



Rep. Anthony DeLuca

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1 AMENDMENT TO SENATE BILL 2531

2 AMENDMENT NO. _____. Amend Senate Bill 2531 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 201, 203, and 901 as follows:

6 (35 ILCS 5/201)

7 (Text of Section without the changes made by P.A. 101-8,
8 which did not take effect (see Section 99 of P.A. 101-8))

9 Sec. 201. Tax imposed.

10 (a) In general. A tax measured by net income is hereby
11 imposed on every individual, corporation, trust and estate for
12 each taxable year ending after July 31, 1969 on the privilege
13 of earning or receiving income in or as a resident of this
14 State. Such tax shall be in addition to all other occupation or
15 privilege taxes imposed by this State or by any municipal
16 corporation or political subdivision thereof.

1 (b) Rates. The tax imposed by subsection (a) of this
2 Section shall be determined as follows, except as adjusted by
3 subsection (d-1):

4 (1) In the case of an individual, trust or estate, for
5 taxable years ending prior to July 1, 1989, an amount
6 equal to 2 1/2% of the taxpayer's net income for the
7 taxable year.

8 (2) In the case of an individual, trust or estate, for
9 taxable years beginning prior to July 1, 1989 and ending
10 after June 30, 1989, an amount equal to the sum of (i) 2
11 1/2% of the taxpayer's net income for the period prior to
12 July 1, 1989, as calculated under Section 202.3, and (ii)
13 3% of the taxpayer's net income for the period after June
14 30, 1989, as calculated under Section 202.3.

15 (3) In the case of an individual, trust or estate, for
16 taxable years beginning after June 30, 1989, and ending
17 prior to January 1, 2011, an amount equal to 3% of the
18 taxpayer's net income for the taxable year.

19 (4) In the case of an individual, trust, or estate,
20 for taxable years beginning prior to January 1, 2011, and
21 ending after December 31, 2010, an amount equal to the sum
22 of (i) 3% of the taxpayer's net income for the period prior
23 to January 1, 2011, as calculated under Section 202.5, and
24 (ii) 5% of the taxpayer's net income for the period after
25 December 31, 2010, as calculated under Section 202.5.

26 (5) In the case of an individual, trust, or estate,

1 for taxable years beginning on or after January 1, 2011,
2 and ending prior to January 1, 2015, an amount equal to 5%
3 of the taxpayer's net income for the taxable year.

4 (5.1) In the case of an individual, trust, or estate,
5 for taxable years beginning prior to January 1, 2015, and
6 ending after December 31, 2014, an amount equal to the sum
7 of (i) 5% of the taxpayer's net income for the period prior
8 to January 1, 2015, as calculated under Section 202.5, and
9 (ii) 3.75% of the taxpayer's net income for the period
10 after December 31, 2014, as calculated under Section
11 202.5.

12 (5.2) In the case of an individual, trust, or estate,
13 for taxable years beginning on or after January 1, 2015,
14 and ending prior to July 1, 2017, an amount equal to 3.75%
15 of the taxpayer's net income for the taxable year.

16 (5.3) In the case of an individual, trust, or estate,
17 for taxable years beginning prior to July 1, 2017, and
18 ending after June 30, 2017, an amount equal to the sum of
19 (i) 3.75% of the taxpayer's net income for the period
20 prior to July 1, 2017, as calculated under Section 202.5,
21 and (ii) 4.95% of the taxpayer's net income for the period
22 after June 30, 2017, as calculated under Section 202.5.

23 (5.4) In the case of an individual, trust, or estate,
24 for taxable years beginning on or after July 1, 2017, an
25 amount equal to 4.95% of the taxpayer's net income for the
26 taxable year.

1 (6) In the case of a corporation, for taxable years
2 ending prior to July 1, 1989, an amount equal to 4% of the
3 taxpayer's net income for the taxable year.

4 (7) In the case of a corporation, for taxable years
5 beginning prior to July 1, 1989 and ending after June 30,
6 1989, an amount equal to the sum of (i) 4% of the
7 taxpayer's net income for the period prior to July 1,
8 1989, as calculated under Section 202.3, and (ii) 4.8% of
9 the taxpayer's net income for the period after June 30,
10 1989, as calculated under Section 202.3.

11 (8) In the case of a corporation, for taxable years
12 beginning after June 30, 1989, and ending prior to January
13 1, 2011, an amount equal to 4.8% of the taxpayer's net
14 income for the taxable year.

15 (9) In the case of a corporation, for taxable years
16 beginning prior to January 1, 2011, and ending after
17 December 31, 2010, an amount equal to the sum of (i) 4.8%
18 of the taxpayer's net income for the period prior to
19 January 1, 2011, as calculated under Section 202.5, and
20 (ii) 7% of the taxpayer's net income for the period after
21 December 31, 2010, as calculated under Section 202.5.

22 (10) In the case of a corporation, for taxable years
23 beginning on or after January 1, 2011, and ending prior to
24 January 1, 2015, an amount equal to 7% of the taxpayer's
25 net income for the taxable year.

