

HB4071



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4071

by Rep. Katherine Cloonen

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Creates a credit for each small business taxpayer in an amount equal to 50%, but in no event to exceed \$100,000, of the amount paid by the small business taxpayer during the taxable year to an insolvent debtor or a trustee as a result of a recapture under Section 547(b) of the federal Bankruptcy Code. Provides that the term "small business taxpayer" means a business employing no more than 200 employees. Effective immediately.

LRB099 08094 HLH 28240 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by adding
5 Section 224 as follows:

6 (35 ILCS 5/224 new)

7 Sec. 224. Recapture credit.

8 (a) For taxable years beginning on or after January 1, 2016
9 and ending prior to December 31, 2021, each small business
10 taxpayer is entitled to a credit against the tax imposed by
11 subsections (a) and (b) of Section 201 in an amount equal to
12 50%, but in no event to exceed \$100,000, of the amount paid by
13 the small business taxpayer during the taxable year to an
14 insolvent debtor or a trustee as a result of a recapture under
15 Section 547(b) of the federal Bankruptcy Code. In no event
16 shall a credit under this Section reduce the taxpayer's
17 liability to less than zero. If the amount of the credit
18 exceeds the tax liability for the year, the excess may be
19 carried forward and applied to the tax liability of the 5
20 taxable years following the excess credit year. The tax credit
21 shall be applied to the earliest year for which there is a tax
22 liability. If there are credits for more than one year that are
23 available to offset a liability, the earlier credit shall be

1 applied first.

2 (b) For partners, shareholders of Subchapter S
3 corporations, and owners of limited liability companies, if the
4 liability company is treated as a partnership for purposes of
5 federal and State income taxation, the credit under this
6 Section shall be determined in accordance with the
7 determination of income and distributive share of income under
8 Sections 702 and 704 and Subchapter S of the Internal Revenue
9 Code.

10 (c) For the purposes of this Section, "small business
11 taxpayer" means a business employing no more than 200
12 employees.

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