

1 AN ACT in relation to taxation.

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
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;

23 (B) An amount equal to the amount of tax
24 imposed by this Act to the extent deducted from
25 gross income in the computation of adjusted gross
26 income for the taxable year;

27 (C) An amount equal to the amount received
28 during the taxable year as a recovery or refund of
29 real property taxes paid with respect to the
30 taxpayer's principal residence under the Revenue Act
31 of 1939 and for which a deduction was previously

1 taken under subparagraph (L) of this paragraph (2)
2 prior to July 1, 1991, the retrospective application
3 date of Article 4 of Public Act 87-17. In the case
4 of multi-unit or multi-use structures and farm
5 dwellings, the taxes on the taxpayer's principal
6 residence shall be that portion of the total taxes
7 for the entire property which is attributable to
8 such principal residence;

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

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15 withdrawn by the taxpayer in the taxable year from a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

22 (D-10) For taxable years ending after December
23 31, 1997, an amount equal to any eligible
24 remediation costs that the individual deducted in
25 computing adjusted gross income and for which the
26 individual claims a credit under subsection (l) of
27 Section 201;

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

34 (D-16) If the taxpayer reports a capital gain

1 or loss on the taxpayer's federal income tax return
 2 for the taxable year based on a sale or transfer of
 3 property for which the taxpayer was required in any
 4 taxable year to make an addition modification under
 5 subparagraph (D-15), then an amount equal to the
 6 aggregate amount of the deductions taken in all
 7 taxable years under subparagraph (Z) with respect to
 8 that property.†

9 The taxpayer is required to make the addition
 10 modification under this subparagraph only once with
 11 respect to any one piece of property;† and

12 (D-20) ~~(D-15)~~ For taxable years beginning on
 13 or after January 1, 2002, in the case of a
 14 distribution from a qualified tuition program under
 15 Section 529 of the Internal Revenue Code, other than
 16 (i) a distribution from a College Savings Pool
 17 created under Section 16.5 of the State Treasurer
 18 Act or (ii) a distribution from the Illinois Prepaid
 19 Tuition Trust Fund, an amount equal to the amount
 20 excluded from gross income under Section
 21 529(c)(3)(B);

22 and by deducting from the total so obtained the sum of
 23 the following amounts:

24 (E) For taxable years ending before December
 25 31, 2001, any amount included in such total in
 26 respect of any compensation (including but not
 27 limited to any compensation paid or accrued to a
 28 serviceman while a prisoner of war or missing in
 29 action) paid to a resident by reason of being on
 30 active duty in the Armed Forces of the United States
 31 and in respect of any compensation paid or accrued
 32 to a resident who as a governmental employee was a
 33 prisoner of war or missing in action, and in respect
 34 of any compensation paid to a resident in 1971 or

1 thereafter for annual training performed pursuant to
2 Sections 502 and 503, Title 32, United States Code
3 as a member of the Illinois National Guard. For
4 taxable years ending on or after December 31, 2001,
5 any amount included in such total in respect of any
6 compensation (including but not limited to any
7 compensation paid or accrued to a serviceman while a
8 prisoner of war or missing in action) paid to a
9 resident by reason of being a member of any
10 component of the Armed Forces of the United States
11 and in respect of any compensation paid or accrued
12 to a resident who as a governmental employee was a
13 prisoner of war or missing in action, and in respect
14 of any compensation paid to a resident in 2001 or
15 thereafter by reason of being a member of the
16 Illinois National Guard. The provisions of this
17 amendatory Act of the 92nd General Assembly are
18 exempt from the provisions 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
23 such total as distributions under the provisions of
24 any retirement or disability plan for employees of
25 any governmental agency or unit, or retirement
26 payments to retired partners, which payments are
27 excluded in computing net earnings from self
28 employment by Section 1402 of the Internal Revenue
29 Code and regulations adopted pursuant thereto;

30 (G) The valuation limitation amount;

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

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

6 (J) An amount equal to those dividends
7 included in such total which were paid by a
8 corporation which conducts business operations in an
9 Enterprise Zone or zones created under the Illinois
10 Enterprise Zone Act, and conducts substantially all
11 of its operations in an Enterprise Zone or zones;

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

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

27 (M) With the exception of any amounts
28 subtracted under subparagraph (N), an amount equal
29 to the sum of all amounts disallowed as deductions
30 by (i) Sections 171(a) (2), and 265(2) of the
31 Internal Revenue Code of 1954, as now or hereafter
32 amended, and all amounts of expenses allocable to
33 interest and disallowed as deductions by Section
34 265(1) of the Internal Revenue Code of 1954, as now

