

1 AMENDMENT TO HOUSE BILL 862

2 AMENDMENT NO. _____. Amend House Bill 862 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 203 and 1002 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
12 paragraph (2).

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

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

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

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

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

22 (D-5) An amount, to the extent not included in
23 adjusted gross income, equal to the amount of money
24 withdrawn by the taxpayer in the taxable year from a
25 medical care savings account and the interest earned
26 on the account in the taxable year of a withdrawal
27 pursuant to subsection (b) of Section 20 of the
28 Medical Care Savings Account Act or subsection (b)
29 of Section 20 of the Medical Care Savings Account
30 Act of 2000;

31 (D-10) For taxable years ending after December
32 31, 1997, an amount equal to any eligible
33 remediation costs that the individual deducted in
34 computing adjusted gross income and for which the

1 individual claims a credit under subsection (l) of
2 Section 201;

3 (D-15) For taxable years 2001 and thereafter,
4 an amount equal to the bonus depreciation deduction
5 (30% of the adjusted basis of the qualified
6 property) taken on the taxpayer's federal income tax
7 return for the taxable year under subsection (k) of
8 Section 168 of the Internal Revenue Code; and

9 (D-16) If the taxpayer reports a capital gain
10 or loss on the taxpayer's federal income tax return
11 for the taxable year based on a sale or transfer of
12 property for which the taxpayer was required in any
13 taxable year to make an addition modification under
14 subparagraph (D-15), then an amount equal to the
15 aggregate amount of the deductions taken in all
16 taxable years under subparagraph (Z) with respect to
17 that property;†

18 The taxpayer is required to make the addition
19 modification under this subparagraph only once with
20 respect to any one piece of property;‡ and

21 (D-20) ~~(D-15)~~ For taxable years beginning on
22 or after January 1, 2002, in the case of a
23 distribution from a qualified tuition program under
24 Section 529 of the Internal Revenue Code, other than
25 (i) a distribution from a College Savings Pool
26 created under Section 16.5 of the State Treasurer
27 Act or (ii) a distribution from the Illinois Prepaid
28 Tuition Trust Fund, an amount equal to the amount
29 excluded from gross income under Section
30 529(c)(3)(B);

31 and by deducting from the total so obtained the sum of
32 the following amounts:

33 (E) For taxable years ending before December
34 31, 2001, any amount included in such total in

1 respect of any compensation (including but not
2 limited to any compensation paid or accrued to a
3 serviceman while a prisoner of war or missing in
4 action) paid to a resident by reason of being on
5 active duty in the Armed Forces of the United States
6 and in respect of any compensation paid or accrued
7 to a resident who as a governmental employee was a
8 prisoner of war or missing in action, and in respect
9 of any compensation paid to a resident in 1971 or
10 thereafter for annual training performed pursuant to
11 Sections 502 and 503, Title 32, United States Code
12 as a member of the Illinois National Guard. For
13 taxable years ending on or after December 31, 2001,
14 any amount included in such total in respect of any
15 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 a member of any
19 component of the Armed Forces of the United States
20 and in respect of any compensation paid or accrued
21 to a resident who as a governmental employee was a
22 prisoner of war or missing in action, and in respect
23 of any compensation paid to a resident in 2001 or
24 thereafter by reason of being a member of the
25 Illinois National Guard. The provisions of this
26 amendatory Act of the 92nd General Assembly are
27 exempt from the provisions of Section 250;

28 (F) An amount equal to all amounts included in
29 such total pursuant to the provisions of Sections
30 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
31 408 of the Internal Revenue Code, or included in
32 such total as distributions under the provisions of
33 any retirement or disability plan for employees of
34 any governmental agency or unit, or retirement

1 payments to retired partners, which payments are
2 excluded in computing net earnings from self
3 employment by Section 1402 of the Internal Revenue
4 Code and regulations adopted pursuant thereto;

5 (G) The valuation limitation amount;

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

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

15 (J) An amount equal to those dividends
16 included in such total which were paid by a
17 corporation which conducts business operations in an
18 Enterprise Zone or zones created under the Illinois
19 Enterprise Zone Act, and conducts substantially all
20 of its operations in an Enterprise Zone or zones;

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

31 (L) For taxable years ending after December
32 31, 1983, an amount equal to all social security
33 benefits and railroad retirement benefits included
34 in such total pursuant to Sections 72(r) and 86 of

1 the Internal Revenue Code;

2 (M) With the exception of any amounts
3 subtracted under subparagraph (N), an amount equal
4 to the sum of all amounts disallowed as deductions
5 by (i) Sections 171(a) (2), and 265(2) of the
6 Internal Revenue Code of 1954, as now or hereafter
7 amended, and all amounts of expenses allocable to
8 interest and disallowed as deductions by Section
9 265(1) of the Internal Revenue Code of 1954, as now
10 or hereafter amended; and (ii) for taxable years
11 ending on or after August 13, 1999, Sections
12 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
13 Internal Revenue Code; the provisions of this
14 subparagraph are exempt from the provisions of
15 Section 250;

