

# SB3489



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3489

Introduced 2/9/2024, by Sen. Chapin Rose

### SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. Creates a deduction for amounts that are disallowed as a deduction on the taxpayer's federal income tax return because of the \$10,000 limitation under the federal Internal Revenue Code on deductions for certain State and local taxes. Effective immediately.

LRB103 35047 HLH 64992 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

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

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

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

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

1 Section 20 of the Medical Care Savings Account Act of  
2 2000;

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

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

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

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

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

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

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

5 This paragraph shall not apply to the following:

6 (i) an item of interest paid, accrued, or  
7 incurred, directly or indirectly, to 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 interest; or

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

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

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

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

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

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

24 (D-18) An amount equal to the amount of intangible  
25 expenses and costs otherwise allowed as a deduction in  
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable  
2 years ending on or after December 31, 2004, to a  
3 foreign person who would be a member of the same  
4 unitary business group but for the fact that the  
5 foreign person's business activity outside the United  
6 States is 80% or more of that person's total business  
7 activity and (ii) for taxable years ending on or after  
8 December 31, 2008, to a person who would be a member of  
9 the same unitary business group but for the fact that  
10 the person is prohibited under Section 1501(a)(27)  
11 from being included in the unitary business group  
12 because he or she is ordinarily required to apportion  
13 business income under different subsections of Section  
14 304. The addition modification required by this  
15 subparagraph shall be reduced to the extent that  
16 dividends were included in base income of the unitary  
17 group for the same taxable year and received by the  
18 taxpayer or by a member of the taxpayer's unitary  
19 business group (including amounts included in gross  
20 income under Sections 951 through 964 of the Internal  
21 Revenue Code and amounts included in gross income  
22 under Section 78 of the Internal Revenue Code) with  
23 respect to the stock of the same person to whom the  
24 intangible expenses and costs were directly or  
25 indirectly paid, incurred, or accrued. The preceding  
26 sentence does not apply to the extent that the same



1 dividends caused a reduction to the addition  
2 modification required under Section 203(a)(2)(D-17) of  
3 this Act. As used in this subparagraph, the term  
4 "intangible expenses and costs" includes (1) expenses,  
5 losses, and costs for, or related to, the direct or  
6 indirect acquisition, use, maintenance or management,  
7 ownership, sale, exchange, or any other disposition of  
8 intangible property; (2) losses incurred, directly or  
9 indirectly, from factoring transactions or discounting  
10 transactions; (3) royalty, patent, technical, and  
11 copyright fees; (4) licensing fees; and (5) other  
12 similar expenses and costs. For purposes of this  
13 subparagraph, "intangible property" includes patents,  
14 patent applications, trade names, trademarks, service  
15 marks, copyrights, mask works, trade secrets, and  
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

18 (i) any item of intangible expenses or costs  
19 paid, accrued, or incurred, directly or  
20 indirectly, from a transaction with 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 item; or

25 (ii) any item of intangible expense or cost  
26 paid, accrued, or incurred, directly or

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

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

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

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

24 Nothing in this subsection shall preclude the  
25 Director from making any other adjustment  
26 otherwise allowed under Section 404 of this Act

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

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

1 stock of the same person to whom the premiums and costs  
2 were directly or indirectly paid, incurred, or  
3 accrued. The preceding sentence does not apply to the  
4 extent that the same dividends caused a reduction to  
5 the addition modification required under Section  
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
7 Act;

8 (D-20) For taxable years beginning on or after  
9 January 1, 2002 and ending on or before December 31,  
10 2006, in the case of a distribution from a qualified  
11 tuition program under Section 529 of the Internal  
12 Revenue Code, other than (i) a distribution from a  
13 College Savings Pool created under Section 16.5 of the  
14 State Treasurer Act or (ii) a distribution from the  
15 Illinois Prepaid Tuition Trust Fund, an amount equal  
16 to the amount excluded from gross income under Section  
17 529(c)(3)(B). For taxable years beginning on or after  
18 January 1, 2007, in the case of a distribution from a  
19 qualified tuition program under Section 529 of the  
20 Internal Revenue Code, other than (i) a distribution  
21 from a College Savings Pool created under Section 16.5  
22 of the State Treasurer Act, (ii) a distribution from  
23 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
24 distribution from a qualified tuition program under  
25 Section 529 of the Internal Revenue Code that (I)  
26 adopts and determines that its offering materials