1 or hereafter amended; and (ii) for taxable years
2 ending on or after August 13, 1999, Sections
3 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
4 Internal Revenue Code; the provisions of this
5 subparagraph are exempt from the provisions of
6 Section 250;

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

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

20 (P) An amount equal to the amount of the
21 deduction used to compute the federal income tax
22 credit for restoration of substantial amounts held
23 under claim of right for the taxable year pursuant
24 to Section 1341 of the Internal Revenue Code of
25 1986;

26 (Q) An amount equal to any amounts included in
27 such total, received by the taxpayer as an
28 acceleration in the payment of life, endowment or
29 annuity benefits in advance of the time they would
30 otherwise be payable as an indemnity for a terminal
31 illness;

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

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

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

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

24 (V) Beginning with tax years ending on or
25 after December 31, 1995 and ending with tax years
26 ending on or before December 31, 2004, an amount
27 equal to the amount paid by a taxpayer who is a
28 self-employed taxpayer, a partner of a partnership,
29 or a shareholder in a Subchapter S corporation for
30 health insurance or long-term care insurance for
31 that taxpayer or that taxpayer's spouse or
32 dependents, to the extent that the amount paid for
33 that health insurance or long-term care insurance
34 may be deducted under Section 213 of the Internal

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

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

25 (X) For taxable year 1999 and thereafter, an
26 amount equal to the amount of any (i) distributions,
27 to the extent includible in gross income for federal
28 income tax purposes, made to the taxpayer because of
29 his or her status as a victim of persecution for
30 racial or religious reasons by Nazi Germany or any
31 other Axis regime or as an heir of the victim and
32 (ii) items of income, to the extent includible in
33 gross income for federal income tax purposes,
34 attributable to, derived from or in any way related

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

26 (Y) For taxable years beginning on or after
27 January 1, 2002, moneys contributed in the taxable
28 year to a College Savings Pool account under Section
29 16.5 of the State Treasurer Act, except that amounts
30 excluded from gross income under Section
31 529(c)(3)(C)(i) of the Internal Revenue Code shall
32 not be considered moneys contributed under this
33 subparagraph (Y). This subparagraph (Y) is exempt
34 from the provisions of Section 250;

1 (Z) For taxable years 2001 and thereafter, for
2 the taxable year in which the bonus depreciation
3 deduction (30% of the adjusted basis of the
4 qualified property) is taken on the taxpayer's
5 federal income tax return under subsection (k) of
6 Section 168 of the Internal Revenue Code and for
7 each applicable taxable year thereafter, an amount
8 equal to "x", where:

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

18 (2) "x" equals "y" multiplied by 30 and
19 then divided by 70 (or "y" multiplied by
20 0.429).

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

29 (AA) If the taxpayer reports a capital gain or
30 loss on the taxpayer's federal income tax return for
31 the taxable year based on a sale or transfer of
32 property for which the taxpayer was required in any
33 taxable year to make an addition modification under
34 subparagraph (D-15), then an amount equal to that

1 addition modification.

2 The taxpayer is allowed to take the deduction
3 under this subparagraph only once with respect to
4 any one piece of property; and

5 (BB) †Z‡ Any amount included in adjusted gross
6 income, other than salary, received by a driver in a
7 ridesharing arrangement using a motor vehicle; and

8 (CC) For taxable years ending on or after
9 December 31, 2003, all unreimbursed amounts, but not
10 more than a total amount that would result in a tax
11 liability of less than zero for the taxpayer,
12 expended by persons 65 years of age or older for
13 home health services, as defined by Section 2.05 of
14 the Home Health Agency Licensing Act, if provided by
15 a public or private organization licensed under that
16 Act, or for services provided to a person at that
17 person's residence by a licensed practical nurse or
18 registered nurse in accordance with a plan of
19 treatment for illness or infirmity prescribed by a
20 physician.

21 (b) Corporations.

