable;
17 or if the taxpayer and the Director agree in
18 writing to the application or use of an alternative
19 method 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 for
23 any tax year beginning after the effective date of
24 this amendment provided such adjustment is made
25 pursuant to regulation adopted by the Department
26 and such regulations provide methods and standards

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (D-24) For taxable years ending on or after
25 December 31, 2017, an amount equal to the deduction
26 allowed under Section 199 of the Internal Revenue Code

1 for the taxable year;

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

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

1 as a governmental employee was a prisoner of war or
2 missing in action, and in respect of any compensation
3 paid to a resident in 2001 or thereafter by reason of
4 being a member of the Illinois National Guard or,
5 beginning with taxable years ending on or after
6 December 31, 2007, the National Guard of any other
7 state. The provisions of this subparagraph (E) are
8 exempt from the provisions of Section 250;

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

20 (G) The valuation limitation amount;

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

24 (I) An amount equal to all amounts included in such
25 total pursuant to the provisions of Section 111 of the
26 Internal Revenue Code as a recovery of items previously

1 deducted from adjusted gross income in the computation
2 of taxable income;

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

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

20 (L) For taxable years ending after December 31,
21 1983, an amount equal to all social security benefits
22 and railroad retirement benefits included in such
23 total pursuant to Sections 72(r) and 86 of the Internal
24 Revenue Code;

25 (M) With the exception of any amounts subtracted
26 under subparagraph (N), an amount equal to the sum of

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

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

24 (O) An amount equal to any contribution made to a
25 job training project established pursuant to the Tax
26 Increment Allocation Redevelopment Act;

1 (P) 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 or of any itemized deduction
6 taken from adjusted gross income in the computation of
7 taxable income for restoration of substantial amounts
8 held under claim of right for the taxable year;

9 (Q) An amount equal to any amounts included in such
10 total, received by the taxpayer as an acceleration in
11 the payment of life, endowment or annuity benefits in
12 advance of the time they would otherwise be payable as
13 an indemnity for a terminal illness;

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

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

24 (T) An amount, to the extent included in adjusted
25 gross income, equal to the amount of interest earned in
26 the taxable year on a medical care savings account

1 established under the Medical Care Savings Account Act
2 or the Medical Care Savings Account Act of 2000 on
3 behalf of the taxpayer, other than interest added
4 pursuant to item (D-5) of this paragraph (2);

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

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

1 taxpayer is eligible to participate in any health
2 insurance or long-term care insurance plan of an
3 employer of the taxpayer or the taxpayer's spouse. The
4 amount of the health insurance and long-term care
5 insurance subtracted under this item (V) shall be
6 determined by multiplying total health insurance and
7 long-term care insurance premiums paid by the taxpayer
8 times a number that represents the fractional
9 percentage of eligible medical expenses under Section
10 213 of the Internal Revenue Code of 1986 not actually
11 deducted on the taxpayer's federal income tax return;

12 (W) For taxable years beginning on or after January
13 1, 1998, all amounts included in the taxpayer's federal
14 gross income in the taxable year from amounts converted
15 from a regular IRA to a Roth IRA. This paragraph is
16 exempt from the provisions of Section 250;

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

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

24 (Y) For taxable years beginning on or after January
25 1, 2002 and ending on or before December 31, 2004,
26 moneys contributed in the taxable year to a College

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

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

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

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

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

10 (3) for taxable years ending after December
11 31, 2005:

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

17 (ii) for property on which a bonus
18 depreciation deduction of 50% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 1.0.

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

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

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

8 If the taxpayer continues to own property through
9 the last day of the last tax year for which the
10 taxpayer may claim a depreciation deduction for
11 federal income tax purposes and for which the taxpayer
12 was required in any taxable year to make an addition
13 modification under subparagraph (D-15), then an amount
14 equal to that addition modification.