1           comply with the College Savings Plans Network's  
2           disclosure principles and (II) has made reasonable  
3           efforts to inform in-state residents of the existence  
4           of in-state qualified tuition programs by informing  
5           Illinois residents directly and, where applicable, to  
6           inform financial intermediaries distributing the  
7           program to inform in-state residents of the existence  
8           of in-state qualified tuition programs at least  
9           annually, an amount equal to the amount excluded from  
10          gross income under Section 529(c)(3)(B).

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

23           (D-20.5) For taxable years beginning on or after  
24          January 1, 2018, in the case of a distribution from a  
25          qualified ABLE program under Section 529A of the  
26          Internal Revenue Code, other than a distribution from

1 a qualified ABLE program created under Section 16.6 of  
2 the State Treasurer Act, an amount equal to the amount  
3 excluded from gross income under Section 529A(c) (1) (B)  
4 of the Internal Revenue Code;

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

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

23 (D-22) For taxable years beginning on or after  
24 January 1, 2009, and prior to January 1, 2018, in the  
25 case of a nonqualified withdrawal or refund of moneys  
26 from a qualified tuition program under Section 529 of

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

26 (D-23) An amount equal to the credit allowable to

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

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

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

11 and by deducting from the total so obtained the sum of the  
12 following amounts:

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



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

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

1 computing net earnings from self employment by Section  
2 1402 of the Internal Revenue Code and regulations  
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

8 (I) An amount equal to all amounts included in  
9 such total pursuant to the provisions of Section 111  
10 of the Internal Revenue Code as a recovery of items  
11 previously deducted from adjusted gross income in the  
12 computation of taxable income;

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

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

1           subparagraph (J) of paragraph (2) of this subsection  
2           shall not be eligible for the deduction provided under  
3           this subparagraph (K);

4           (L) For taxable years ending after December 31,  
5           1983, an amount equal to all social security benefits  
6           and railroad retirement benefits included in such  
7           total pursuant to Sections 72(r) and 86 of the  
8           Internal Revenue Code;

9           (M) With the exception of any amounts subtracted  
10          under subparagraph (N), an amount equal to the sum of  
11          all amounts disallowed as deductions by (i) Sections  
12          171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
13          and all amounts of expenses allocable to interest and  
14          disallowed as deductions by Section 265(a)(1) of the  
15          Internal Revenue Code; and (ii) for taxable years  
16          ending on or after August 13, 1999, Sections  
17          171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
18          Internal Revenue Code, plus, for taxable years ending  
19          on or after December 31, 2011, Section 45G(e)(3) of  
20          the Internal Revenue Code and, for taxable years  
21          ending on or after December 31, 2008, any amount  
22          included in gross income under Section 87 of the  
23          Internal Revenue Code; the provisions of this  
24          subparagraph are exempt from the provisions of Section  
25          250;

26          (N) An amount equal to all amounts included in

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

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

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

20 (Q) An amount equal to any amounts included in  
21 such total, received by the taxpayer as an  
22 acceleration in the payment of life, endowment or  
23 annuity benefits in advance of the time they would  
24 otherwise be payable as an indemnity for a terminal  
25 illness;