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

25 (2) Modifications. The taxable income referred to
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 and all
30 distributions received from regulated investment
31 companies during the taxable year to the extent
32 excluded from gross income in the computation of
33 taxable income;

34 (B) An amount equal to the amount of tax

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

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

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

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

29 (i) the addition modification relating to
30 the net operating loss carried back or forward
31 to the taxable year from any taxable year
32 ending prior to December 31, 1986 shall be
33 reduced by the amount of addition modification
34 under this subparagraph (E) which related to

1 that net operating loss and which was taken
2 into account in calculating the base income of
3 an earlier taxable year, and

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

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

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

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

30 (E-11) If the taxpayer reports a capital gain
31 or loss on the taxpayer's federal income tax return
32 for the taxable year based on a sale or transfer of
33 property for which the taxpayer was required in any
34 taxable year to make an addition modification under

1 subparagraph (E-10), then an amount equal to the
2 aggregate amount of the deductions taken in all
3 taxable years under subparagraph (T) with respect to
4 that property.†

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

8 and by deducting from the total so obtained the sum of
9 the following amounts:

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

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

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

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

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

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

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

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

29 (M) For any taxpayer that is a financial
30 organization within the meaning of Section 304(c) of
31 this Act, an amount included in such total as
32 interest income from a loan or loans made by such
33 taxpayer to a borrower, to the extent that such a
34 loan is secured by property which is eligible for

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

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

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

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

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

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

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

18 (Q) An amount equal to the amount of the
19 deduction used to compute the federal income tax
20 credit for restoration of substantial amounts held
21 under claim of right for the taxable year pursuant
22 to Section 1341 of the Internal Revenue Code of
23 1986;

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

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

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

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

29 (2) "x" equals "y" multiplied by 30 and
30 then divided by 70 (or "y" multiplied by
31 0.429).

32 The aggregate amount deducted under this
33 subparagraph in all taxable years for any one piece
34 of property may not exceed the amount of the bonus

1 depreciation deduction (30% of the adjusted basis of
2 the qualified property) taken on that property on
3 the taxpayer's federal income tax return under
4 subsection (k) of Section 168 of the Internal
5 Revenue Code; and

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

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

16 (3) Special rule. For purposes of paragraph (2)
17 (A), "gross income" in the case of a life insurance
18 company, for tax years ending on and after December 31,
19 1994, shall mean the gross investment income for the
20 taxable year.

21 (c) Trusts and estates.

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

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

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

34 (B) In the case of (i) an estate, \$600; (ii) a

1 trust which, under its governing instrument, is
2 required to distribute all of its income currently,
3 \$300; and (iii) any other trust, \$100, but in each
4 such case, only to the extent such amount was
5 deducted in the computation of taxable income;

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

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

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

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

33 (ii) the addition modification relating
34 to the net operating loss carried back or

1 forward to the taxable year from any taxable
2 year ending prior to December 31, 1986 shall
3 not exceed the amount of such carryback or
4 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
11 provisions of this subparagraph (E) for each such
12 taxable year;

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

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

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

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

1 (G-11) If the taxpayer reports a capital gain
2 or loss on the taxpayer's federal income tax return
3 for the taxable year based on a sale or transfer of
4 property for which the taxpayer was required in any
5 taxable year to make an addition modification under
6 subparagraph (G-10), then an amount equal to the
7 aggregate amount of the deductions taken in all
8 taxable years under subparagraph (R) with respect to
9 that property.†

10 The taxpayer is required to make the addition
11 modification under this subparagraph only once with
12 respect to any one piece of property;

13 and by deducting from the total so obtained the sum of
14 the following amounts:

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

26 (I) The valuation limitation amount;

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

31 (K) An amount equal to all amounts included in
32 taxable income as modified by subparagraphs (A),
33 (B), (C), (D), (E), (F) and (G) which are exempt
34 from taxation by this State either by reason of its

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

8 (L) With the exception of any amounts
9 subtracted under subparagraph (K), an amount equal
10 to the sum of all amounts disallowed as deductions
11 by (i) Sections 171(a) (2) and 265(a)(2) of the
12 Internal Revenue Code, as now or hereafter amended,
13 and all amounts of expenses allocable to interest
14 and disallowed as deductions by Section 265(1) of
15 the Internal Revenue Code of 1954, as now or
16 hereafter amended; and (ii) for taxable years ending
17 on or after August 13, 1999, Sections 171(a)(2),
18 265, 280C, and 832(b)(5)(B)(i) of the Internal
19 Revenue Code; the provisions of this subparagraph
20 are exempt from the provisions of Section 250;

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

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

30 (O) An amount equal to those dividends
31 included in such total that were paid by a
32 corporation that conducts business operations in a
33 federally designated Foreign Trade Zone or Sub-Zone
34 and that is designated a High Impact Business