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

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

29 (P) An amount equal to the amount of the
30 deduction used to compute the federal income tax
31 credit for restoration of substantial amounts held
32 under claim of right for the taxable year pursuant
33 to Section 1341 of the Internal Revenue Code of
34 1986;

1 (Q) An amount equal to any amounts included in
2 such total, received by the taxpayer as an
3 acceleration in the payment of life, endowment or
4 annuity benefits in advance of the time they would
5 otherwise be payable as an indemnity for a terminal
6 illness;

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

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

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

26 (U) For one taxable year beginning on or after
27 January 1, 1994, an amount equal to the total amount
28 of tax imposed and paid under subsections (a) and
29 (b) of Section 201 of this Act on grant amounts
30 received by the taxpayer under the Nursing Home
31 Grant Assistance Act during the taxpayer's taxable
32 years 1992 and 1993;

33 (V) Beginning with tax years ending on or
34 after December 31, 1995 and ending with tax years

1 ending on or before December 31, 2004, an amount
2 equal to the amount paid by a taxpayer who is a
3 self-employed taxpayer, a partner of a partnership,
4 or a shareholder in a Subchapter S corporation for
5 health insurance or long-term care insurance for
6 that taxpayer or that taxpayer's spouse or
7 dependents, to the extent that the amount paid for
8 that health insurance or long-term care insurance
9 may be deducted under Section 213 of the Internal
10 Revenue Code of 1986, has not been deducted on the
11 federal income tax return of the taxpayer, and does
12 not exceed the taxable income attributable to that
13 taxpayer's income, self-employment income, or
14 Subchapter S corporation income; except that no
15 deduction shall be allowed under this item (V) if
16 the taxpayer is eligible to participate in any
17 health insurance or long-term care insurance plan of
18 an employer of the taxpayer or the taxpayer's
19 spouse. The amount of the health insurance and
20 long-term care insurance subtracted under this item
21 (V) shall be determined by multiplying total health
22 insurance and long-term care insurance premiums paid
23 by the taxpayer times a number that represents the
24 fractional percentage of eligible medical expenses
25 under Section 213 of the Internal Revenue Code of
26 1986 not actually deducted on the taxpayer's federal
27 income tax return;

28 (W) For taxable years beginning on or after
29 January 1, 1998, all amounts included in the
30 taxpayer's federal gross income in the taxable year
31 from amounts converted from a regular IRA to a Roth
32 IRA. This paragraph is exempt from the provisions of
33 Section 250;

34 (X) For taxable year 1999 and thereafter, an

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

1 (Y) For taxable years beginning on or after
2 January 1, 2002, moneys contributed in the taxable
3 year to a College Savings Pool account under Section
4 16.5 of the State Treasurer Act, except that amounts
5 excluded from gross income under Section
6 529(c)(3)(C)(i) of the Internal Revenue Code shall
7 not be considered moneys contributed under this
8 subparagraph (Y). This subparagraph (Y) is exempt
9 from the provisions of Section 250;

10 (Z) For taxable years 2001 and thereafter, for
11 the taxable year in which the bonus depreciation
12 deduction (30% of the adjusted basis of the
13 qualified property) is taken on the taxpayer's
14 federal income tax return under subsection (k) of
15 Section 168 of the Internal Revenue Code and for
16 each applicable taxable year thereafter, an amount
17 equal to "x", where:

18 (1) "y" equals the amount of the
19 depreciation deduction taken for the taxable
20 year on the taxpayer's federal income tax
21 return on property for which the bonus
22 depreciation deduction (30% of the adjusted
23 basis of the qualified property) was taken in
24 any year under subsection (k) of Section 168 of
25 the Internal Revenue Code, but not including
26 the bonus depreciation deduction; and

27 (2) "x" equals "y" multiplied by 30 and
28 then divided by 70 (or "y" multiplied by
29 0.429).

30 The aggregate amount deducted under this
31 subparagraph in all taxable years for any one piece
32 of property may not exceed the amount of the bonus
33 depreciation deduction (30% of the adjusted basis of
34 the qualified property) taken on that property on

1 the taxpayer's federal income tax return under
2 subsection (k) of Section 168 of the Internal
3 Revenue Code; and

4 (AA) If the taxpayer reports a capital gain or
5 loss on the taxpayer's federal income tax return for
6 the taxable year based on a sale or transfer of
7 property for which the taxpayer was required in any
8 taxable year to make an addition modification under
9 subparagraph (D-15), then an amount equal to that
10 addition modification.