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

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

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

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

23 (V) Beginning with tax years ending on or after  
24 December 31, 1995 and ending with tax years ending on  
25 or before December 31, 2004, an amount equal to the  
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder  
2 in a Subchapter S corporation for health insurance or  
3 long-term care insurance for that taxpayer or that  
4 taxpayer's spouse or dependents, to the extent that  
5 the amount paid for that health insurance or long-term  
6 care insurance may be deducted under Section 213 of  
7 the Internal Revenue Code, has not been deducted on  
8 the federal income tax return of the taxpayer, and  
9 does not exceed the taxable income attributable to  
10 that taxpayer's income, self-employment income, or  
11 Subchapter S corporation income; except that no  
12 deduction shall be allowed under this item (V) if the  
13 taxpayer is eligible to participate in any health  
14 insurance or long-term care insurance plan of an  
15 employer of the taxpayer or the taxpayer's spouse. The  
16 amount of the health insurance and long-term care  
17 insurance subtracted under this item (V) shall be  
18 determined by multiplying total health insurance and  
19 long-term care insurance premiums paid by the taxpayer  
20 times a number that represents the fractional  
21 percentage of eligible medical expenses under Section  
22 213 of the Internal Revenue Code of 1986 not actually  
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after  
25 January 1, 1998, all amounts included in the  
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth  
2 IRA. This paragraph is exempt from the provisions of  
3 Section 250;

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

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

11 (Y) For taxable years beginning on or after  
12 January 1, 2002 and ending on or before December 31,  
13 2004, moneys contributed in the taxable year to a  
14 College Savings Pool account under Section 16.5 of the  
15 State Treasurer Act, except that amounts excluded from  
16 gross income under Section 529(c)(3)(C)(i) of the  
17 Internal Revenue Code shall not be considered moneys  
18 contributed under this subparagraph (Y). For taxable  
19 years beginning on or after January 1, 2005, a maximum  
20 of \$10,000 contributed in the taxable year to (i) a  
21 College Savings Pool account under Section 16.5 of the  
22 State Treasurer Act or (ii) the Illinois Prepaid  
23 Tuition Trust Fund, except that amounts excluded from  
24 gross income under Section 529(c)(3)(C)(i) of the  
25 Internal Revenue Code shall not be considered moneys  
26 contributed under this subparagraph (Y). For purposes



1 of this subparagraph, contributions made by an  
2 employer on behalf of an employee, or matching  
3 contributions made by an employee, shall be treated as  
4 made by the employee. This subparagraph (Y) is exempt  
5 from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26          (BB) Any amount included in adjusted gross income,

1 other than salary, received by a driver in a  
2 ridesharing arrangement using a motor vehicle;

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

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

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

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

1 included in the unitary business group because he or  
2 she is ordinarily required to apportion business  
3 income under different subsections of Section 304, but  
4 not to exceed the addition modification required to be  
5 made for the same taxable year under Section  
6 203(a)(2)(D-18) for intangible expenses and costs  
7 paid, accrued, or incurred, directly or indirectly, to  
8 the same foreign person. This subparagraph (EE) is  
9 exempt from the provisions of Section 250;

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

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

1 (GG), the insurer to which the premiums were paid must  
2 add back to income the amount subtracted by the  
3 taxpayer pursuant to this subparagraph (GG). This  
4 subparagraph (GG) is exempt from the provisions of  
5 Section 250;

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

19 (II) For taxable years that begin on or after  
20 January 1, 2021 and begin before January 1, 2026, the  
21 amount that is included in the taxpayer's federal  
22 adjusted gross income pursuant to Section 61 of the  
23 Internal Revenue Code as discharge of indebtedness  
24 attributable to student loan forgiveness and that is  
25 not excluded from the taxpayer's federal adjusted  
26 gross income pursuant to paragraph (5) of subsection

1 (f) of Section 108 of the Internal Revenue Code; and -  
2 (JJ) For taxable years beginning on or after  
3 January 1, 2024, the amount that was paid during the  
4 taxable year in taxes described in paragraphs (1),  
5 (2), and (3) of subsection (a) of Section 164 of the  
6 federal Internal Revenue Code and paragraph (5) of  
7 subsection (b) of Section 164 of the federal Internal  
8 Revenue Code that was disallowed as a deduction on the  
9 taxpayer's federal income tax return for the taxable  
10 year as a result of the limitation set forth under  
11 subparagraph (B) of paragraph (6) of subsection (b) of  
12 Section 164 of the federal Internal Revenue Code. This  
13 subparagraph (JJ) is exempt from the provisions of  
14 Section 250.

15 (b) Corporations.

