



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB1241

Introduced 1/31/2023, by Rep. Margaret Croke - Norine K. Hammond, William "Will" Davis and Joe C. Sosnowski

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 5/203

from Ch. 120, par. 2-203

35 ILCS 5/234 new

Creates the Endow Illinois Tax Credit Act. Provides that the Department of Revenue shall award income tax credits to taxpayers who provide an endowment gift to a permanent endowment fund during the taxable year and receive a certificate of receipt for that gift. Provides that the credit is equal to 25% of the endowment gift. Contains provisions setting forth maximum credit amounts. Amends the Illinois Income Tax Act to require an addition modification equal to the amount of any federal deduction claimed for an endowment gift for which a taxpayer receives a credit under the Endow Illinois Tax Credit Act. Makes conforming changes. Effective immediately.

LRB103 25002 HLH 51336 b

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 1. Short title. This Act may be cited as the Endow
5 Illinois Tax Credit Act.

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

7 "Business entity" means a corporation (including a
8 Subchapter S corporation), trust, estate, partnership, limited
9 liability company, or sole proprietorship.

10 "Consumer Price Index" means the index published by the
11 Bureau of Labor Statistics of the United States Department of
12 Labor that measures the average change in prices of goods and
13 services purchased by all urban consumers, United States city
14 average, all items, 1982-84 = 100.

15 "Credit-eligible endowment gift" means an endowment gift
16 for which a taxpayer intends to apply for an income tax credit
17 under this Act.

18 "Department" means the Department of Revenue.

19 "Donor advised fund" has the meaning given to that term in
20 subsection (d) of Section 4966 of the Internal Revenue Code of
21 1986.

22 "Endowment gift" means an irrevocable contribution to a
23 permanent endowment fund held by a qualified community

1 foundation.

2 "Permanent endowment fund" means a fund that (i) is held
3 by a qualified community foundation, (ii) provides charitable
4 grants exclusively for the benefit of residents of the State
5 or charities and charitable projects located in the State,
6 (iii) is intended to exist in perpetuity, (iv) has an annual
7 spending rate based on the foundation spending policy, but not
8 to exceed 7%, and (v) is not a donor advised fund.

9 "Qualified community foundation" means a community
10 foundation or similar publicly supported organization
11 described in Section 170 (b) (1) (A) (vi) of the Internal Revenue
12 Code of 1986 that is organized or operating in this State and
13 that substantially complies with the national standards for
14 U.S. community foundations established by the National Council
15 on Foundations, as determined by the Department.

16 "Taxpayer" means any individual who is subject to the tax
17 imposed under subsections (a) and (b) of Section 201 of the
18 Illinois Income Tax Act or any business entity that is subject
19 to the tax imposed under subsections (a) and (b) of Section 201
20 of the Illinois Income Tax Act.

21 Section 10. Tax credit awards; limitations.

22 (a) For taxable years ending on or after December 31, 2024
23 and ending before January 1, 2034, the Department shall award,
24 in accordance with this Act, income tax credits to taxpayers
25 who provide an endowment gift to a permanent endowment fund

1 during the taxable year and receive a certificate of receipt
2 under Section 15 for that gift. Subject to the limitations in
3 this Section, the amount of the credit that may be awarded to a
4 taxpayer by the Department under this Act is an amount equal to
5 25% of the endowment gift.

6 (b) The aggregate amount of all Endow Illinois tax credits
7 awarded by the Department under this Act in calendar year 2024
8 may not exceed \$50,000,000. In calendar year 2025 and each
9 calendar year thereafter, the aggregate amount of all Endow
10 Illinois tax credits awarded by the Department under this Act
11 may not exceed the maximum aggregate credit amount authorized
12 under this subsection for the immediately preceding calendar
13 year, multiplied by the sum of one plus the percentage
14 increase, if any, in the Consumer Price Index during the
15 12-month period ending in September of that preceding calendar
16 year and rounded to the nearest \$25,000.

17 (c) The aggregate amount of all Endow Illinois tax credits
18 that the Department may award to any taxpayer under this Act in
19 calendar year 2024 may not exceed \$100,000. In calendar year
20 2025 and each calendar year thereafter, the aggregate amount
21 of all Endow Illinois credits that the Department may award to
22 any taxpayer under this Act may not exceed the maximum credit
23 amount authorized under this subsection for any taxpayer in
24 the immediately preceding calendar year, multiplied by the sum
25 of one plus the percentage increase, if any, in the Consumer
26 Price Index during the 12-month period ending in September of

1 that preceding calendar year and rounded to the nearest
2 \$1,000.