1 located in Illinois; provided that dividends
2 eligible for the deduction provided in subparagraph
3 (M) of paragraph (2) of this subsection shall not be
4 eligible for the deduction provided under this
5 subparagraph (O);

6 (P) An amount equal to the amount of the
7 deduction used to compute the federal income tax
8 credit for restoration of substantial amounts held
9 under claim of right for the taxable year pursuant
10 to Section 1341 of the Internal Revenue Code of
11 1986;

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

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

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

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

30 (2) "x" equals "y" multiplied by 30 and
31 then divided by 70 (or "y" multiplied by
32 0.429).

33 The aggregate amount deducted under this
34 subparagraph in all taxable years for any one piece

1 of property may not exceed the amount of the bonus
2 depreciation deduction (30% of the adjusted basis of
3 the qualified property) taken on that property on
4 the taxpayer's federal income tax return under
5 subsection (k) of Section 168 of the Internal
6 Revenue Code; and

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

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

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

24 (d) Partnerships.

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

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

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

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

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

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

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

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

27 The taxpayer is required to make the addition
28 modification under this subparagraph only once with
29 respect to any one piece of property;

30 and by deducting from the total so obtained the following
31 amounts:

32 (E) The valuation limitation amount;

33 (F) An amount equal to the amount of any tax
34 imposed by this Act which was refunded to the

1 taxpayer and included in such total for the taxable
2 year;

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

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

21 (I) An amount equal to all amounts of income
22 distributable to an entity subject to the Personal
23 Property Tax Replacement Income Tax imposed by
24 subsections (c) and (d) of Section 201 of this Act
25 including amounts distributable to organizations
26 exempt from federal income tax by reason of Section
27 501(a) of the Internal Revenue Code;

28 (J) With the exception of any amounts
29 subtracted under subparagraph (G), an amount equal
30 to the sum of all amounts disallowed as deductions
31 by (i) Sections 171(a) (2), and 265(2) of the
32 Internal Revenue Code of 1954, as now or hereafter
33 amended, and all amounts of expenses allocable to
34 interest and disallowed as deductions by Section

1 265(1) of the Internal Revenue Code, as now or
2 hereafter amended; and (ii) for taxable years ending
3 on or after August 13, 1999, Sections 171(a)(2),
4 265, 280C, and 832(b)(5)(B)(i) of the Internal
5 Revenue Code; the provisions of this subparagraph
6 are exempt from the provisions of Section 250;

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

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

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

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

34 (O) For taxable years 2001 and thereafter, for

1 the taxable year in which the bonus depreciation
2 deduction (30% of the adjusted basis of the
3 qualified property) is taken on the taxpayer's
4 federal income tax return under subsection (k) of
5 Section 168 of the Internal Revenue Code and for
6 each applicable taxable year thereafter, an amount
7 equal to "x", where:

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

17 (2) "x" equals "y" multiplied by 30 and
18 then divided by 70 (or "y" multiplied by
19 0.429).

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

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

1 The taxpayer is allowed to take the deduction
2 under this subparagraph only once with respect to
3 any one piece of property.

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

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

1 under subparagraph (E) of paragraph (2) of this
2 subsection (e) applied in conjunction with Section 172 of
3 the Internal Revenue Code.

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

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

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

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

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

27 (E) Consolidated corporations. In the case of
28 a corporation which is a member of an affiliated
29 group of corporations filing a consolidated income
30 tax return for the taxable year for federal income
31 tax purposes, taxable income determined as if such
32 corporation had filed a separate return for federal
33 income tax purposes for the taxable year and each
34 preceding taxable year for which it was a member of

1 an affiliated group. For purposes of this
2 subparagraph, the taxpayer's separate taxable income
3 shall be determined as if the election provided by
4 Section 243(b) (2) of the Internal Revenue Code had
5 been in effect for all such years;

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

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

29 (H) Partnerships. In the case of a
30 partnership, taxable income determined in accordance
31 with Section 703 of the Internal Revenue Code,
32 except that taxable income shall take into account
33 those items which are required by Section 703(a)(1)
34 to be separately stated but which would be taken

1 into account by an individual in calculating his
2 taxable income.

3 (f) Valuation limitation amount.

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

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

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

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

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

34 (B) If the fair market value of property

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

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

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

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

27 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
28 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
29 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
30 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
31 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
32 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

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