16 (1) In general. In the case of a corporation, 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 and all distributions  
24 received from regulated investment companies during  
25 the taxable year to the extent excluded from gross



1 income in the computation of taxable income;

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

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

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 earlier taxable  
2 year, with the following limitations applied in the  
3 order that 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 (E-5) For taxable years ending after December 31,  
25 1997, an amount equal to any eligible remediation  
26 costs that the corporation deducted in computing

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

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

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

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

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

25 (E-12) An amount equal to the amount otherwise  
26 allowed as a deduction in computing base income for

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

26 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

12 This paragraph shall not apply to the following:

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

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

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



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

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

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

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

1           its authority under Section 404 of this Act;

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

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

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

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

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

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

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

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

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

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

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

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

10 (H) In the case of a regulated investment company,  
11 an amount equal to the amount of exempt interest  
12 dividends as defined in subsection (b)(5) of Section  
13 852 of the Internal Revenue Code, paid to shareholders  
14 for the taxable year;

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

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

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

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

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

6           (L) An amount equal to 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 (K) of paragraph 2 of this subsection  
13          shall not be eligible for the deduction provided under  
14          this subparagraph (L);

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

1 investment credit property which secures the loan or  
2 loans, using for this purpose the original basis of  
3 such property on the date that it was placed in service  
4 in the River Edge Redevelopment Zone. The subtraction  
5 modification available to the taxpayer in any year  
6 under this subsection shall be that portion of the  
7 total interest paid by the borrower with respect to  
8 such loan attributable to the eligible property as  
9 calculated under the previous sentence. This  
10 subparagraph (M) is exempt from the provisions of  
11 Section 250;

12 (M-1) For any taxpayer that is a financial  
13 organization within the meaning of Section 304(c) of  
14 this Act, an amount included in such total as interest  
15 income from a loan or loans made by such taxpayer to a  
16 borrower, to the extent that such a loan is secured by  
17 property which is eligible for the High Impact  
18 Business Investment Credit. To determine the portion  
19 of a loan or loans that is secured by property eligible  
20 for a Section 201(h) investment credit to the  
21 borrower, the entire principal amount of the loan or  
22 loans between the taxpayer and the borrower should be  
23 divided into the basis of the Section 201(h)  
24 investment credit property which secures the loan or  
25 loans, using for this purpose the original basis of  
26 such property on the date that it was placed in service

1 in a federally designated Foreign Trade Zone or  
2 Sub-Zone located in Illinois. No taxpayer that is  
3 eligible for the deduction provided in subparagraph  
4 (M) of paragraph (2) of this subsection shall be  
5 eligible for the deduction provided under this  
6 subparagraph (M-1). The subtraction modification  
7 available to taxpayers in any year under this  
8 subsection shall be that portion of the total interest  
9 paid by the borrower with respect to such loan  
10 attributable to the eligible property as calculated  
11 under the previous sentence;

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

23 (O) An amount equal to: (i) 85% for taxable years  
24 ending on or before December 31, 1992, or, a  
25 percentage equal to the percentage allowable under  
26 Section 243(a) (1) of the Internal Revenue Code of 1986



1 for taxable years ending after December 31, 1992, of  
2 the amount by which dividends included in taxable  
3 income and received from a corporation that is not  
4 created or organized under the laws of the United  
5 States or any state or political subdivision thereof,  
6 including, for taxable years ending on or after  
7 December 31, 1988, dividends received or deemed  
8 received or paid or deemed paid under Sections 951  
9 through 965 of the Internal Revenue Code, exceed the  
10 amount of the modification provided under subparagraph  
11 (G) of paragraph (2) of this subsection (b) which is  
12 related to such dividends, and including, for taxable  
13 years ending on or after December 31, 2008, dividends  
14 received from a captive real estate investment trust;  
15 plus (ii) 100% of the amount by which dividends,  
16 included in taxable income and received, including,  
17 for taxable years ending on or after December 31,  
18 1988, dividends received or deemed received or paid or  
19 deemed paid under Sections 951 through 964 of the  
20 Internal Revenue Code and including, for taxable years  
21 ending on or after December 31, 2008, dividends  
22 received from a captive real estate investment trust,  
23 from any such corporation specified in clause (i) that  
24 would but for the provisions of Section 1504(b)(3) of  
25 the Internal Revenue Code be treated as a member of the  
26 affiliated group which includes the dividend