26 (11) In the case of a corporation, for taxable years

1 beginning prior to January 1, 2015, and ending after
2 December 31, 2014, an amount equal to the sum of (i) 7% of
3 the taxpayer's net income for the period prior to January
4 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
5 of the taxpayer's net income for the period after December
6 31, 2014, as calculated under Section 202.5.

7 (12) In the case of a corporation, for taxable years
8 beginning on or after January 1, 2015, and ending prior to
9 July 1, 2017, an amount equal to 5.25% of the taxpayer's
10 net income for the taxable year.

11 (13) In the case of a corporation, for taxable years
12 beginning prior to July 1, 2017, and ending after June 30,
13 2017, an amount equal to the sum of (i) 5.25% of the
14 taxpayer's net income for the period prior to July 1,
15 2017, as calculated under Section 202.5, and (ii) 7% of
16 the taxpayer's net income for the period after June 30,
17 2017, as calculated under Section 202.5.

18 (14) In the case of a corporation, for taxable years
19 beginning on or after July 1, 2017, an amount equal to 7%
20 of the taxpayer's net income for the taxable year.

21 The rates under this subsection (b) are subject to the
22 provisions of Section 201.5.

23 (b-5) Surcharge; sale or exchange of assets, properties,
24 and intangibles of organization gaming licensees. For each of
25 taxable years 2019 through 2027, a surcharge is imposed on all
26 taxpayers on income arising from the sale or exchange of

1 capital assets, depreciable business property, real property
2 used in the trade or business, and Section 197 intangibles (i)
3 of an organization licensee under the Illinois Horse Racing
4 Act of 1975 and (ii) of an organization gaming licensee under
5 the Illinois Gambling Act. The amount of the surcharge is
6 equal to the amount of federal income tax liability for the
7 taxable year attributable to those sales and exchanges. The
8 surcharge imposed shall not apply if:

9 (1) the organization gaming license, organization
10 license, or racetrack property is transferred as a result
11 of any of the following:

12 (A) bankruptcy, a receivership, or a debt
13 adjustment initiated by or against the initial
14 licensee or the substantial owners of the initial
15 licensee;

16 (B) cancellation, revocation, or termination of
17 any such license by the Illinois Gaming Board or the
18 Illinois Racing Board;

19 (C) a determination by the Illinois Gaming Board
20 that transfer of the license is in the best interests
21 of Illinois gaming;

22 (D) the death of an owner of the equity interest in
23 a licensee;

24 (E) the acquisition of a controlling interest in
25 the stock or substantially all of the assets of a
26 publicly traded company;

1 (F) a transfer by a parent company to a wholly
2 owned subsidiary; or

3 (G) the transfer or sale to or by one person to
4 another person where both persons were initial owners
5 of the license when the license was issued; or

6 (2) the controlling interest in the organization
7 gaming license, organization license, or racetrack
8 property is transferred in a transaction to lineal
9 descendants in which no gain or loss is recognized or as a
10 result of a transaction in accordance with Section 351 of
11 the Internal Revenue Code in which no gain or loss is
12 recognized; or

13 (3) live horse racing was not conducted in 2010 at a
14 racetrack located within 3 miles of the Mississippi River
15 under a license issued pursuant to the Illinois Horse
16 Racing Act of 1975.

17 The transfer of an organization gaming license,
18 organization license, or racetrack property by a person other
19 than the initial licensee to receive the organization gaming
20 license is not subject to a surcharge. The Department shall
21 adopt rules necessary to implement and administer this
22 subsection.

23 (c) Personal Property Tax Replacement Income Tax.
24 Beginning on July 1, 1979 and thereafter, in addition to such
25 income tax, there is also hereby imposed the Personal Property
26 Tax Replacement Income Tax measured by net income on every

1 corporation (including Subchapter S corporations), partnership
2 and trust, for each taxable year ending after June 30, 1979.
3 Such taxes are imposed on the privilege of earning or
4 receiving income in or as a resident of this State. The
5 Personal Property Tax Replacement Income Tax shall be in
6 addition to the income tax imposed by subsections (a) and (b)
7 of this Section and in addition to all other occupation or
8 privilege taxes imposed by this State or by any municipal
9 corporation or political subdivision thereof.

10 (d) Additional Personal Property Tax Replacement Income
11 Tax Rates. The personal property tax replacement income tax
12 imposed by this subsection and subsection (c) of this Section
13 in the case of a corporation, other than a Subchapter S
14 corporation and except as adjusted by subsection (d-1), shall
15 be an additional amount equal to 2.85% of such taxpayer's net
16 income for the taxable year, except that beginning on January
17 1, 1981, and thereafter, the rate of 2.85% specified in this
18 subsection shall be reduced to 2.5%, and in the case of a
19 partnership, trust or a Subchapter S corporation shall be an
20 additional amount equal to 1.5% of such taxpayer's net income
21 for the taxable year.