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

18 This subparagraph (AA) is exempt from the
19 provisions of Section 250;

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

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

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

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

1 required to apportion business income under different
2 subsections of Section 304, but not to exceed the
3 addition modification required to be made for the same
4 taxable year under Section 203(a)(2)(D-17) for
5 interest paid, accrued, or incurred, directly or
6 indirectly, to the same person. This subparagraph (DD)
7 is exempt from the provisions of Section 250;

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

1 person. This subparagraph (EE) is exempt from the
2 provisions of Section 250;

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

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

24 (HH) For taxable years beginning on or after
25 January 1, 2018 and prior to January 1, 2023, a maximum
26 of \$10,000 contributed in the taxable year to a

1 qualified ABLE account under Section 16.6 of the State
2 Treasurer Act, except that amounts excluded from gross
3 income under Section 529(c)(3)(C)(i) or Section
4 529A(c)(1)(C) of the Internal Revenue Code shall not be
5 considered moneys contributed under this subparagraph
6 (HH). For purposes of this subparagraph (HH),
7 contributions made by an employer on behalf of an
8 employee, or matching contributions made by an
9 employee, shall be treated as made by the employee;
10 and-

11 (II) For taxable years beginning on or after
12 January 1, 2020, an amount equal to any overtime wages
13 paid to the taxpayer during the taxable year, at
14 regular or overtime rates, in excess of the taxpayer's
15 regular and normal monthly or weekly salary. This
16 subparagraph (II) is exempt from the provisions of
17 Section 250.

18 (b) Corporations.

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

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

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

1 to the taxpayer as interest and all distributions
2 received from regulated investment companies during
3 the taxable year to the extent excluded from gross
4 income in the computation of taxable income;

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 taxable income for the taxable year;

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

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

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

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

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

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

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

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

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

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

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

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which the
19 taxpayer may claim a depreciation deduction for
20 federal income tax purposes and for which the taxpayer
21 was allowed in any taxable year to make a subtraction
22 modification under subparagraph (T), then an amount
23 equal to that subtraction modification.

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

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

1 incurred.

2 This paragraph shall not apply to the following:

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

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

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

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

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract or

1 agreement entered into at arm's-length rates and
2 terms and the principal purpose for the payment is
3 not federal or Illinois tax avoidance; or

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

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

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

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

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

13 This paragraph shall not apply to the following:

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

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

26 (a) the person during the same taxable

1 year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

11 (iii) any item of intangible expense or cost
12 paid, accrued, or incurred, directly or
13 indirectly, from a transaction with a person if the
14 taxpayer establishes by clear and convincing
15 evidence, that the adjustments are unreasonable;
16 or if the taxpayer and the Director agree in
17 writing to the application or use of an alternative
18 method 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 for
22 any tax year beginning after the effective date of
23 this amendment provided such adjustment is made
24 pursuant to regulation adopted by the Department
25 and such regulations provide methods and standards
26 by which the Department will utilize its authority

1 under Section 404 of this Act;

2 (E-14) For taxable years ending on or after
3 December 31, 2008, an amount equal to the amount of
4 insurance premium expenses and costs otherwise allowed
5 as a deduction in computing base income, and that were
6 paid, accrued, or incurred, directly or indirectly, to
7 a person who would be a member of the same unitary
8 business group but for the fact that the person is
9 prohibited under Section 1501(a)(27) from being
10 included in the unitary business group because he or
11 she is ordinarily required to apportion business
12 income under different subsections of Section 304. The
13 addition modification required by this subparagraph
14 shall be reduced to the extent that dividends were
15 included in base income of the unitary group for the
16 same taxable year and received by the taxpayer or by a
17 member of the taxpayer's unitary business group
18 (including amounts included in gross income under
19 Sections 951 through 964 of the Internal Revenue Code
20 and amounts included in gross income under Section 78
21 of the Internal Revenue Code) with respect to the stock
22 of the same person to whom the premiums and costs were
23 directly or indirectly paid, incurred, or accrued. The
24 preceding sentence does not apply to the extent that
25 the same dividends caused a reduction to the addition
26 modification required under Section 203(b)(2)(E-12) or

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

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

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

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

15 (E-18) for taxable years beginning after December
16 31, 2018, an amount equal to the deduction allowed
17 under Section 250(a) (1) (A) of the Internal Revenue
18 Code for the taxable year.