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

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

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

1 reciprocal insurer in the taxable year to the  
2 attorney-in-fact over the deduction allowed to that  
3 interinsurer or reciprocal insurer with respect to the  
4 attorney-in-fact under Section 835(b) of the Internal  
5 Revenue Code for the taxable year; the provisions of  
6 this subparagraph are exempt from the provisions of  
7 Section 250;

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

18 (T) For taxable years 2001 and thereafter, for the  
19 taxable year in which the bonus depreciation deduction  
20 is taken on the taxpayer's federal income tax return  
21 under subsection (k) of Section 168 of the Internal  
22 Revenue Code and for each applicable taxable year  
23 thereafter, an amount equal to "x", where:

24 (1) "y" equals the amount of the depreciation  
25 deduction taken for the taxable year on the  
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was  
2 taken in any year under subsection (k) of Section  
3 168 of the Internal Revenue Code, but not  
4 including the bonus depreciation deduction;

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

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

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

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

20 (iii) for property on which a bonus  
21 depreciation deduction of 100% of the adjusted  
22 basis was taken in a taxable year ending on or  
23 after December 31, 2021, "x" equals the  
24 depreciation deduction that would be allowed  
25 on that property if the taxpayer had made the  
26 election under Section 168(k)(7) of the

1 Internal Revenue Code to not claim bonus  
2 depreciation on that property; and

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

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

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

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 (T) and for which the taxpayer was  
4 required in any taxable year to make an addition  
5 modification under subparagraph (E-10), then an amount  
6 equal to that addition modification.

7 The taxpayer is allowed to take the deduction  
8 under this subparagraph only once with respect to any  
9 one piece of property.

10 This subparagraph (U) is exempt from the  
11 provisions of Section 250;

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

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

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

1 made for the same taxable year under Section  
2 203(b)(2)(E-12) for interest paid, accrued, or  
3 incurred, directly or indirectly, to the same person.  
4 This subparagraph (W) is exempt from the provisions of  
5 Section 250;

6 (X) 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(b)(2)(E-13) for intangible expenses and costs  
24 paid, accrued, or incurred, directly or indirectly, to  
25 the same foreign person. This subparagraph (X) is  
26 exempt from the provisions of Section 250;



1 (Y) For taxable years ending on or after December  
2 31, 2011, in the case of a taxpayer who was required to  
3 add back any insurance premiums under Section  
4 203(b)(2)(E-14), such taxpayer may elect to subtract  
5 that part of a reimbursement received from the  
6 insurance company equal to the amount of the expense  
7 or loss (including expenses incurred by the insurance  
8 company) that would have been taken into account as a  
9 deduction for federal income tax purposes if the  
10 expense or loss had been uninsured. If a taxpayer  
11 makes the election provided for by this subparagraph  
12 (Y), the insurer to which the premiums were paid must  
13 add back to income the amount subtracted by the  
14 taxpayer pursuant to this subparagraph (Y). This  
15 subparagraph (Y) is exempt from the provisions of  
16 Section 250; and

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

25 (3) Special rule. For purposes of paragraph (2)(A),  
26 "gross income" in the case of a life insurance company,

1 for tax years ending on and after December 31, 1994, and  
2 prior to December 31, 2011, shall mean the gross  
3 investment income for the taxable year and, for tax years  
4 ending on or after December 31, 2011, shall mean all  
5 amounts included in life insurance gross income under  
6 Section 803(a)(3) of the Internal Revenue Code.

7 (c) Trusts and estates.