22 (d-1) Rate reduction for certain foreign insurers. In the
23 case of a foreign insurer, as defined by Section 35A-5 of the
24 Illinois Insurance Code, whose state or country of domicile
25 imposes on insurers domiciled in Illinois a retaliatory tax
26 (excluding any insurer whose premiums from reinsurance assumed

1 are 50% or more of its total insurance premiums as determined
2 under paragraph (2) of subsection (b) of Section 304, except
3 that for purposes of this determination premiums from
4 reinsurance do not include premiums from inter-affiliate
5 reinsurance arrangements), beginning with taxable years ending
6 on or after December 31, 1999, the sum of the rates of tax
7 imposed by subsections (b) and (d) shall be reduced (but not
8 increased) to the rate at which the total amount of tax imposed
9 under this Act, net of all credits allowed under this Act,
10 shall equal (i) the total amount of tax that would be imposed
11 on the foreign insurer's net income allocable to Illinois for
12 the taxable year by such foreign insurer's state or country of
13 domicile if that net income were subject to all income taxes
14 and taxes measured by net income imposed by such foreign
15 insurer's state or country of domicile, net of all credits
16 allowed or (ii) a rate of zero if no such tax is imposed on
17 such income by the foreign insurer's state of domicile. For
18 the purposes of this subsection (d-1), an inter-affiliate
19 includes a mutual insurer under common management.

20 (1) For the purposes of subsection (d-1), in no event
21 shall the sum of the rates of tax imposed by subsections
22 (b) and (d) be reduced below the rate at which the sum of:

23 (A) the total amount of tax imposed on such
24 foreign insurer under this Act for a taxable year, net
25 of all credits allowed under this Act, plus

26 (B) the privilege tax imposed by Section 409 of

1 the Illinois Insurance Code, the fire insurance
2 company tax imposed by Section 12 of the Fire
3 Investigation Act, and the fire department taxes
4 imposed under Section 11-10-1 of the Illinois
5 Municipal Code,

6 equals 1.25% for taxable years ending prior to December
7 31, 2003, or 1.75% for taxable years ending on or after
8 December 31, 2003, of the net taxable premiums written for
9 the taxable year, as described by subsection (1) of
10 Section 409 of the Illinois Insurance Code. This paragraph
11 will in no event increase the rates imposed under
12 subsections (b) and (d).

13 (2) Any reduction in the rates of tax imposed by this
14 subsection shall be applied first against the rates
15 imposed by subsection (b) and only after the tax imposed
16 by subsection (a) net of all credits allowed under this
17 Section other than the credit allowed under subsection (i)
18 has been reduced to zero, against the rates imposed by
19 subsection (d).

20 This subsection (d-1) is exempt from the provisions of
21 Section 250.

22 (e) Investment credit. A taxpayer shall be allowed a
23 credit against the Personal Property Tax Replacement Income
24 Tax for investment in qualified property.

25 (1) A taxpayer shall be allowed a credit equal to .5%
26 of the basis of qualified property placed in service

1 during the taxable year, provided such property is placed
2 in service on or after July 1, 1984. There shall be allowed
3 an additional credit equal to .5% of the basis of
4 qualified property placed in service during the taxable
5 year, provided such property is placed in service on or
6 after July 1, 1986, and the taxpayer's base employment
7 within Illinois has increased by 1% or more over the
8 preceding year as determined by the taxpayer's employment
9 records filed with the Illinois Department of Employment
10 Security. Taxpayers who are new to Illinois shall be
11 deemed to have met the 1% growth in base employment for the
12 first year in which they file employment records with the
13 Illinois Department of Employment Security. The provisions
14 added to this Section by Public Act 85-1200 (and restored
15 by Public Act 87-895) shall be construed as declaratory of
16 existing law and not as a new enactment. If, in any year,
17 the increase in base employment within Illinois over the
18 preceding year is less than 1%, the additional credit
19 shall be limited to that percentage times a fraction, the
20 numerator of which is .5% and the denominator of which is
21 1%, but shall not exceed .5%. The investment credit shall
22 not be allowed to the extent that it would reduce a
23 taxpayer's liability in any tax year below zero, nor may
24 any credit for qualified property be allowed for any year
25 other than the year in which the property was placed in
26 service in Illinois. For tax years ending on or after

1 December 31, 1987, and on or before December 31, 1988, the
2 credit shall be allowed for the tax year in which the
3 property is placed in service, or, if the amount of the
4 credit exceeds the tax liability for that year, whether it
5 exceeds the original liability or the liability as later
6 amended, such excess may be carried forward and applied to
7 the tax liability of the 5 taxable years following the
8 excess credit years if the taxpayer (i) makes investments
9 which cause the creation of a minimum of 2,000 full-time
10 equivalent jobs in Illinois, (ii) is located in an
11 enterprise zone established pursuant to the Illinois
12 Enterprise Zone Act and (iii) is certified by the
13 Department of Commerce and Community Affairs (now
14 Department of Commerce and Economic Opportunity) as
15 complying with the requirements specified in clause (i)
16 and (ii) by July 1, 1986. The Department of Commerce and
17 Community Affairs (now Department of Commerce and Economic
18 Opportunity) shall notify the Department of Revenue of all
19 such certifications immediately. For tax years ending
20 after December 31, 1988, the credit shall be allowed for
21 the tax year in which the property is placed in service,
22 or, if the amount of the credit exceeds the tax liability
23 for that year, whether it exceeds the original liability
24 or the liability as later amended, such excess may be
25 carried forward and applied to the tax liability of the 5
26 taxable years following the excess credit years. The