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

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

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

26 (H) In the case of a regulated investment company,

1 an amount equal to the amount of exempt interest
2 dividends as defined in subsection (b)(5) of Section
3 852 of the Internal Revenue Code, paid to shareholders
4 for the taxable year;

5 (I) With the exception of any amounts subtracted
6 under subparagraph (J), an amount equal to the sum of
7 all amounts disallowed as deductions by (i) Sections
8 171(a)(2) ~~7~~ and 265(a)(2) and amounts disallowed as
9 interest expense by Section 291(a)(3) of the Internal
10 Revenue Code, and all amounts of expenses allocable to
11 interest and disallowed as deductions by Section
12 265(a)(1) of the Internal Revenue Code; and (ii) for
13 taxable years ending on or after August 13, 1999,
14 Sections 171(a)(2), 265, 280C, 291(a)(3), and
15 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
16 for tax years ending on or after December 31, 2011,
17 amounts disallowed as deductions by Section 45G(e)(3)
18 of the Internal Revenue Code and, for taxable years
19 ending on or after December 31, 2008, any amount
20 included in gross income under Section 87 of the
21 Internal Revenue Code and the policyholders' share of
22 tax-exempt interest of a life insurance company under
23 Section 807(a)(2)(B) of the Internal Revenue Code (in
24 the case of a life insurance company with gross income
25 from a decrease in reserves for the tax year) or
26 Section 807(b)(1)(B) of the Internal Revenue Code (in

1 the case of a life insurance company allowed a
2 deduction for an increase in reserves for the tax
3 year); the provisions of this subparagraph are exempt
4 from the provisions of Section 250;

5 (J) An amount equal to all amounts included in such
6 total which are exempt from taxation by this State
7 either by reason of its statutes or Constitution or by
8 reason of the Constitution, treaties or statutes of the
9 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 net
13 of bond premium amortization;

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

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

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph 2 of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (L);

5 (M) For any taxpayer that is a financial
6 organization within the meaning of Section 304(c) of
7 this Act, an amount included in such total as interest
8 income from a loan or loans made by such taxpayer to a
9 borrower, to the extent that such a loan is secured by
10 property which is eligible for the River Edge
11 Redevelopment Zone Investment Credit. To determine the
12 portion of a loan or loans that is secured by property
13 eligible for a Section 201(f) investment credit to the
14 borrower, the entire principal amount of the loan or
15 loans between the taxpayer and the borrower should be
16 divided into the basis of the Section 201(f) investment
17 credit property which secures the loan or loans, using
18 for this purpose the original basis of such property on
19 the date that it was placed in service in the River
20 Edge Redevelopment Zone. The subtraction modification
21 available to the taxpayer in any year under this
22 subsection shall be that portion of the total interest
23 paid by the borrower with respect to such loan
24 attributable to the eligible property as calculated
25 under the previous sentence. This subparagraph (M) is
26 exempt from the provisions of Section 250;

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

26 (N) Two times any contribution made during the

1 taxable year to a designated zone organization to the
2 extent that the contribution (i) qualifies as a
3 charitable contribution under subsection (c) of
4 Section 170 of the Internal Revenue Code and (ii) must,
5 by its terms, be used for a project approved by the
6 Department of Commerce and Economic Opportunity under
7 Section 11 of the Illinois Enterprise Zone Act or under
8 Section 10-10 of the River Edge Redevelopment Zone Act.
9 This subparagraph (N) is exempt from the provisions of
10 Section 250;