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

14 (BB) ~~(Z)~~ Any amount included in adjusted gross
15 income, other than salary, received by a driver in a
16 ridesharing arrangement using a motor vehicle.

17 (b) Corporations.

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

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

24 (A) An amount equal to all amounts paid or
25 accrued to the taxpayer as interest and all
26 distributions received from regulated investment
27 companies during the taxable year to the extent
28 excluded from gross income in the computation of
29 taxable income;

30 (B) An amount equal to the amount of tax
31 imposed by this Act to the extent deducted from
32 gross income in the computation of taxable income
33 for the taxable year;

34 (C) In the case of a regulated investment

1 company, an amount equal to the excess of (i) the
2 net long-term capital gain for the taxable year,
3 over (ii) the amount of the capital gain dividends
4 designated as such in accordance with Section
5 852(b)(3)(C) of the Internal Revenue Code and any
6 amount designated under Section 852(b)(3)(D) of the
7 Internal Revenue Code, attributable to the taxable
8 year (this amendatory Act of the 93rd General
9 Assembly and 1995--(Public Act 89-89 are--is
10 declarative of existing law and are is not a new
11 enactments enactment);

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

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

26 (i) the addition modification relating to
27 the net operating loss carried back or forward
28 to the taxable year from any taxable year
29 ending prior to December 31, 1986 shall be
30 reduced by the amount of addition modification
31 under this subparagraph (E) which related to
32 that net operating loss and which was taken
33 into account in calculating the base income of
34 an earlier taxable year, and

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

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

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

21 (E-10) For taxable years 2001 and thereafter,
22 an amount equal to the bonus depreciation deduction
23 (30% of the adjusted basis of the qualified
24 property) taken on the taxpayer's federal income tax
25 return for the taxable year under subsection (k) of
26 Section 168 of the Internal Revenue Code; and

27 (E-11) If the taxpayer reports a capital gain
28 or loss on the taxpayer's federal income tax return
29 for the taxable year based on a sale or transfer of
30 property for which the taxpayer was required in any
31 taxable year to make an addition modification under
32 subparagraph (E-10), then an amount equal to the
33 aggregate amount of the deductions taken in all
34 taxable years under subparagraph (T) with respect to

1 that property;

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

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

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

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

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

19 (I) With the exception of any amounts
20 subtracted under subparagraph (J), an amount equal
21 to the sum of all amounts disallowed as deductions
22 by (i) Sections 171(a) (2), and 265(a)(2) and
23 amounts disallowed as interest expense by Section
24 291(a)(3) of the Internal Revenue Code, as now or
25 hereafter amended, and all amounts of expenses
26 allocable to interest and disallowed as deductions
27 by Section 265(a)(1) of the Internal Revenue Code,
28 as now or hereafter amended; and (ii) for taxable
29 years ending on or after August 13, 1999, Sections
30 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)
31 of the Internal Revenue Code; the provisions of this
32 subparagraph are exempt from the provisions of
33 Section 250;

34 (J) 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
3 Constitution or by reason of the Constitution,
4 treaties or statutes of the United States; provided
5 that, in the case of any statute of this State that
6 exempts income derived from bonds or other
7 obligations from the tax imposed under this Act, the
8 amount exempted shall be the interest net of bond
9 premium amortization;

10 (K) An amount equal to those dividends
11 included in such total which were paid by a
12 corporation which conducts business operations in an
13 Enterprise Zone or zones created under the Illinois
14 Enterprise Zone Act and conducts substantially all
15 of its operations in an Enterprise Zone or zones;

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

26 (M) For any taxpayer that is a financial
27 organization within the meaning of Section 304(c) of
28 this Act, an amount included in such total as
29 interest income from a loan or loans made by such
30 taxpayer to a borrower, to the extent that such a
31 loan is secured by property which is eligible for
32 the Enterprise Zone Investment Credit. To determine
33 the portion of a loan or loans that is secured by
34 property eligible for a Section 201(f) investment

1 credit to the borrower, the entire principal amount
2 of the loan or loans between the taxpayer and the
3 borrower should be divided into the basis of the
4 Section 201(f) investment credit property which
5 secures the loan or loans, using for this purpose
6 the original basis of such property on the date that
7 it was placed in service in the Enterprise Zone.
8 The subtraction modification available to taxpayer
9 in any year under this subsection shall be that
10 portion of the total interest paid by the borrower
11 with respect to such loan attributable to the
12 eligible property as calculated under the previous
13 sentence;