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

5 (2) The term "qualified property" means property
6 which:

7 (A) is tangible, whether new or used, including
8 buildings and structural components of buildings and
9 signs that are real property, but not including land
10 or improvements to real property that are not a
11 structural component of a building such as
12 landscaping, sewer lines, local access roads, fencing,
13 parking lots, and other appurtenances;

14 (B) is depreciable pursuant to Section 167 of the
15 Internal Revenue Code, except that "3-year property"
16 as defined in Section 168(c)(2)(A) of that Code is not
17 eligible for the credit provided by this subsection
18 (e);

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code;

21 (D) is used in Illinois by a taxpayer who is
22 primarily engaged in manufacturing, or in mining coal
23 or fluorite, or in retailing, or was placed in service
24 on or after July 1, 2006 in a River Edge Redevelopment
25 Zone established pursuant to the River Edge
26 Redevelopment Zone Act; and

1 (E) has not previously been used in Illinois in
2 such a manner and by such a person as would qualify for
3 the credit provided by this subsection (e) or
4 subsection (f).

5 (3) For purposes of this subsection (e),
6 "manufacturing" means the material staging and production
7 of tangible personal property by procedures commonly
8 regarded as manufacturing, processing, fabrication, or
9 assembling which changes some existing material into new
10 shapes, new qualities, or new combinations. For purposes
11 of this subsection (e) the term "mining" shall have the
12 same meaning as the term "mining" in Section 613(c) of the
13 Internal Revenue Code. For purposes of this subsection
14 (e), the term "retailing" means the sale of tangible
15 personal property for use or consumption and not for
16 resale, or services rendered in conjunction with the sale
17 of tangible personal property for use or consumption and
18 not for resale. For purposes of this subsection (e),
19 "tangible personal property" has the same meaning as when
20 that term is used in the Retailers' Occupation Tax Act,
21 and, for taxable years ending after December 31, 2008,
22 does not include the generation, transmission, or
23 distribution of electricity.

24 (4) The basis of qualified property shall be the basis
25 used to compute the depreciation deduction for federal
26 income tax purposes.

1 (5) If the basis of the property for federal income
2 tax depreciation purposes is increased after it has been
3 placed in service in Illinois by the taxpayer, the amount
4 of such increase shall be deemed property placed in
5 service on the date of such increase in basis.

6 (6) The term "placed in service" shall have the same
7 meaning as under Section 46 of the Internal Revenue Code.

8 (7) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside Illinois within 48
12 months after being placed in service, the Personal
13 Property Tax Replacement Income Tax for such taxable year
14 shall be increased. Such increase shall be determined by
15 (i) recomputing the investment credit which would have
16 been allowed for the year in which credit for such
17 property was originally allowed by eliminating such
18 property from such computation and, (ii) subtracting such
19 recomputed credit from the amount of credit previously
20 allowed. For the purposes of this paragraph (7), a
21 reduction of the basis of qualified property resulting
22 from a redetermination of the purchase price shall be
23 deemed a disposition of qualified property to the extent
24 of such reduction.

25 (8) Unless the investment credit is extended by law,
26 the basis of qualified property shall not include costs

1 incurred after December 31, 2018, except for costs
2 incurred pursuant to a binding contract entered into on or
3 before December 31, 2018.

4 (9) Each taxable year ending before December 31, 2000,
5 a partnership may elect to pass through to its partners
6 the credits to which the partnership is entitled under
7 this subsection (e) for the taxable year. A partner may
8 use the credit allocated to him or her under this
9 paragraph only against the tax imposed in subsections (c)
10 and (d) of this Section. If the partnership makes that
11 election, those credits shall be allocated among the
12 partners in the partnership in accordance with the rules
13 set forth in Section 704(b) of the Internal Revenue Code,
14 and the rules promulgated under that Section, and the
15 allocated amount of the credits shall be allowed to the
16 partners for that taxable year. The partnership shall make
17 this election on its Personal Property Tax Replacement
18 Income Tax return for that taxable year. The election to
19 pass through the credits shall be irrevocable.

20 For taxable years ending on or after December 31,
21 2000, a partner that qualifies its partnership for a
22 subtraction under subparagraph (I) of paragraph (2) of
23 subsection (d) of Section 203 or a shareholder that
24 qualifies a Subchapter S corporation for a subtraction
25 under subparagraph (S) of paragraph (2) of subsection (b)
26 of Section 203 shall be allowed a credit under this

1 subsection (e) equal to its share of the credit earned
2 under this subsection (e) during the taxable year by the
3 partnership or Subchapter S corporation, determined in
4 accordance with the determination of income and
5 distributive share of income under Sections 702 and 704
6 and Subchapter S of the Internal Revenue Code. This
7 paragraph is exempt from the provisions of Section 250.