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

1 December 31, 2008, dividends received from a captive
2 real estate investment trust; plus (ii) 100% of the
3 amount by which dividends, included in taxable income
4 and received, including, for taxable years ending on or
5 after December 31, 1988, dividends received or deemed
6 received or paid or deemed paid under Sections 951
7 through 964 of the Internal Revenue Code and including,
8 for taxable years ending on or after December 31, 2008,
9 dividends received from a captive real estate
10 investment trust, from any such corporation specified
11 in clause (i) that would but for the provisions of
12 Section 1504(b)(3) of the Internal Revenue Code be
13 treated as a member of the affiliated group which
14 includes the dividend recipient, exceed the amount of
15 the modification provided under subparagraph (G) of
16 paragraph (2) of this subsection (b) which is related
17 to such dividends. This subparagraph (O) is exempt from
18 the provisions of Section 250 of this Act;

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

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

1 (R) On and after July 20, 1999, in the case of an
2 attorney-in-fact with respect to whom an interinsurer
3 or a reciprocal insurer has made the election under
4 Section 835 of the Internal Revenue Code, 26 U.S.C.
5 835, an amount equal to the excess, if any, of the
6 amounts paid or incurred by that interinsurer or
7 reciprocal insurer in the taxable year to the
8 attorney-in-fact over the deduction allowed to that
9 interinsurer or reciprocal insurer with respect to the
10 attorney-in-fact under Section 835(b) of the Internal
11 Revenue Code for the taxable year; the provisions of
12 this subparagraph are exempt from the provisions of
13 Section 250;

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

24 (T) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal
2 Revenue Code and for each applicable taxable year
3 thereafter, an amount equal to "x", where:

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

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

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

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

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

26 The aggregate amount deducted under this

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

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

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which the
15 taxpayer may claim a depreciation deduction for
16 federal income tax purposes and for which the taxpayer
17 was required in any taxable year to make an addition
18 modification under subparagraph (E-10), then an amount
19 equal to that addition modification.

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

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

25 (V) The amount of: (i) any interest income (net of
26 the deductions allocable thereto) taken into account

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

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

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

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

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

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

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

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

18 (c) Trusts and estates.

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

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

1 (A) An amount equal to all amounts paid or accrued
2 to the taxpayer as interest or dividends during the
3 taxable year to the extent excluded from gross income
4 in the computation of taxable income;

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

11 (C) An amount equal to the amount of tax imposed by
12 this Act to the extent deducted from gross income in
13 the computation of taxable income for the taxable 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 loss
19 carryback or carryforward from a taxable year ending
20 prior to December 31, 1986 is an element of taxable
21 income under paragraph (1) of subsection (e) or
22 subparagraph (E) of paragraph (2) of subsection (e),
23 the amount by which addition modifications other than
24 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 of
6 addition modification under this subparagraph (E)
7 which related to that net operating loss and which
8 was taken into account in calculating the base
9 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 operating
16 loss carryback or carryforward from more than one other
17 taxable year ending prior to December 31, 1986, the
18 addition modification provided in this subparagraph
19 (E) shall be the sum of the amounts computed
20 independently under the preceding provisions of this
21 subparagraph (E) for each such taxable year;

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

1 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 costs
8 that the trust or estate deducted in computing adjusted
9 gross income and for which the trust or estate claims a
10 credit under subsection (l) of Section 201;

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

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

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which the
25 taxpayer may claim a depreciation deduction for
26 federal income tax purposes and for which the taxpayer

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

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

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

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

8 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

8 (G-14) For taxable years ending on or after
9 December 31, 2008, an amount equal to the amount of
10 insurance premium expenses and costs otherwise allowed
11 as a deduction in computing base income, and that were
12 paid, accrued, or incurred, directly or indirectly, 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. The
19 addition modification required by this subparagraph
20 shall be reduced to the extent that dividends were
21 included in base income of the unitary group for the
22 same taxable year and received by the taxpayer or by a
23 member of the taxpayer's unitary business group
24 (including amounts included in gross income under
25 Sections 951 through 964 of the Internal Revenue Code
26 and amounts included in gross income under Section 78