14 (M-1) For any taxpayer that is a financial
15 organization within the meaning of Section 304(c) of
16 this Act, an amount included in such total as
17 interest income from a loan or loans made by such
18 taxpayer to a borrower, to the extent that such a
19 loan is secured by property which is eligible for
20 the High Impact Business Investment Credit. To
21 determine the portion of a loan or loans that is
22 secured by property eligible for a Section 201(h)
23 investment credit to the borrower, the entire
24 principal amount of the loan or loans between the
25 taxpayer and the borrower should be divided into the
26 basis of the Section 201(h) investment credit
27 property which secures the loan or loans, using for
28 this purpose the original basis of such property on
29 the date that it was placed in service in a
30 federally designated Foreign Trade Zone or Sub-Zone
31 located in Illinois. No taxpayer that is eligible
32 for the deduction provided in subparagraph (M) of
33 paragraph (2) of this subsection shall be eligible
34 for the deduction provided under this subparagraph

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

7 (N) Two times any contribution made during the
8 taxable year to a designated zone organization to
9 the extent that the contribution (i) qualifies as a
10 charitable contribution under subsection (c) of
11 Section 170 of the Internal Revenue Code and (ii)
12 must, by its terms, be used for a project approved
13 by the Department of Commerce and Community Affairs
14 under Section 11 of the Illinois Enterprise Zone
15 Act;

16 (O) An amount equal to: (i) 85% for taxable
17 years ending on or before December 31, 1992, or, a
18 percentage equal to the percentage allowable under
19 Section 243(a)(1) of the Internal Revenue Code of
20 1986 for taxable years ending after December 31,
21 1992, of the amount by which dividends included in
22 taxable income and received from a corporation that
23 is not created or organized under the laws of the
24 United States or any state or political subdivision
25 thereof, including, for taxable years ending on or
26 after December 31, 1988, dividends received or
27 deemed received or paid or deemed paid under
28 Sections 951 through 964 of the Internal Revenue
29 Code, exceed the amount of the modification provided
30 under subparagraph (G) of paragraph (2) of this
31 subsection (b) which is related to such dividends;
32 plus (ii) 100% of the amount by which dividends,
33 included in taxable income and received, including,
34 for taxable years ending on or after December 31,

1 1988, dividends received or deemed received or paid
2 or deemed paid under Sections 951 through 964 of the
3 Internal Revenue Code, from any such corporation
4 specified in clause (i) that would but for the
5 provisions of Section 1504 (b) (3) of the Internal
6 Revenue Code be treated as a member of the
7 affiliated group which includes the dividend
8 recipient, exceed the amount of the modification
9 provided under subparagraph (G) of paragraph (2) of
10 this subsection (b) which is related to such
11 dividends;

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

15 (Q) An amount equal to the amount of the
16 deduction used to compute the federal income tax
17 credit for restoration of substantial amounts held
18 under claim of right for the taxable year pursuant
19 to Section 1341 of the Internal Revenue Code of
20 1986;

21 (R) In the case of an attorney-in-fact with
22 respect to whom an interinsurer or a reciprocal
23 insurer has made the election under Section 835 of
24 the Internal Revenue Code, 26 U.S.C. 835, an amount
25 equal to the excess, if any, of the amounts paid or
26 incurred by that interinsurer or reciprocal insurer
27 in the taxable year to the attorney-in-fact over the
28 deduction allowed to that interinsurer or reciprocal
29 insurer with respect to the attorney-in-fact under
30 Section 835(b) of the Internal Revenue Code for the
31 taxable year;

32 (S) For taxable years ending on or after
33 December 31, 1997, in the case of a Subchapter S
34 corporation, an amount equal to all amounts of

1 income allocable to a shareholder subject to the
2 Personal Property Tax Replacement Income Tax imposed
3 by subsections (c) and (d) of Section 201 of this
4 Act, including amounts allocable to organizations
5 exempt from federal income tax by reason of Section
6 501(a) of the Internal Revenue Code. This
7 subparagraph (S) is exempt from the provisions of
8 Section 250;

9 (T) For taxable years 2001 and thereafter, for
10 the taxable year in which the bonus depreciation
11 deduction (30% of the adjusted basis of the
12 qualified property) is taken on the taxpayer's
13 federal income tax return under subsection (k) of
14 Section 168 of the Internal Revenue Code and for
15 each applicable taxable year thereafter, an amount
16 equal to "x", where:

17 (1) "y" equals the amount of the
18 depreciation deduction taken for the taxable
19 year on the taxpayer's federal income tax
20 return on property for which the bonus
21 depreciation deduction (30% of the adjusted
22 basis of the qualified property) was taken in
23 any year under subsection (k) of Section 168 of
24 the Internal Revenue Code, but not including
25 the bonus depreciation deduction; and

26 (2) "x" equals "y" multiplied by 30 and
27 then divided by 70 (or "y" multiplied by
28 0.429).