8 (f) Investment credit; Enterprise Zone; River Edge
9 Redevelopment Zone.

10 (1) A taxpayer shall be allowed a credit against the
11 tax imposed by subsections (a) and (b) of this Section for
12 investment in qualified property which is placed in
13 service in an Enterprise Zone created pursuant to the
14 Illinois Enterprise Zone Act or, for property placed in
15 service on or after July 1, 2006, a River Edge
16 Redevelopment Zone established pursuant to the River Edge
17 Redevelopment Zone Act. For partners, shareholders of
18 Subchapter S corporations, and owners of limited liability
19 companies, if the liability company is treated as a
20 partnership for purposes of federal and State income
21 taxation, there shall be allowed a credit under this
22 subsection (f) to be determined in accordance with the
23 determination of income and distributive share of income
24 under Sections 702 and 704 and Subchapter S of the
25 Internal Revenue Code. The credit shall be .5% of the
26 basis for such property. The credit shall be available

1 only in the taxable year in which the property is placed in
2 service in the Enterprise Zone or River Edge Redevelopment
3 Zone and shall not be allowed to the extent that it would
4 reduce a taxpayer's liability for the tax imposed by
5 subsections (a) and (b) of this Section to below zero. For
6 tax years ending on or after December 31, 1985, the credit
7 shall be allowed for the tax year in which the property is
8 placed in service, or, if the amount of the credit exceeds
9 the tax liability for that year, whether it exceeds the
10 original liability or the liability as later amended, such
11 excess may be carried forward and applied to the tax
12 liability of the 5 taxable years following the excess
13 credit year. The credit shall be applied to the earliest
14 year for which there is a liability. If there is credit
15 from more than one tax year that is available to offset a
16 liability, the credit accruing first in time shall be
17 applied first.

18 (2) The term qualified property means property which:

19 (A) is tangible, whether new or used, including
20 buildings and structural components of buildings;

21 (B) is depreciable pursuant to Section 167 of the
22 Internal Revenue Code, except that "3-year property"
23 as defined in Section 168(c)(2)(A) of that Code is not
24 eligible for the credit provided by this subsection
25 (f);

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code;

2 (D) is used in the Enterprise Zone or River Edge
3 Redevelopment Zone by the taxpayer; and

4 (E) has not been previously used in Illinois in
5 such a manner and by such a person as would qualify for
6 the credit provided by this subsection (f) or
7 subsection (e).

8 (3) The basis of qualified property shall be the basis
9 used to compute the depreciation deduction for federal
10 income tax purposes.

11 (4) If the basis of the property for federal income
12 tax depreciation purposes is increased after it has been
13 placed in service in the Enterprise Zone or River Edge
14 Redevelopment Zone by the taxpayer, the amount of such
15 increase shall be deemed property placed in service on the
16 date of such increase in basis.

17 (5) The term "placed in service" shall have the same
18 meaning as under Section 46 of the Internal Revenue Code.

19 (6) If during any taxable year, any property ceases to
20 be qualified property in the hands of the taxpayer within
21 48 months after being placed in service, or the situs of
22 any qualified property is moved outside the Enterprise
23 Zone or River Edge Redevelopment Zone within 48 months
24 after being placed in service, the tax imposed under
25 subsections (a) and (b) of this Section for such taxable
26 year shall be increased. Such increase shall be determined

1 by (i) recomputing the investment credit which would have
2 been allowed for the year in which credit for such
3 property was originally allowed by eliminating such
4 property from such computation, and (ii) subtracting such
5 recomputed credit from the amount of credit previously
6 allowed. For the purposes of this paragraph (6), a
7 reduction of the basis of qualified property resulting
8 from a redetermination of the purchase price shall be
9 deemed a disposition of qualified property to the extent
10 of such reduction.

11 (7) There shall be allowed an additional credit equal
12 to 0.5% of the basis of qualified property placed in
13 service during the taxable year in a River Edge
14 Redevelopment Zone, provided such property is placed in
15 service on or after July 1, 2006, and the taxpayer's base
16 employment within Illinois has increased by 1% or more
17 over the preceding year as determined by the taxpayer's
18 employment records filed with the Illinois Department of
19 Employment Security. Taxpayers who are new to Illinois
20 shall be deemed to have met the 1% growth in base
21 employment for the first year in which they file
22 employment records with the Illinois Department of
23 Employment Security. If, in any year, the increase in base
24 employment within Illinois over the preceding year is less
25 than 1%, the additional credit shall be limited to that
26 percentage times a fraction, the numerator of which is

1 0.5% and the denominator of which is 1%, but shall not
2 exceed 0.5%.

3 (8) For taxable years beginning on or after January 1,
4 2021, there shall be allowed an Enterprise Zone
5 construction jobs credit against the taxes imposed under
6 subsections (a) and (b) of this Section as provided in
7 Section 13 of the Illinois Enterprise Zone Act.