3 (d) The aggregate amount of all credits that the
4 Department may authorize in any calendar year based on
5 endowment gifts to any specific community foundation may not
6 exceed 15% of the aggregate amount of all Endow Illinois tax
7 credits authorized by the Department under this Act in that
8 calendar year.

9 (e) Of the annual amount available for tax credits, 10%
10 must be reserved for endowment gifts that do not exceed the
11 small gift maximum set forth in this subsection. For the
12 calendar year ending on December 31, 2024, the small gift
13 maximum is \$30,000. For subsequent calendar years, the small
14 gift maximum is the small gift maximum for the immediately
15 preceding calendar year, multiplied by the sum of one plus the
16 percentage increase, if any, in the Consumer Price Index
17 during the 12-month period ending in September of that
18 immediately preceding calendar year and rounded to the nearest
19 \$100.

20 (f) For the purpose of this Section, a credit is
21 considered to be awarded on the date the Department issues an
22 approved contribution authorization certificate under Section
23 15.

24 Section 15. Applications for tax credits.

25 (a) The taxpayer shall apply to the Department, in the

1 form and manner prescribed by the Department, for a
2 contribution authorization certificate. A taxpayer who makes
3 more than one credit-eligible endowment gift must make a
4 separate application for each contribution authorization
5 certificate. Applications under this subsection shall be
6 reviewed by the Department and shall either be approved or
7 denied. Each approved contribution authorization certificate
8 shall be sent to the taxpayer within 3 business days after the
9 certificate is approved. The Department shall maintain on its
10 website a running total of: (i) the total amount of credits
11 remaining under this Act for which taxpayers may apply for a
12 contribution authorization certificate issued in the calendar
13 year; (ii) the total amount of credits allocated during the
14 calendar year for each specific community foundation; and
15 (iii) the total amount remaining for the calendar year under
16 the small gift maximum set forth in Section 10. Those running
17 totals shall be updated every business day.

18 (b) The taxpayer shall make the endowment gift to the
19 permanent endowment fund either prior to or within 60 days
20 after the taxpayer receives the approved contribution
21 authorization certificate under subsection (a). The qualified
22 community foundation shall, within 30 days after receipt of an
23 endowment gift for which a contribution authorization
24 certificate has been approved by the Department under
25 subsection (a), issue to the taxpayer a written certificate of
26 receipt, which shall contain the information required by the

1 Department by rule. No receipt shall be issued for amounts
2 that are not actually received by the qualified community
3 foundation within 60 days after the taxpayer receives the
4 approved contribution authorization certificate.

5 Section 20. Annual report. By March 31, 2025, and by March
6 31 of each subsequent year, the Department must submit an
7 annual report to the Governor and the General Assembly
8 concerning the activities conducted under this Act during the
9 previous calendar year. The report must include a detailed
10 listing of tax credits authorized under this Act by the
11 Department. The report may not disclose any information if the
12 disclosure would violate Section 917 of the Illinois Income
13 Tax Act.

14 Section 25. Rulemaking. The Department may adopt rules for
15 the implementation of this Act.

16 Section 900. The Illinois Income Tax Act is amended by
17 changing Section 203 and by adding Section 234 as follows:

18 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

19 Sec. 203. Base income defined.

20 (a) Individuals.

21 (1) In general. In the case of an individual, base
22 income means an amount equal to the taxpayer's adjusted

1 gross income for the taxable year as modified by paragraph
2 (2).

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

6 (A) An amount equal to all amounts paid or accrued
7 to the taxpayer as interest or dividends during the
8 taxable year to the extent excluded from gross income
9 in the computation of adjusted gross income, except
10 stock dividends of qualified public utilities
11 described in Section 305(e) of the Internal Revenue
12 Code;

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

17 (C) An amount equal to the amount received during
18 the taxable year as a recovery or refund of real
19 property taxes paid with respect to the taxpayer's
20 principal residence under the Revenue Act of 1939 and
21 for which a deduction was previously taken under
22 subparagraph (L) of this paragraph (2) prior to July
23 1, 1991, the retrospective application date of Article
24 4 of Public Act 87-17. In the case of multi-unit or
25 multi-use structures and farm dwellings, the taxes on
26 the taxpayer's principal residence shall be that