29 The aggregate amount deducted under this
30 subparagraph in all taxable years for any one piece
31 of property may not exceed the amount of the bonus
32 depreciation deduction (30% of the adjusted basis of
33 the qualified property) taken on that property on
34 the taxpayer's federal income tax return under

1 subsection (k) of Section 168 of the Internal
2 Revenue Code; and

3 (U) If the taxpayer reports a capital gain or
4 loss on the taxpayer's federal income tax return for
5 the taxable year based on a sale or transfer of
6 property for which the taxpayer was required in any
7 taxable year to make an addition modification under
8 subparagraph (E-10), then an amount equal to that
9 addition modification.

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

13 (3) Special rule. For purposes of paragraph (2)
14 (A), "gross income" in the case of a life insurance
15 company, for tax years ending on and after December 31,
16 1994, shall mean the gross investment income for the
17 taxable year.

18 (c) Trusts and estates.

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

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

27 (A) An amount equal to all amounts paid or
28 accrued to the taxpayer as interest or dividends
29 during the taxable year to the extent excluded from
30 gross income in the computation of taxable income;

31 (B) In the case of (i) an estate, \$600; (ii) a
32 trust which, under its governing instrument, is
33 required to distribute all of its income currently,
34 \$300; and (iii) any other trust, \$100, but in each

1 such case, only to the extent such amount was
2 deducted in the computation of taxable income;

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

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

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

21 (i) the addition modification relating to
22 the net operating loss carried back or forward
23 to the taxable year from any taxable year
24 ending prior to December 31, 1986 shall be
25 reduced by the amount of addition modification
26 under this subparagraph (E) which related to
27 that net operating loss and which was taken
28 into account in calculating the base income of
29 an earlier taxable year, and

30 (ii) the addition modification relating
31 to the net operating loss carried back or
32 forward to the taxable year from any taxable
33 year ending prior to December 31, 1986 shall
34 not exceed the amount of such carryback or

1 carryforward;

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

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

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

20 (G-5) For taxable years ending after December
21 31, 1997, an amount equal to any eligible
22 remediation costs that the trust or estate deducted
23 in computing adjusted gross income and for which the
24 trust or estate claims a credit under subsection (l)
25 of Section 201;

26 (G-10) For taxable years 2001 and thereafter,
27 an amount equal to the bonus depreciation deduction
28 (30% of the adjusted basis of the qualified
29 property) taken on the taxpayer's federal income tax
30 return for the taxable year under subsection (k) of
31 Section 168 of the Internal Revenue Code; and

32 (G-11) If the taxpayer reports a capital gain
33 or loss on the taxpayer's federal income tax return
34 for the taxable year based on a sale or transfer of

1 property for which the taxpayer was required in any
2 taxable year to make an addition modification under
3 subparagraph (G-10), then an amount equal to the
4 aggregate amount of the deductions taken in all
5 taxable years under subparagraph (R) with respect to
6 that property.†

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

10 and by deducting from the total so obtained the sum of
11 the 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
15 408 of the Internal Revenue Code or included in such
16 total as distributions under the provisions of any
17 retirement or disability plan for employees of any
18 governmental agency or unit, or retirement payments
19 to retired partners, which payments are excluded in
20 computing net earnings from self employment by
21 Section 1402 of the Internal Revenue Code and
22 regulations 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
26 taxpayer and included in such total for the taxable
27 year;

28 (K) An amount equal to all amounts included in
29 taxable income as modified by subparagraphs (A),
30 (B), (C), (D), (E), (F) and (G) which are exempt
31 from taxation by this State either by reason of its
32 statutes or Constitution or by reason of the
33 Constitution, treaties or statutes of the United
34 States; provided that, in the case of any statute of

1 this State that exempts income derived from bonds or
2 other obligations from the tax imposed under this
3 Act, the amount exempted shall be the interest net
4 of bond premium amortization;

5 (L) With the exception of any amounts
6 subtracted under subparagraph (K), an amount equal
7 to the sum of all amounts disallowed as deductions
8 by (i) Sections 171(a) (2) and 265(a)(2) of the
9 Internal Revenue Code, as now or hereafter amended,
10 and all amounts of expenses allocable to interest
11 and disallowed as deductions by Section 265(1) of
12 the Internal Revenue Code of 1954, as now or
13 hereafter amended; and (ii) for taxable years ending
14 on or after August 13, 1999, Sections 171(a)(2),
15 265, 280C, and 832(b)(5)(B)(i) of the Internal
16 Revenue Code; the provisions of this subparagraph
17 are exempt from the provisions of Section 250;

18 (M) An amount equal to those dividends
19 included in such total which were paid by a
20 corporation which conducts business operations in an
21 Enterprise Zone or zones created under the Illinois
22 Enterprise Zone Act and conducts substantially all
23 of its operations in an Enterprise Zone or Zones;

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

27 (O) An amount equal to those dividends
28 included in such total that were paid by a
29 corporation that conducts business operations in a
30 federally designated Foreign Trade Zone or Sub-Zone
31 and that is designated a High Impact Business
32 located in Illinois; provided that dividends
33 eligible for the deduction provided in subparagraph
34 (M) of paragraph (2) of this subsection shall not be