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

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

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

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

18 (H) An amount equal to all amounts included in such
19 total pursuant to the provisions of Sections 402(a),
20 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
21 Internal Revenue Code or included in such total as
22 distributions under the provisions of any retirement
23 or disability plan for employees of any governmental
24 agency or unit, or retirement payments to retired
25 partners, which payments are excluded in computing net
26 earnings from self employment by Section 1402 of the

1 Internal Revenue Code and regulations adopted pursuant
2 thereto;

3 (I) The valuation limitation amount;

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

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

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

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

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

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

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

1 this subparagraph (O);

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

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

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

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

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

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

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

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

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

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

24 (S) If the taxpayer sells, transfers, abandons, or
25 otherwise disposes of property for which the taxpayer
26 was required in any taxable year to make an addition

1 modification under subparagraph (G-10), then an amount
2 equal to that addition modification.

3 If the taxpayer continues to own property through
4 the last day of the last tax year for which the
5 taxpayer may claim a depreciation deduction for
6 federal income tax purposes and for which the taxpayer
7 was required in any taxable year to make an addition
8 modification under subparagraph (G-10), then an amount
9 equal to that addition modification.

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

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

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

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

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

26 (V) An amount equal to the income from intangible

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

21 (W) in the case of an estate, an amount equal to
22 all amounts included in such total pursuant to the
23 provisions of Section 111 of the Internal Revenue Code
24 as a recovery of items previously deducted by the
25 decedent from adjusted gross income in the computation
26 of taxable income. This subparagraph (W) is exempt from

1 Section 250;

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

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

22 (Z) For taxable years beginning after December 31,
23 2018 and before January 1, 2026, the amount of excess
24 business loss of the taxpayer disallowed as a deduction
25 by Section 461(1)(1)(B) of the Internal Revenue Code.

26 (3) Limitation. The amount of any modification

1 otherwise required under this subsection shall, under
2 regulations prescribed by the Department, be adjusted by
3 any amounts included therein which were properly paid,
4 credited, or required to be distributed, or permanently set
5 aside for charitable purposes pursuant to Internal Revenue
6 Code Section 642(c) during the taxable year.

7 (d) Partnerships.

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

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

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

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

21 (C) The amount of deductions allowed to the
22 partnership pursuant to Section 707 (c) of the Internal
23 Revenue Code in calculating its taxable income;

24 (D) An amount equal to the amount of the capital
25 gain deduction allowable under the Internal Revenue

1 Code, to the extent deducted from gross income in the
2 computation of taxable income;

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

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

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which the
17 taxpayer may claim a depreciation deduction for
18 federal income tax purposes and for which the taxpayer
19 was allowed in any taxable year to make a subtraction
20 modification under subparagraph (O), then an amount
21 equal to that subtraction modification.

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

25 (D-7) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

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

26 This paragraph shall not apply to the following:

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

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

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

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

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

1 not federal or Illinois tax avoidance; or
2 (iv) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer establishes by clear and convincing
5 evidence that the adjustments are unreasonable; or
6 if the taxpayer and the Director agree in writing
7 to the application or use of an alternative method
8 of apportionment under Section 304(f).

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

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

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

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

11 This paragraph shall not apply to the following:

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

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

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

1 not a related member, and

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

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

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

26 (D-9) For taxable years ending on or after December

1 31, 2008, an amount equal to the amount of insurance
2 premium expenses and costs otherwise allowed as a
3 deduction in computing base income, and that were paid,
4 accrued, or incurred, directly or indirectly, to a
5 person who would be a member of the same unitary
6 business group but for the fact that the person is
7 prohibited under Section 1501(a)(27) from being
8 included in the unitary business group because he or
9 she is ordinarily required to apportion business
10 income under different subsections of Section 304. The
11 addition modification required by this subparagraph
12 shall be reduced to the extent that dividends were
13 included in base income of the unitary group for the
14 same taxable year and received by the taxpayer or by a
15 member of the taxpayer's unitary business group
16 (including amounts included in gross income under
17 Sections 951 through 964 of the Internal Revenue Code
18 and amounts included in gross income under Section 78
19 of the Internal Revenue Code) with respect to the stock
20 of the same person to whom the premiums and costs were
21 directly or indirectly paid, incurred, or accrued. The
22 preceding sentence does not apply to the extent that
23 the same dividends caused a reduction to the addition
24 modification required under Section 203(d)(2)(D-7) or
25 Section 203(d)(2)(D-8) of this Act;