1 portion of the total taxes for the entire property
2 which is attributable to such principal residence;

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

7 (D-5) An amount, to the extent not included in
8 adjusted gross income, equal to the amount of money
9 withdrawn by the taxpayer in the taxable year from a
10 medical care savings account and the interest earned
11 on the account in the taxable year of a withdrawal
12 pursuant to subsection (b) of Section 20 of the
13 Medical Care Savings Account Act or subsection (b) of
14 Section 20 of the Medical Care Savings Account Act of
15 2000;

16 (D-10) For taxable years ending after December 31,
17 1997, an amount equal to any eligible remediation
18 costs that the individual deducted in computing
19 adjusted gross income and for which the individual
20 claims a credit under subsection (l) of Section 201;

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

26 (D-16) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (D-15), then
4 an amount equal to the aggregate amount of the
5 deductions taken in all taxable years under
6 subparagraph (Z) with respect to that property.

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

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

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

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

18 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

1 of apportionment under Section 304(f).

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

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

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

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

4 This paragraph shall not apply to the following:

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

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

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

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

1 or

2 (iii) any item of intangible expense or cost
3 paid, accrued, or incurred, directly or
4 indirectly, from a transaction with a person if
5 the taxpayer establishes by clear and convincing
6 evidence, that the adjustments are unreasonable;
7 or if the taxpayer and the Director agree in
8 writing to the application or use of an
9 alternative method of apportionment under Section
10 304(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
14 for any tax year beginning after the effective
15 date of this amendment provided such adjustment is
16 made pursuant to regulation adopted by the
17 Department and such regulations provide methods
18 and standards by which the Department will utilize
19 its authority under Section 404 of this Act;

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

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

21 (D-20) For taxable years beginning on or after
22 January 1, 2002 and ending on or before December 31,
23 2006, in the case of a distribution from a qualified
24 tuition program under Section 529 of the Internal
25 Revenue Code, other than (i) a distribution from a
26 College Savings Pool created under Section 16.5 of the

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

24 For the purposes of this subparagraph (D-20), a
25 qualified tuition program has made reasonable efforts
26 if it makes disclosures (which may use the term

1 "in-state program" or "in-state plan" and need not
2 specifically refer to Illinois or its qualified
3 programs by name) (i) directly to prospective
4 participants in its offering materials or makes a
5 public disclosure, such as a website posting; and (ii)
6 where applicable, to intermediaries selling the
7 out-of-state program in the same manner that the
8 out-of-state program distributes its offering
9 materials;

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

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

25 (D-21.5) For taxable years beginning on or after
26 January 1, 2018, in the case of the transfer of moneys

1 from a qualified tuition program under Section 529 or
2 a qualified ABLE program under Section 529A of the
3 Internal Revenue Code that is administered by this
4 State to an ABLE account established under an
5 out-of-state ABLE account program, an amount equal to
6 the contribution component of the transferred amount
7 that was previously deducted from base income under
8 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
9 Section;

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

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

13 (D-23) An amount equal to the credit allowable to
14 the taxpayer under Section 218(a) of this Act,
15 determined without regard to Section 218(c) of this
16 Act;

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

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

24 (D-26) the amount that is claimed as a federal
25 deduction when computing the taxpayer's federal
26 taxable income for the taxable year and that is

1 attributable to an endowment gift for which the
2 taxpayer receives a credit under the Endow Illinois
3 Tax Credit Act;

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

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

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

12 (F) An amount equal to all amounts included in
13 such total pursuant to the provisions of Sections
14 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
15 408 of the Internal Revenue Code, or included in such
16 total as distributions under the provisions of any
17 retirement or disability plan for employees of any
18 governmental agency or unit, or retirement payments to
19 retired partners, which payments are excluded in
20 computing net earnings from self employment by Section
21 1402 of the Internal Revenue Code and regulations
22 adopted pursuant thereto;

23 (G) The valuation limitation amount;

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

1 (I) An amount equal to all amounts included in
2 such total pursuant to the provisions of Section 111
3 of the Internal Revenue Code as a recovery of items
4 previously deducted from adjusted gross income in the
5 computation of taxable income;

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

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

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

1 Internal Revenue Code;

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

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

1 net of bond premium amortization;