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

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

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

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

25 (C) An amount equal to the amount of tax imposed by

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

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

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

18                 (i) 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 be reduced by the amount  
22                 of addition modification under this subparagraph  
23                 (E) which related to that net operating loss and  
24                 which was taken into account in calculating the  
25                 base income of an earlier taxable year, and

26                 (ii) the addition modification relating to the

1 net operating loss carried back or forward to the  
2 taxable year from any taxable year ending prior to  
3 December 31, 1986 shall not exceed the amount of  
4 such carryback or carryforward;

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

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

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

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

1 201;

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

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

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

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

24 (G-12) An amount equal to the amount otherwise  
25 allowed as a deduction in computing base income for  
26 interest paid, accrued, or incurred, directly or

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

25 This paragraph shall not apply to the following:

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

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

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

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

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

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

1 or

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

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

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



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

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

11 This paragraph shall not apply to the following:

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

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

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

1 not a related member, and

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

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

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

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

1 Act;

2 (G-15) An amount equal to the credit allowable to  
3 the taxpayer under Section 218(a) of this Act,  
4 determined without regard to Section 218(c) of this  
5 Act;

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

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

12 (H) 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 408  
15 of the Internal Revenue Code or included in such total  
16 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 (I) The valuation limitation amount;

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

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

1           subparagraph are exempt from the provisions of Section  
2           250;

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

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

14          (O) 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 (M) of paragraph (2) of this subsection  
21          shall not be eligible for the deduction provided under  
22          this subparagraph (O);

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

1 the Internal Revenue Code;

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



1 and who is a victim of persecution for racial or  
2 religious reasons by Nazi Germany or any other Axis  
3 regime or as an heir of the victim. The amount of and  
4 the eligibility for any public assistance, benefit, or  
5 similar entitlement is not affected by the inclusion  
6 of items (i) and (ii) of this paragraph in gross income  
7 for federal income tax purposes. This paragraph is  
8 exempt from the provisions of Section 250;

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

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

22 (2) for taxable years ending on or before  
23 December 31, 2005, "x" equals "y" multiplied by 30  
24 and then divided by 70 (or "y" multiplied by  
25 0.429); and

26 (3) for taxable years ending after December

1 31, 2005:

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

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

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

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

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

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

12          (S) If the taxpayer sells, transfers, abandons, or  
13          otherwise disposes of property for which the taxpayer  
14          was required in any taxable year to make an addition  
15          modification under subparagraph (G-10), then an amount  
16          equal to that addition modification.

17          If the taxpayer continues to own property through  
18          the last day of the last tax year for which a  
19          subtraction is allowed with respect to that property  
20          under subparagraph (R) and for which the taxpayer was  
21          required in any taxable year to make an addition  
22          modification under subparagraph (G-10), then an amount  
23          equal to that addition modification.

24          The taxpayer is allowed to take the deduction  
25          under this subparagraph only once with respect to any  
26          one piece of property.

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

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

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

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

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

1 she is ordinarily required to apportion business  
2 income under different subsections of Section 304, but  
3 not to exceed the addition modification required to be  
4 made for the same taxable year under Section  
5 203(c)(2)(G-13) for intangible expenses and costs  
6 paid, accrued, or incurred, directly or indirectly, to  
7 the same foreign person. This subparagraph (V) is  
8 exempt from the provisions of Section 250;

9 (W) in the case of an estate, an amount equal to  
10 all amounts included in such total pursuant to the  
11 provisions of Section 111 of the Internal Revenue Code  
12 as a recovery of items previously deducted by the  
13 decedent from adjusted gross income in the computation  
14 of taxable income. This subparagraph (W) is exempt  
15 from Section 250;

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

21 (Y) 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(c)(2)(G-14), 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 (Y), 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 (Y). This  
9 subparagraph (Y) is exempt from the provisions of  
10 Section 250; and

11 (Z) For taxable years beginning after December 31,  
12 2018 and before January 1, 2026, the amount of excess  
13 business loss of the taxpayer disallowed as a  
14 deduction by Section 461(1)(1)(B) of the Internal  
15 Revenue Code.

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

23 (d) Partnerships.