1 eligible for the deduction provided under this
2 subparagraph (O);

3 (P) An amount equal to the amount of the
4 deduction used to compute the federal income tax
5 credit for restoration of substantial amounts held
6 under claim of right for the taxable year pursuant
7 to Section 1341 of the Internal Revenue Code of
8 1986;

9 (Q) For taxable year 1999 and thereafter, an
10 amount equal to the amount of any (i) distributions,
11 to the extent includible in gross income for federal
12 income tax purposes, made to the taxpayer because of
13 his or her status as a victim of persecution for
14 racial or religious reasons by Nazi Germany or any
15 other Axis regime or as an heir of the victim and
16 (ii) items of income, to the extent includible in
17 gross income for federal income tax purposes,
18 attributable to, derived from or in any way related
19 to assets stolen from, hidden from, or otherwise
20 lost to a victim of persecution for racial or
21 religious reasons by Nazi Germany or any other Axis
22 regime immediately prior to, during, and immediately
23 after World War II, including, but not limited to,
24 interest on the proceeds receivable as insurance
25 under policies issued to a victim of persecution for
26 racial or religious reasons by Nazi Germany or any
27 other Axis regime by European insurance companies
28 immediately prior to and during World War II;
29 provided, however, this subtraction from federal
30 adjusted gross income does not apply to assets
31 acquired with such assets or with the proceeds from
32 the sale of such assets; provided, further, this
33 paragraph shall only apply to a taxpayer who was the
34 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
4 and the eligibility for any public assistance,
5 benefit, or similar entitlement is not affected by
6 the inclusion of items (i) and (ii) of this
7 paragraph in gross income for federal income tax
8 purposes. This paragraph is exempt from the
9 provisions of Section 250;

10 (R) For taxable years 2001 and thereafter, for
11 the taxable year in which the bonus depreciation
12 deduction (30% of the adjusted basis of the
13 qualified property) is taken on the taxpayer's
14 federal income tax return under subsection (k) of
15 Section 168 of the Internal Revenue Code and for
16 each applicable taxable year thereafter, an amount
17 equal to "x", where:

18 (1) "y" equals the amount of the
19 depreciation deduction taken for the taxable
20 year on the taxpayer's federal income tax
21 return on property for which the bonus
22 depreciation deduction (30% of the adjusted
23 basis of the qualified property) was taken in
24 any year under subsection (k) of Section 168 of
25 the Internal Revenue Code, but not including
26 the bonus depreciation deduction; and

27 (2) "x" equals "y" multiplied by 30 and
28 then divided by 70 (or "y" multiplied by
29 0.429).

30 The aggregate amount deducted under this
31 subparagraph in all taxable years for any one piece
32 of property may not exceed the amount of the bonus
33 depreciation deduction (30% of the adjusted basis of
34 the qualified property) taken on that property on

1 the taxpayer's federal income tax return under
2 subsection (k) of Section 168 of the Internal
3 Revenue Code; and

4 (S) If the taxpayer reports a capital gain or
5 loss on the taxpayer's federal income tax return for
6 the taxable year based on a sale or transfer of
7 property for which the taxpayer was required in any
8 taxable year to make an addition modification under
9 subparagraph (G-10), then an amount equal to that
10 addition modification.

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

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

21 (d) Partnerships.

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

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

28 (A) An amount equal to all amounts paid or
29 accrued to the taxpayer as interest or dividends
30 during the taxable year to the extent excluded from
31 gross income in the computation of taxable income;

32 (B) An amount equal to the amount of tax
33 imposed by this Act to the extent deducted from
34 gross income for the taxable year;

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

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

9 (D-5) For taxable years 2001 and thereafter,
10 an amount equal to the bonus depreciation deduction
11 (30% of the adjusted basis of the qualified
12 property) taken on the taxpayer's federal income tax
13 return for the taxable year under subsection (k) of
14 Section 168 of the Internal Revenue Code; and

15 (D-6) If the taxpayer reports a capital gain
16 or loss on the taxpayer's federal income tax return
17 for the taxable year based on a sale or transfer of
18 property for which the taxpayer was required in any
19 taxable year to make an addition modification under
20 subparagraph (D-5), then an amount equal to the
21 aggregate amount of the deductions taken in all
22 taxable years under subparagraph (D) with respect to
23 that property.†

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

27 and by deducting from the total so obtained the following
28 amounts:

29 (E) The valuation limitation amount;

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

34 (G) An amount equal to all amounts included in

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

11 (H) Any income of the partnership which
12 constitutes personal service income as defined in
13 Section 1348 (b) (1) of the Internal Revenue Code
14 (as in effect December 31, 1981) or a reasonable
15 allowance for compensation paid or accrued for
16 services rendered by partners to the partnership,
17 whichever is greater;