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

5 (P) An amount equal to the amount of the deduction
6 used to compute the federal income tax credit for
7 restoration of substantial amounts held under claim of
8 right for the taxable year pursuant to Section 1341 of
9 the Internal Revenue Code or of any itemized deduction
10 taken from adjusted gross income in the computation of
11 taxable income for restoration of substantial amounts
12 held under claim of right for the taxable year;

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

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

21 (S) An amount, to the extent included in adjusted
22 gross income, equal to the amount of a contribution
23 made in the taxable year on behalf of the taxpayer to a
24 medical care savings account established under the
25 Medical Care Savings Account Act or the Medical Care
26 Savings Account Act of 2000 to the extent the

1 contribution is accepted by the account administrator
2 as provided in that Act;

3 (T) An amount, to the extent included in adjusted
4 gross income, equal to the amount of interest earned
5 in the taxable year on a medical care savings account
6 established under the Medical Care Savings Account Act
7 or the Medical Care Savings Account Act of 2000 on
8 behalf of the taxpayer, other than interest added
9 pursuant to item (D-5) of this paragraph (2);

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

16 (V) Beginning with tax years ending on or after
17 December 31, 1995 and ending with tax years ending on
18 or before December 31, 2004, an amount equal to the
19 amount paid by a taxpayer who is a self-employed
20 taxpayer, a partner of a partnership, or a shareholder
21 in a Subchapter S corporation for health insurance or
22 long-term care insurance for that taxpayer or that
23 taxpayer's spouse or dependents, to the extent that
24 the amount paid for that health insurance or long-term
25 care insurance may be deducted under Section 213 of
26 the Internal Revenue Code, has not been deducted on

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

17 (W) For taxable years beginning on or after
18 January 1, 1998, all amounts included in the
19 taxpayer's federal gross income in the taxable year
20 from amounts converted from a regular IRA to a Roth
21 IRA. This paragraph is exempt from the provisions of
22 Section 250;

23 (X) For taxable year 1999 and thereafter, an
24 amount equal to the amount of any (i) distributions,
25 to the extent includible in gross income for federal
26 income tax purposes, made to the taxpayer because of

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

1 of items (i) and (ii) of this paragraph in gross income
2 for federal income tax purposes. This paragraph is
3 exempt from the provisions of Section 250;

4 (Y) For taxable years beginning on or after
5 January 1, 2002 and ending on or before December 31,
6 2004, moneys contributed in the taxable year to a
7 College Savings Pool account under Section 16.5 of the
8 State Treasurer Act, except that amounts excluded from
9 gross income under Section 529(c)(3)(C)(i) of the
10 Internal Revenue Code shall not be considered moneys
11 contributed under this subparagraph (Y). For taxable
12 years beginning on or after January 1, 2005, a maximum
13 of \$10,000 contributed in the taxable year to (i) a
14 College Savings Pool account under Section 16.5 of the
15 State Treasurer Act or (ii) the Illinois Prepaid
16 Tuition Trust Fund, except that amounts excluded from
17 gross income under Section 529(c)(3)(C)(i) of the
18 Internal Revenue Code shall not be considered moneys
19 contributed under this subparagraph (Y). For purposes
20 of this subparagraph, contributions made by an
21 employer on behalf of an employee, or matching
22 contributions made by an employee, shall be treated as
23 made by the employee. This subparagraph (Y) is exempt
24 from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

1 Section 250;

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

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

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

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

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

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

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

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

1 income under different subsections of Section 304, but
2 not to exceed the addition modification required to be
3 made for the same taxable year under Section
4 203(a)(2)(D-17) for interest paid, accrued, or
5 incurred, directly or indirectly, to the same person.
6 This subparagraph (DD) is exempt from the provisions
7 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
13 for the fact that the foreign person's business
14 activity outside the United States is 80% or more of
15 that person's total business activity and (ii) for
16 taxable years ending on or after December 31, 2008, to
17 a person who would be a member of the same unitary
18 business group but for the fact that the person is
19 prohibited under Section 1501(a)(27) from being
20 included in the unitary business group because he or
21 she is ordinarily required to apportion business
22 income under different subsections of Section 304, but
23 not to exceed the addition modification required to be
24 made for the same taxable year under Section
25 203(a)(2)(D-18) for intangible expenses and costs
26 paid, accrued, or incurred, directly or indirectly, to