26 (D-10) An amount equal to the credit allowable to

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

4 (D-11) 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 and by deducting from the total so obtained the following
9 amounts:

10 (E) The valuation limitation amount;

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

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

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

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

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

14 (J) With the exception of any amounts subtracted
15 under subparagraph (G), an amount equal to the sum of
16 all amounts disallowed as deductions by (i) Sections
17 171(a)(2),~~7~~ 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 171(a)(2),
22 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue
23 Code, plus, (iii) for taxable years ending on or after
24 December 31, 2011, Section 45G(e)(3) of the Internal
25 Revenue Code and, for taxable years ending on or after
26 December 31, 2008, any amount included in gross income

1 under Section 87 of the Internal Revenue Code; the
2 provisions of this subparagraph are exempt from the
3 provisions of Section 250;

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

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

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

24 (N) An amount equal to the amount of the deduction
25 used to compute the federal income tax credit for
26 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of
2 the Internal Revenue Code;

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

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

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

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

22 (i) for property on which a bonus
23 depreciation deduction of 30% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 30 and then divided by 70 (or "y" multiplied by
26 0.429); and

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

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

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

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which the
20 taxpayer may claim a depreciation deduction for
21 federal income tax purposes and for which the taxpayer
22 was required in any taxable year to make an addition
23 modification under subparagraph (D-5), then an amount
24 equal to that addition modification.

25 The taxpayer is allowed to take the deduction under
26 this subparagraph only once with respect to any one

1 piece of property.

2 This subparagraph (P) is exempt from the
3 provisions of Section 250;

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

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

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

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

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

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

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

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

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

1 taxable income less than zero (net operating loss) is
2 applied under Section 172 of the Internal Revenue Code or
3 under subparagraph (E) of paragraph (2) of this subsection
4 (e) applied in conjunction with Section 172 of the Internal
5 Revenue Code.

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

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

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

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

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

1 estate investment trust taxable income;

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

14 (F) Cooperatives. In the case of a cooperative
15 corporation or association, the taxable income of such
16 organization determined in accordance with the
17 provisions of Section 1381 through 1388 of the Internal
18 Revenue Code, but without regard to the prohibition
19 against offsetting losses from patronage activities
20 against income from nonpatronage activities; except
21 that a cooperative corporation or association may make
22 an election to follow its federal income tax treatment
23 of patronage losses and nonpatronage losses. In the
24 event such election is made, such losses shall be
25 computed and carried over in a manner consistent with
26 subsection (a) of Section 207 of this Act and

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

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

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

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

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

1 for the business under Section 304 of this Act for the
2 taxable year or the average of the apportionment fractions
3 computed for the business under Section 304 of this Act for
4 the taxable year and for the 2 immediately preceding
5 taxable years.

6 (f) Valuation limitation amount.

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

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

15 (B) The lesser of (i) the sum of the pre-August 1,
16 1969 appreciation amounts (to the extent consisting of
17 capital gain) for all property in respect of which such
18 gain was reported for federal income tax purposes for
19 the taxable year, or (ii) the net capital gain for the
20 taxable year, reduced in either case by any amount of
21 such gain included in the amount determined under
22 subsection (a)(2)(F) or (c)(2)(H).

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

24 (A) If the fair market value of property referred
25 to in paragraph (1) was readily ascertainable on August

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

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

21 (C) The Department shall prescribe such
22 regulations as may be necessary to carry out the
23 purposes of this paragraph.

24 (g) Double deductions. Unless specifically provided
25 otherwise, nothing in this Section shall permit the same item

1 to be deducted more than once.

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

11 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;
12 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.