8 The credit or credits may not reduce the taxpayer's
9 liability to less than zero. If the amount of the credit or
10 credits exceeds the taxpayer's liability, the excess may
11 be carried forward and applied against the taxpayer's
12 liability in succeeding calendar years in the same manner
13 provided under paragraph (4) of Section 211 of this Act.
14 The credit or credits shall be applied to the earliest
15 year for which there is a tax liability. If there are
16 credits from more than one taxable year that are available
17 to offset a liability, the earlier credit shall be applied
18 first.

19 For partners, shareholders of Subchapter S
20 corporations, and owners of limited liability companies,
21 if the liability company is treated as a partnership for
22 the purposes of federal and State income taxation, there
23 shall be allowed a credit under this Section to be
24 determined in accordance with the determination of income
25 and distributive share of income under Sections 702 and
26 704 and Subchapter S of the Internal Revenue Code.

1 The total aggregate amount of credits awarded under
2 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
3 ~~this amendatory Act of the 101st General Assembly~~) shall
4 not exceed \$20,000,000 in any State fiscal year.

5 This paragraph (8) is exempt from the provisions of
6 Section 250.

7 (g) (Blank).

8 (h) Investment credit; High Impact Business.

9 (1) Subject to subsections (b) and (b-5) of Section
10 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
11 be allowed a credit against the tax imposed by subsections
12 (a) and (b) of this Section for investment in qualified
13 property which is placed in service by a Department of
14 Commerce and Economic Opportunity designated High Impact
15 Business. The credit shall be .5% of the basis for such
16 property. The credit shall not be available (i) until the
17 minimum investments in qualified property set forth in
18 subdivision (a)(3)(A) of Section 5.5 of the Illinois
19 Enterprise Zone Act have been satisfied or (ii) until the
20 time authorized in subsection (b-5) of the Illinois
21 Enterprise Zone Act for entities designated as High Impact
22 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
23 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
24 Act, and shall not be allowed to the extent that it would
25 reduce a taxpayer's liability for the tax imposed by
26 subsections (a) and (b) of this Section to below zero. The

1 credit applicable to such investments shall be taken in
2 the taxable year in which such investments have been
3 completed. The credit for additional investments beyond
4 the minimum investment by a designated high impact
5 business authorized under subdivision (a) (3) (A) of Section
6 5.5 of the Illinois Enterprise Zone Act shall be available
7 only in the taxable year in which the property is placed in
8 service and shall not be allowed to the extent that it
9 would reduce a taxpayer's liability for the tax imposed by
10 subsections (a) and (b) of this Section to below zero. For
11 tax years ending on or after December 31, 1987, the credit
12 shall be allowed for the tax year in which the property is
13 placed in service, or, if the amount of the credit exceeds
14 the tax liability for that year, whether it exceeds the
15 original liability or the liability as later amended, such
16 excess may be carried forward and applied to the tax
17 liability of the 5 taxable years following the excess
18 credit year. The credit shall be applied to the earliest
19 year for which there is a liability. If there is credit
20 from more than one tax year that is available to offset a
21 liability, the credit accruing first in time shall be
22 applied first.

23 Changes made in this subdivision (h) (1) by Public Act
24 88-670 restore changes made by Public Act 85-1182 and
25 reflect existing law.

26 (2) The term qualified property means property which:

1 (A) is tangible, whether new or used, including
2 buildings and structural components of buildings;

3 (B) is depreciable pursuant to Section 167 of the
4 Internal Revenue Code, except that "3-year property"
5 as defined in Section 168(c)(2)(A) of that Code is not
6 eligible for the credit provided by this subsection
7 (h);

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code; and

10 (D) is not eligible for the Enterprise Zone
11 Investment Credit provided by subsection (f) of this
12 Section.

13 (3) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

16 (4) If the basis of the property for federal income
17 tax depreciation purposes is increased after it has been
18 placed in service in a federally designated Foreign Trade
19 Zone or Sub-Zone located in Illinois by the taxpayer, the
20 amount of such increase shall be deemed property placed in
21 service on the date of such increase in basis.

22 (5) The term "placed in service" shall have the same
23 meaning as under Section 46 of the Internal Revenue Code.

24 (6) If during any taxable year ending on or before
25 December 31, 1996, any property ceases to be qualified
26 property in the hands of the taxpayer within 48 months

1 after being placed in service, or the situs of any
2 qualified property is moved outside Illinois within 48
3 months after being placed in service, the tax imposed
4 under subsections (a) and (b) of this Section for such
5 taxable year shall be increased. Such increase shall be
6 determined by (i) recomputing the investment credit which
7 would have been allowed for the year in which credit for
8 such property was originally allowed by eliminating such
9 property from such computation, and (ii) subtracting such
10 recomputed credit from the amount of credit previously
11 allowed. For the purposes of this paragraph (6), a
12 reduction of the basis of qualified property resulting
13 from a redetermination of the purchase price shall be
14 deemed a disposition of qualified property to the extent
15 of such reduction.