1 the same foreign person. This subparagraph (EE) is
2 exempt from the 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
5 Claims under subsection (c) of Section 8 of the Court
6 of Claims Act for time unjustly served in a State
7 prison. This subparagraph (FF) is exempt from the
8 provisions of 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
15 or loss (including expenses incurred by the insurance
16 company) that would have been taken into account as a
17 deduction for federal income tax purposes if the
18 expense or loss had been uninsured. If a taxpayer
19 makes the election provided for by this subparagraph
20 (GG), the insurer to which the premiums were paid must
21 add back to income the amount subtracted by the
22 taxpayer pursuant to this subparagraph (GG). This
23 subparagraph (GG) is exempt from the provisions of
24 Section 250;

25 (HH) For taxable years beginning on or after
26 January 1, 2018 and prior to January 1, 2028, a maximum

1 of \$10,000 contributed in the taxable year to a
2 qualified ABLE account under Section 16.6 of the State
3 Treasurer Act, except that amounts excluded from gross
4 income under Section 529(c)(3)(C)(i) or Section
5 529A(c)(1)(C) of the Internal Revenue Code shall not
6 be considered moneys contributed under this
7 subparagraph (HH). For purposes of this subparagraph
8 (HH), contributions made by an employer on behalf of
9 an employee, or matching contributions made by an
10 employee, shall be treated as made by the employee;
11 and

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

21 (b) Corporations.

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

25 (2) Modifications. The taxable income referred to in

1 paragraph (1) shall be modified by adding thereto the sum
2 of the following amounts:

3 (A) An amount equal to all amounts paid or accrued
4 to the taxpayer as interest and all distributions
5 received from regulated investment companies during
6 the taxable year to the extent excluded from gross
7 income in the computation of taxable income;

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

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

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

26 (E) For taxable years in which a net operating

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

10 (i) 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 be reduced by the amount
14 of addition modification under this subparagraph
15 (E) which related to that net operating loss and
16 which was taken into account in calculating the
17 base income of an earlier taxable year, and

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

23 For taxable years in which there is a net
24 operating loss carryback or carryforward from more
25 than one other taxable year ending prior to December
26 31, 1986, the addition modification provided in this

1 subparagraph (E) shall be the sum of the amounts
2 computed independently under the preceding provisions
3 of this subparagraph (E) for each such taxable year;

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

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

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

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

1 equal to that subtraction modification.

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

5 (E-12) An amount equal to the amount otherwise
6 allowed as a deduction in computing base income for
7 interest paid, accrued, or incurred, directly or
8 indirectly, (i) for taxable years ending on or after
9 December 31, 2004, to a foreign person who would be a
10 member of the same unitary business group but for the
11 fact the foreign person's business activity outside
12 the United States is 80% or more of the foreign
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. The addition modification
21 required by this subparagraph shall be reduced to the
22 extent that dividends were included in base income of
23 the unitary group for the same taxable year and
24 received by the taxpayer or by a member of the
25 taxpayer's unitary business group (including amounts
26 included in gross income pursuant to Sections 951

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

6 This paragraph shall not apply to the following:

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

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

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

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

1 terms; or

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

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

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

25 (E-13) An amount equal to the amount of intangible
26 expenses and costs otherwise allowed as a deduction in

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

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

18 This paragraph shall not apply to the following:

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

26 (ii) any item of intangible expense or cost

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

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

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

16 (iii) any item of intangible expense or cost
17 paid, accrued, or incurred, directly or
18 indirectly, from a transaction with a person if
19 the taxpayer establishes by clear and convincing
20 evidence, that the adjustments are unreasonable;
21 or if the taxpayer and the Director agree in
22 writing to the application or use of an
23 alternative method of apportionment under Section
24 304(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
2 for any tax year beginning after the effective
3 date of this amendment provided such adjustment is
4 made pursuant to regulation adopted by the
5 Department and such regulations provide methods
6 and standards by which the Department will utilize
7 its authority under Section 404 of this Act;

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

9 (E-15) For taxable years beginning after December
10 31, 2008, any deduction for dividends paid by a
11 captive real estate investment trust that is allowed
12 to a real estate investment trust under Section
13 857(b)(2)(B) of the Internal Revenue Code for
14 dividends paid;

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

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

23 (E-18) for taxable years beginning after December
24 31, 2018, an amount equal to the deduction allowed
25 under Section 250(a)(1)(A) of the Internal Revenue
26 Code for the taxable year;