24 (1) In general. In the case of a partnership, base  
25 income means an amount equal to the taxpayer's taxable

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

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

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

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

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

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

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

25 (D-6) If the taxpayer sells, transfers, abandons,  
26 or otherwise disposes of property for which the



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

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

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

16 (D-7) An amount equal to the amount otherwise  
17 allowed as a deduction in computing base income for  
18 interest paid, accrued, or incurred, directly or  
19 indirectly, (i) for taxable years ending on or after  
20 December 31, 2004, to a foreign person who would be a  
21 member of the same unitary business group but for the  
22 fact the foreign person's business activity outside  
23 the United States is 80% or more of the foreign  
24 person's total business activity and (ii) for taxable  
25 years ending on or after December 31, 2008, to a person  
26 who would be a member of the same unitary business

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

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

3 This paragraph shall not apply to the following:

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

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

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

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

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

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

19           (D-9) For taxable years ending on or after  
20           December 31, 2008, an amount equal to the amount of  
21           insurance premium expenses and costs otherwise allowed  
22           as a deduction in computing base income, and that were  
23           paid, accrued, or incurred, directly or indirectly, to  
24           a person who would be a member of the same unitary  
25           business group but for the fact that the person is  
26           prohibited under Section 1501(a)(27) from being

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

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

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



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

3 (E) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 If the taxpayer continues to own property through  
6 the last day of the last tax year for which a  
7 subtraction is allowed with respect to that property  
8 under subparagraph (O) and for which the taxpayer was  
9 required in any taxable year to make an addition  
10 modification under subparagraph (D-5), then an amount  
11 equal to that addition modification.

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

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

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

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

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

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

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

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



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

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

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

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

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

24 (A) Certain life insurance companies. In the case  
25 of a life insurance company subject to the tax imposed  
26 by Section 801 of the Internal Revenue Code, life

1 insurance company taxable income, plus the amount of  
2 distribution from pre-1984 policyholder surplus  
3 accounts as calculated under Section 815a of the  
4 Internal Revenue Code;

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

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

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

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

1           determined as if the election provided by Section  
2           243(b)(2) of the Internal Revenue Code had been in  
3           effect for all such years;

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

1 the date of the election. Once made, the election may  
2 only be revoked upon approval of the Director. The  
3 Department shall adopt rules setting forth  
4 requirements for documenting the elections and any  
5 resulting Illinois net loss and the standards to be  
6 used by the Director in evaluating requests to revoke  
7 elections. Public Act 96-932 is declaratory of  
8 existing law;

9 (G) Subchapter S corporations. In the case of: (i)  
10 a Subchapter S corporation for which there is in  
11 effect an election for the taxable year under Section  
12 1362 of the Internal Revenue Code, the taxable income  
13 of such corporation determined in accordance with  
14 Section 1363(b) of the Internal Revenue Code, except  
15 that taxable income shall take into account those  
16 items which are required by Section 1363(b)(1) of the  
17 Internal Revenue Code to be separately stated; and  
18 (ii) a Subchapter S corporation for which there is in  
19 effect a federal election to opt out of the provisions  
20 of the Subchapter S Revision Act of 1982 and have  
21 applied instead the prior federal Subchapter S rules  
22 as in effect on July 1, 1982, the taxable income of  
23 such corporation determined in accordance with the  
24 federal Subchapter S rules as in effect on July 1,  
25 1982; and

26 (H) Partnerships. In the case of a partnership,

1 taxable income determined in accordance with Section  
2 703 of the Internal Revenue Code, except that taxable  
3 income shall take into account those items which are  
4 required by Section 703(a)(1) to be separately stated  
5 but which would be taken into account by an individual  
6 in calculating his taxable income.

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

24 (f) Valuation limitation amount.

25 (1) In general. The valuation limitation amount

1 referred to in subsections (a) (2) (G), (c) (2) (I) and  
2 (d) (2) (E) is an amount equal to:

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

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

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

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

1           respect of the sale, exchange or other disposition of  
2           such property.

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

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

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

20          (h) Legislative intention. Except as expressly provided by  
21          this Section there shall be no modifications or limitations on  
22          the amounts of income, gain, loss or deduction taken into  
23          account in determining gross income, adjusted gross income or  
24          taxable income for federal income tax purposes for the taxable



1 year, or in the amount of such items entering into the  
2 computation of base income and net income under this Act for  
3 such taxable year, whether in respect of property values as of  
4 August 1, 1969 or otherwise.

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

8 Section 99. Effective date. This Act takes effect upon  
9 becoming law.