16 (7) Beginning with tax years ending after December 31,
17 1996, if a taxpayer qualifies for the credit under this
18 subsection (h) and thereby is granted a tax abatement and
19 the taxpayer relocates its entire facility in violation of
20 the explicit terms and length of the contract under
21 Section 18-183 of the Property Tax Code, the tax imposed
22 under subsections (a) and (b) of this Section shall be
23 increased for the taxable year in which the taxpayer
24 relocated its facility by an amount equal to the amount of
25 credit received by the taxpayer under this subsection (h).

26 (h-5) High Impact Business construction ~~constructions~~ jobs

1 credit. For taxable years beginning on or after January 1,
2 2021, there shall also be allowed a High Impact Business
3 construction jobs credit against the tax imposed under
4 subsections (a) and (b) of this Section as provided in
5 subsections (i) and (j) of Section 5.5 of the Illinois
6 Enterprise Zone Act.

7 The credit or credits may not reduce the taxpayer's
8 liability to less than zero. If the amount of the credit or
9 credits exceeds the taxpayer's liability, the excess may be
10 carried forward and applied against the taxpayer's liability
11 in succeeding calendar years in the manner provided under
12 paragraph (4) of Section 211 of this Act. The credit or credits
13 shall be applied to the earliest year for which there is a tax
14 liability. If there are credits from more than one taxable
15 year that are available to offset a liability, the earlier
16 credit shall be applied first.

17 For partners, shareholders of Subchapter S corporations,
18 and owners of limited liability companies, if the liability
19 company is treated as a partnership for the purposes of
20 federal and State income taxation, there shall be allowed a
21 credit under this Section to be determined in accordance with
22 the determination of income and distributive share of income
23 under Sections 702 and 704 and Subchapter S of the Internal
24 Revenue Code.

25 The total aggregate amount of credits awarded under the
26 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~

1 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
2 \$20,000,000 in any State fiscal year.

3 This subsection (h-5) is exempt from the provisions of
4 Section 250.

5 (i) Credit for Personal Property Tax Replacement Income
6 Tax. For tax years ending prior to December 31, 2003, a credit
7 shall be allowed against the tax imposed by subsections (a)
8 and (b) of this Section for the tax imposed by subsections (c)
9 and (d) of this Section. This credit shall be computed by
10 multiplying the tax imposed by subsections (c) and (d) of this
11 Section by a fraction, the numerator of which is base income
12 allocable to Illinois and the denominator of which is Illinois
13 base income, and further multiplying the product by the tax
14 rate imposed by subsections (a) and (b) of this Section.

15 Any credit earned on or after December 31, 1986 under this
16 subsection which is unused in the year the credit is computed
17 because it exceeds the tax liability imposed by subsections
18 (a) and (b) for that year (whether it exceeds the original
19 liability or the liability as later amended) may be carried
20 forward and applied to the tax liability imposed by
21 subsections (a) and (b) of the 5 taxable years following the
22 excess credit year, provided that no credit may be carried
23 forward to any year ending on or after December 31, 2003. This
24 credit shall be applied first to the earliest year for which
25 there is a liability. If there is a credit under this
26 subsection from more than one tax year that is available to

1 offset a liability the earliest credit arising under this
2 subsection shall be applied first.

3 If, during any taxable year ending on or after December
4 31, 1986, the tax imposed by subsections (c) and (d) of this
5 Section for which a taxpayer has claimed a credit under this
6 subsection (i) is reduced, the amount of credit for such tax
7 shall also be reduced. Such reduction shall be determined by
8 recomputing the credit to take into account the reduced tax
9 imposed by subsections (c) and (d). If any portion of the
10 reduced amount of credit has been carried to a different
11 taxable year, an amended return shall be filed for such
12 taxable year to reduce the amount of credit claimed.

13 (j) Training expense credit. Beginning with tax years
14 ending on or after December 31, 1986 and prior to December 31,
15 2003, a taxpayer shall be allowed a credit against the tax
16 imposed by subsections (a) and (b) under this Section for all
17 amounts paid or accrued, on behalf of all persons employed by
18 the taxpayer in Illinois or Illinois residents employed
19 outside of Illinois by a taxpayer, for educational or
20 vocational training in semi-technical or technical fields or
21 semi-skilled or skilled fields, which were deducted from gross
22 income in the computation of taxable income. The credit
23 against the tax imposed by subsections (a) and (b) shall be
24 1.6% of such training expenses. For partners, shareholders of
25 subchapter S corporations, and owners of limited liability
26 companies, if the liability company is treated as a

1 partnership for purposes of federal and State income taxation,
2 there shall be allowed a credit under this subsection (j) to be
3 determined in accordance with the determination of income and
4 distributive share of income under Sections 702 and 704 and
5 subchapter S of the Internal Revenue Code.