1 (E-19) for taxable years ending on or after June
2 30, 2021, an amount equal to the deduction allowed
3 under Section 250(a)(1)(B)(i) of the Internal Revenue
4 Code for the taxable year;

5 (E-20) for taxable years ending on or after June
6 30, 2021, an amount equal to the deduction allowed
7 under Sections 243(e) and 245A(a) of the Internal
8 Revenue Code for the taxable year; and -

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

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

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

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

22 (H) In the case of a regulated investment company,
23 an amount equal to the amount of exempt interest
24 dividends as defined in subsection (b)(5) of Section
25 852 of the Internal Revenue Code, paid to shareholders
26 for the taxable year;

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

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

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

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

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

24 (M-1) For any taxpayer that is a financial
25 organization within the meaning of Section 304(c) of
26 this Act, an amount included in such total as interest

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

24 (N) Two times any contribution made during the
25 taxable year to a designated zone organization to the
26 extent that the contribution (i) qualifies as a

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

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

1 plus (ii) 100% of the amount by which dividends,
2 included in taxable income and received, including,
3 for taxable years ending on or after December 31,
4 1988, dividends received or deemed received or paid or
5 deemed paid under Sections 951 through 964 of the
6 Internal Revenue Code and including, for taxable years
7 ending on or after December 31, 2008, dividends
8 received from a captive real estate investment trust,
9 from any such corporation specified in clause (i) that
10 would but for the provisions of Section 1504(b)(3) of
11 the Internal Revenue Code be treated as a member of the
12 affiliated group which includes the dividend
13 recipient, exceed the amount of the modification
14 provided under subparagraph (G) of paragraph (2) of
15 this subsection (b) which is related to such
16 dividends. For taxable years ending on or after June
17 30, 2021, (i) for purposes of this subparagraph, the
18 term "dividend" does not include any amount treated as
19 a dividend under Section 1248 of the Internal Revenue
20 Code, and (ii) this subparagraph shall not apply to
21 dividends for which a deduction is allowed under
22 Section 245(a) of the Internal Revenue Code. This
23 subparagraph (O) is exempt from the provisions of
24 Section 250 of this Act;

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

1 Increment Allocation Redevelopment Act;

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

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

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

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

4 (T) For taxable years 2001 and thereafter, for the
5 taxable year in which the bonus depreciation deduction
6 is taken on the taxpayer's federal income tax return
7 under subsection (k) of Section 168 of the Internal
8 Revenue Code and for each applicable taxable year
9 thereafter, an amount equal to "x", where:

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

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

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

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

1 by 0.429);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (c) Trusts and estates.

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

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

1 following amounts:

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

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

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

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

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

1 subtraction modifications in such taxable year, with
2 the following limitations applied in the order that
3 they are listed:

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

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

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

24 (F) For taxable years ending on or after January
25 1, 1989, an amount equal to the tax deducted pursuant
26 to Section 164 of the Internal Revenue Code if the

1 trust or estate is claiming the same tax for purposes
2 of the Illinois foreign tax credit under Section 601
3 of this Act;

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

8 (G-5) For taxable years ending after December 31,
9 1997, an amount equal to any eligible remediation
10 costs that the trust or estate deducted in computing
11 adjusted gross income and for which the trust or
12 estate claims a credit under subsection (l) of Section
13 201;

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

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

26 If the taxpayer continues to own property through

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

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

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

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

11 This paragraph shall not apply to the following:

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

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

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

26 (b) the transaction giving rise to the

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

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

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

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

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

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

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

23 This paragraph shall not apply to the following:

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

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

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

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

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

20 or

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

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

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

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

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

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

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

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

1 Tax Credit Act;

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

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

15 (I) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0;

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

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

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This
2 subparagraph (R) is exempt from the provisions of
3 Section 250;

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

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

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

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

21 (T) The amount of (i) any interest income (net of
22 the deductions allocable thereto) taken into account
23 for the taxable year with respect to a transaction
24 with a taxpayer that is required to make an addition
25 modification with respect to such transaction under
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

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

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

1 addition modification required to be made for the same
2 taxable year under Section 203(c)(2)(G-12) for
3 interest paid, accrued, or incurred, directly or
4 indirectly, to the same person. This subparagraph (U)
5 is exempt from the provisions of Section 250;

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

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

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

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

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

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

8 (3) Limitation. The amount of any modification
9 otherwise required under this subsection shall, under
10 regulations prescribed by the Department, be adjusted by
11 any amounts included therein which were properly paid,
12 credited, or required to be distributed, or permanently
13 set aside for charitable purposes pursuant to Internal
14 Revenue Code Section 642(c) during the taxable year.