18 (I) An amount equal to all amounts of income
19 distributable to an entity subject to the Personal
20 Property Tax Replacement Income Tax imposed by
21 subsections (c) and (d) of Section 201 of this Act
22 including amounts distributable to organizations
23 exempt from federal income tax by reason of Section
24 501(a) of the Internal Revenue Code;

25 (J) With the exception of any amounts
26 subtracted under subparagraph (G), an amount equal
27 to the sum of all amounts disallowed as deductions
28 by (i) Sections 171(a) (2), and 265(2) of the
29 Internal Revenue Code of 1954, as now or hereafter
30 amended, and all amounts of expenses allocable to
31 interest and disallowed as deductions by Section
32 265(1) of the Internal Revenue Code, as now or
33 hereafter amended; and (ii) for taxable years ending
34 on or after August 13, 1999, Sections 171(a)(2),

1 265, 280C, and 832(b)(5)(B)(i) of the Internal
2 Revenue Code; the provisions of this subparagraph
3 are exempt from the provisions of Section 250;

4 (K) An amount equal to those dividends
5 included in such total which were paid by a
6 corporation which conducts business operations in an
7 Enterprise Zone or zones created under the Illinois
8 Enterprise Zone Act, enacted by the 82nd General
9 Assembly, and conducts substantially all of its
10 operations in an Enterprise Zone or Zones;

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

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

25 (N) An amount equal to the amount of the
26 deduction used to compute the federal income tax
27 credit for restoration of substantial amounts held
28 under claim of right for the taxable year pursuant
29 to Section 1341 of the Internal Revenue Code of
30 1986;

31 (O) For taxable years 2001 and thereafter, for
32 the taxable year in which the bonus depreciation
33 deduction (30% of the adjusted basis of the
34 qualified property) is taken on the taxpayer's

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

5 (1) "y" equals the amount of the
6 depreciation deduction taken for the taxable
7 year on the taxpayer's federal income tax
8 return on property for which the bonus
9 depreciation deduction (30% of the adjusted
10 basis of the qualified property) was taken in
11 any year under subsection (k) of Section 168 of
12 the Internal Revenue Code, but not including
13 the bonus depreciation deduction; and

14 (2) "x" equals "y" multiplied by 30 and
15 then divided by 70 (or "y" multiplied by
16 0.429).

17 The aggregate amount deducted under this
18 subparagraph in all taxable years for any one piece
19 of property may not exceed the amount of the bonus
20 depreciation deduction (30% of the adjusted basis of
21 the qualified property) taken on that property on
22 the taxpayer's federal income tax return under
23 subsection (k) of Section 168 of the Internal
24 Revenue Code; and

25 (P) If the taxpayer reports a capital gain or
26 loss on the taxpayer's federal income tax return for
27 the taxable year based on a sale or transfer of
28 property for which the taxpayer was required in any
29 taxable year to make an addition modification under
30 subparagraph (D-5), then an amount equal to that
31 addition modification.

32 The taxpayer is allowed to take the deduction
33 under this subparagraph only once with respect to
34 any one piece of property.

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

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

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

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

11 (B) Certain other insurance companies. In the
12 case of mutual insurance companies subject to the
13 tax imposed by Section 831 of the Internal Revenue
14 Code, insurance company taxable income;

15 (C) Regulated investment companies. In the
16 case of a regulated investment company subject to
17 the tax imposed by Section 852 of the Internal
18 Revenue Code, investment company taxable income;

19 (D) Real estate investment trusts. In the
20 case of a real estate investment trust subject to
21 the tax imposed by Section 857 of the Internal
22 Revenue Code, real estate investment trust taxable
23 income;

24 (E) Consolidated corporations. In the case of
25 a corporation which is a member of an affiliated
26 group of corporations filing a consolidated income
27 tax return for the taxable year for federal income
28 tax purposes, taxable income determined as if such
29 corporation had filed a separate return for federal
30 income tax purposes for the taxable year and each
31 preceding taxable year for which it was a member of
32 an affiliated group. For purposes of this
33 subparagraph, the taxpayer's separate taxable income
34 shall be determined as if the election provided by

1 Section 243(b) (2) of the Internal Revenue Code had
2 been in effect for all such years;

3 (F) Cooperatives. In the case of a
4 cooperative corporation or association, the taxable
5 income of such organization determined in accordance
6 with the provisions of Section 1381 through 1388 of
7 the Internal Revenue Code;