15 (d) Partnerships.

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

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

22 (A) An amount equal to all amounts paid or accrued
23 to the taxpayer as interest or dividends during the
24 taxable year to the extent excluded from gross income
25 in the computation of taxable income;

1 (B) An amount equal to the amount of tax imposed by
2 this Act to the extent deducted from gross income for
3 the taxable year;

4 (C) The amount of deductions allowed to the
5 partnership pursuant to Section 707 (c) of the
6 Internal Revenue Code in calculating its taxable
7 income;

8 (D) An amount equal to the amount of the capital
9 gain deduction allowable under the Internal Revenue
10 Code, to the extent deducted from gross income in the
11 computation of taxable income;

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

17 (D-6) If the taxpayer sells, transfers, abandons,
18 or otherwise disposes of property for which the
19 taxpayer was required in any taxable year to make an
20 addition modification under subparagraph (D-5), then
21 an amount equal to the aggregate amount of the
22 deductions taken in all taxable years under
23 subparagraph (D) with respect to that property.

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

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

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

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

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

9 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

1 its authority under Section 404 of this Act; and

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

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

21 This paragraph shall not apply to the following:

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

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

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

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

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

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

1 304(f);

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

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

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

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

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

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

25 and by deducting from the total so obtained the following
26 amounts:

1 (E) The valuation limitation amount;

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

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

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

23 (I) An amount equal to all amounts of income
24 distributable to an entity subject to the Personal
25 Property Tax Replacement Income Tax imposed by
26 subsections (c) and (d) of Section 201 of this Act

1 including amounts distributable to organizations
2 exempt from federal income tax by reason of Section
3 501(a) of the Internal Revenue Code; this subparagraph
4 (I) is exempt from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

12 (3) for taxable years ending after December
13 31, 2005:

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

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

23 (iii) for property on which a bonus
24 depreciation deduction of 100% of the adjusted
25 basis was taken in a taxable year ending on or
26 after December 31, 2021, "x" equals the

1 depreciation deduction that would be allowed
2 on that property if the taxpayer had made the
3 election under Section 168(k)(7) of the
4 Internal Revenue Code to not claim bonus
5 depreciation on that property; and

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

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 (O) is exempt from the provisions of
23 Section 250;

24 (P) 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 (D-5), 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 a
5 subtraction is allowed with respect to that property
6 under subparagraph (O) and for which the taxpayer was
7 required in any taxable year to make an addition
8 modification under subparagraph (D-5), then an amount
9 equal to that addition modification.

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

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

15 (Q) 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
18 with 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
26 that 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 (Q) is exempt
5 from Section 250;

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

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

21 (T) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(d)(2)(D-9), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense

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

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

12 (1) In general. Subject to the provisions of paragraph
13 (2) and subsection (b) (3), for purposes of this Section
14 and Section 803(e), a taxpayer's gross income, adjusted
15 gross income, or taxable income for the taxable year shall
16 mean the amount of gross income, adjusted gross income or
17 taxable income properly reportable for federal income tax
18 purposes for the taxable year under the provisions of the
19 Internal Revenue Code. Taxable income may be less than
20 zero. However, for taxable years ending on or after
21 December 31, 1986, net operating loss carryforwards from
22 taxable years ending prior to December 31, 1986, may not
23 exceed the sum of federal taxable income for the taxable
24 year before net operating loss deduction, plus the excess
25 of addition modifications over subtraction modifications

1 for the taxable year. For taxable years ending prior to
2 December 31, 1986, taxable income may never be an amount
3 in excess of the net operating loss for the taxable year as
4 defined in subsections (c) and (d) of Section 172 of the
5 Internal Revenue Code, provided that when taxable income
6 of a corporation (other than a Subchapter S corporation),
7 trust, or estate is less than zero and addition
8 modifications, other than those provided by subparagraph
9 (E) of paragraph (2) of subsection (b) for corporations or
10 subparagraph (E) of paragraph (2) of subsection (c) for
11 trusts and estates, exceed subtraction modifications, an
12 addition modification must be made under those
13 subparagraphs for any other taxable year to which the
14 taxable income less than zero (net operating loss) is
15 applied under Section 172 of the Internal Revenue Code or
16 under subparagraph (E) of paragraph (2) of this subsection
17 (e) applied in conjunction with Section 172 of the
18 Internal Revenue Code.