8 (G) Subchapter S corporations. In the case
9 of: (i) a Subchapter S corporation for which there
10 is in effect an election for the taxable year under
11 Section 1362 of the Internal Revenue Code, the
12 taxable income of such corporation determined in
13 accordance with Section 1363(b) of the Internal
14 Revenue Code, except that taxable income shall take
15 into account those items which are required by
16 Section 1363(b)(1) of the Internal Revenue Code to
17 be separately stated; and (ii) a Subchapter S
18 corporation for which there is in effect a federal
19 election to opt out of the provisions of the
20 Subchapter S Revision Act of 1982 and have applied
21 instead the prior federal Subchapter S rules as in
22 effect on July 1, 1982, the taxable income of such
23 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
27 partnership, taxable income determined in accordance
28 with Section 703 of the Internal Revenue Code,
29 except that taxable income shall take into account
30 those items which are required by Section 703(a)(1)
31 to be separately stated but which would be taken
32 into account by an individual in calculating his
33 taxable income.

34 (f) Valuation limitation amount.

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

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

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

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

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

31 (B) If the fair market value of property
32 referred to in paragraph (1) was not readily
33 ascertainable on August 1, 1969, the pre-August 1,
34 1969 appreciation amount for such property is that

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

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

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

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

24 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
25 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
26 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
27 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
28 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
29 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

30 (35 ILCS 5/1002) (from Ch. 120, par. 10-1002)
31 Sec. 1002. Failure to Pay Tax.

32 (a) Negligence. If any part of a deficiency is due to

1 negligence or intentional disregard of rules and regulations
2 (but without intent to defraud) there shall be added to the
3 tax as a penalty the amount prescribed by Section 3-5 of the
4 Uniform Penalty and Interest Act.

5 (b) Fraud. If any part of a deficiency is due to fraud,
6 there shall be added to the tax as a penalty the amount
7 prescribed by Section 3-6 of the Uniform Penalty and Interest
8 Act.

9 (c) Nonwillful failure to pay withholding tax. If any
10 employer, without intent to evade or defeat any tax imposed
11 by this Act or the payment thereof, shall fail to make a
12 return and pay a tax withheld by him at the time required by
13 or under the provisions of this Act, such employer shall be
14 liable for such taxes and shall pay the same together with
15 the interest and the penalty provided by Sections 3-2 and
16 3-3, respectively, of the Uniform Penalty and Interest Act
17 and such interest and penalty shall not be charged to or
18 collected from the employee by the employer.

19 (d) Willful failure to collect and pay over tax. Any
20 person required to collect, truthfully account for, and pay
21 over the tax imposed by this Act who willfully fails to
22 collect such tax or truthfully account for and pay over such
23 tax or willfully attempts in any manner to evade or defeat
24 the tax or the payment thereof, shall, in addition to other
25 penalties provided by law, be liable for the penalty imposed
26 by Section 3-7 of the Uniform Penalty and Interest Act.

27 (e) Penalties assessable.

28 (1) In general. Except as provided in paragraphs
29 (2), (3) and (4), the penalties provided by this Act
30 shall be paid upon notice and demand and shall be
31 assessed, collected, and paid in the same manner as taxes
32 and any reference in this Act to the tax imposed by this
33 Act shall be deemed also to refer to penalties provided
34 by this Act.

1 (2) Procedure for assessing certain penalties. For
2 the purposes of Article 9 any penalty under Section
3 804(a) or Section 1001 shall be deemed assessed upon the
4 filing of the return for the taxable year.

5 (3) Procedure for assessing the penalty for failure
6 to file withholding returns or annual transmittal forms
7 for wage and tax statements. The penalty imposed by
8 Section 1004 will be asserted by the Department's
9 issuance of a notice of deficiency. If taxpayer files a
10 timely protest, the procedures of Section 908 will be
11 followed. If taxpayer does not file a timely protest,
12 the notice of deficiency will constitute an assessment
13 pursuant to subsection (c) of Section 904.

14 (4) Assessment of penalty under subsection (a) of
15 Section 1005. The penalty imposed under subsection (a) of
16 Section 1005 for underpayment of any tax due after
17 December 31, 2003, shall be deemed assessed upon the
18 assessment of the tax to which the penalty relates and
19 shall be collected and paid on notice and demand in the
20 same manner as the tax; provided that, in the case of an
21 underpayment of tax penalty that is imposed only after
22 the expiration of the 30-day period allowed in
23 subdivision (b-10)(2) of Section 3-3 of the Uniform
24 Penalty and Interest Act, the penalty shall be deemed
25 assessed upon expiration of that 30-day period.

26 (f) Determination of deficiency. For purposes of
27 subsections (a) and (b), the amount shown as the tax by the
28 taxpayer upon his return shall be taken into account in
29 determining the amount of the deficiency only if such return
30 was filed on or before the last day prescribed by law for the
31 filing of such return, including any extensions of the time
32 for such filing.

33 (Source: P.A. 89-379, eff. 1-1-96.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law."