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

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

1 accounts as calculated under Section 815a of the
2 Internal Revenue Code;

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

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

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

15 (E) Consolidated corporations. In the case of a
16 corporation which is a member of an affiliated group
17 of corporations filing a consolidated income tax
18 return for the taxable year for federal income tax
19 purposes, taxable income determined as if such
20 corporation had filed a separate return for federal
21 income tax purposes for the taxable year and each
22 preceding taxable year for which it was a member of an
23 affiliated group. For purposes of this subparagraph,
24 the taxpayer's separate taxable income shall be
25 determined as if the election provided by Section
26 243(b)(2) of the Internal Revenue Code had been in

1 effect for all such years;

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

1 Department shall adopt rules setting forth
2 requirements for documenting the elections and any
3 resulting Illinois net loss and the standards to be
4 used by the Director in evaluating requests to revoke
5 elections. Public Act 96-932 is declaratory of
6 existing law;

7 (G) Subchapter S corporations. In the case of: (i)
8 a Subchapter S corporation for which there is in
9 effect an election for the taxable year under Section
10 1362 of the Internal Revenue Code, the taxable income
11 of such corporation determined in accordance with
12 Section 1363(b) of the Internal Revenue Code, except
13 that taxable income shall take into account those
14 items which are required by Section 1363(b)(1) of the
15 Internal Revenue Code to be separately stated; and
16 (ii) a Subchapter S corporation for which there is in
17 effect a federal election to opt out of the provisions
18 of the Subchapter S Revision Act of 1982 and have
19 applied instead the prior federal Subchapter S rules
20 as in effect on July 1, 1982, the taxable income of
21 such corporation determined in accordance with the
22 federal Subchapter S rules as in effect on July 1,
23 1982; and

24 (H) Partnerships. In the case of a partnership,
25 taxable income determined in accordance with Section
26 703 of the Internal Revenue Code, except that taxable

1 income shall take into account those items which are
2 required by Section 703(a)(1) to be separately stated
3 but which would be taken into account by an individual
4 in calculating his taxable income.

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

22 (f) Valuation limitation amount.

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

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

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

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

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

1 (B) If the fair market value of property referred
2 to in paragraph (1) was not readily ascertainable on
3 August 1, 1969, the pre-August 1, 1969 appreciation
4 amount for such property is that amount which bears
5 the same ratio to the total gain reported in respect of
6 the property for federal income tax purposes for the
7 taxable year, as the number of full calendar months in
8 that part of the taxpayer's holding period for the
9 property ending July 31, 1969 bears to the number of
10 full calendar months in the taxpayer's entire holding
11 period for the property.

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

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

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

1 such taxable year, whether in respect of property values as of
2 August 1, 1969 or otherwise.

3 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
4 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
5 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

6 (35 ILCS 5/234 new)

7 Sec. 234. The Endow Illinois tax credit.

8 (a) For taxable years ending on or after December 31, 2024
9 and ending before January 1, 2034, each taxpayer for whom a tax
10 credit has been authorized by the Department of Revenue under
11 the Endow Illinois Tax Credit Act is entitled to a credit
12 against the tax imposed under subsections (a) and (b) of
13 Section 201 in an amount equal to the amount authorized under
14 that Act.

15 (b) For partners of partnerships and shareholders of
16 Subchapter S corporations, there is allowed a credit under
17 this Section to be determined in accordance with the
18 determination of income and distributive share of income under
19 Sections 702 and 704 and Subchapter S of the Internal Revenue
20 Code.

21 (c) The credit may not be carried back and may not reduce
22 the taxpayer's liability to less than zero. If the amount of
23 the credit exceeds the tax liability for the year, the excess
24 may be carried forward and applied to the tax liability of the
25 5 taxable years following the excess credit year. The tax

1 credit shall be applied to the earliest year for which there is
2 a tax liability. If there are credits for more than one year
3 that are available to offset a liability, the earlier credit
4 shall be applied first.

5 Section 999. Effective date. This Act takes effect upon
6 becoming law.