6 Any credit allowed under this subsection which is unused
7 in the year the credit is earned may be carried forward to each
8 of the 5 taxable years following the year for which the credit
9 is first computed until it is used. This credit shall be
10 applied first to the earliest year for which there is a
11 liability. If there is a credit under this subsection from
12 more than one tax year that is available to offset a liability,
13 the earliest credit arising under this subsection shall be
14 applied first. No carryforward credit may be claimed in any
15 tax year ending on or after December 31, 2003.

16 (k) Research and development credit. For tax years ending
17 after July 1, 1990 and prior to December 31, 2003, and
18 beginning again for tax years ending on or after December 31,
19 2004, and ending prior to January 1, 2027, a taxpayer shall be
20 allowed a credit against the tax imposed by subsections (a)
21 and (b) of this Section for increasing research activities in
22 this State. The credit allowed against the tax imposed by
23 subsections (a) and (b) shall be equal to 6 1/2% of the
24 qualifying expenditures for increasing research activities in
25 this State. For partners, shareholders of subchapter S
26 corporations, and owners of limited liability companies, if

1 the liability company is treated as a partnership for purposes
2 of federal and State income taxation, there shall be allowed a
3 credit under this subsection to be determined in accordance
4 with the determination of income and distributive share of
5 income under Sections 702 and 704 and subchapter S of the
6 Internal Revenue Code.

7 For purposes of this subsection, "qualifying expenditures"
8 means the qualifying expenditures as defined for the federal
9 credit for increasing research activities which would be
10 allowable under Section 41 of the Internal Revenue Code and
11 which are conducted in this State, "qualifying expenditures
12 for increasing research activities in this State" means the
13 excess of qualifying expenditures for the taxable year in
14 which incurred over qualifying expenditures for the base
15 period, "qualifying expenditures for the base period" means
16 the average of the qualifying expenditures for each year in
17 the base period, and "base period" means the 3 taxable years
18 immediately preceding the taxable year for which the
19 determination is being made.

20 Any credit in excess of the tax liability for the taxable
21 year may be carried forward. A taxpayer may elect to have the
22 unused credit shown on its final completed return carried over
23 as a credit against the tax liability for the following 5
24 taxable years or until it has been fully used, whichever
25 occurs first; provided that no credit earned in a tax year
26 ending prior to December 31, 2003 may be carried forward to any

1 year ending on or after December 31, 2003.

2 If an unused credit is carried forward to a given year from
3 2 or more earlier years, that credit arising in the earliest
4 year will be applied first against the tax liability for the
5 given year. If a tax liability for the given year still
6 remains, the credit from the next earliest year will then be
7 applied, and so on, until all credits have been used or no tax
8 liability for the given year remains. Any remaining unused
9 credit or credits then will be carried forward to the next
10 following year in which a tax liability is incurred, except
11 that no credit can be carried forward to a year which is more
12 than 5 years after the year in which the expense for which the
13 credit is given was incurred.

14 No inference shall be drawn from Public Act 91-644 ~~this~~
15 ~~amendatory Act of the 91st General Assembly~~ in construing this
16 Section for taxable years beginning before January 1, 1999.

17 It is the intent of the General Assembly that the research
18 and development credit under this subsection (k) shall apply
19 continuously for all tax years ending on or after December 31,
20 2004 and ending prior to January 1, 2027, including, but not
21 limited to, the period beginning on January 1, 2016 and ending
22 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
23 ~~amendatory Act of the 100th General Assembly~~. All actions
24 taken in reliance on the continuation of the credit under this
25 subsection (k) by any taxpayer are hereby validated.

26 (1) Environmental Remediation Tax Credit.

1 (i) For tax years ending after December 31, 1997 and
2 on or before December 31, 2001, a taxpayer shall be
3 allowed a credit against the tax imposed by subsections
4 (a) and (b) of this Section for certain amounts paid for
5 unreimbursed eligible remediation costs, as specified in
6 this subsection. For purposes of this Section,
7 "unreimbursed eligible remediation costs" means costs
8 approved by the Illinois Environmental Protection Agency
9 ("Agency") under Section 58.14 of the Environmental
10 Protection Act that were paid in performing environmental
11 remediation at a site for which a No Further Remediation
12 Letter was issued by the Agency and recorded under Section
13 58.10 of the Environmental Protection Act. The credit must
14 be claimed for the taxable year in which Agency approval
15 of the eligible remediation costs is granted. The credit
16 is not available to any taxpayer if the taxpayer or any
17 related party caused or contributed to, in any material
18 respect, a release of regulated substances on, in, or
19 under the site that was identified and addressed by the
20 remedial action pursuant to the Site Remediation Program
21 of the Environmental Protection Act. After the Pollution
22 Control Board rules are adopted pursuant to the Illinois
23 Administrative Procedure Act for the administration and
24 enforcement of Section 58.9 of the Environmental
25 Protection Act, determinations as to credit availability
26 for purposes of this Section shall be made consistent with

1 those rules. For purposes of this Section, "taxpayer"
2 includes a person whose tax attributes the taxpayer has
3 succeeded to under Section 381 of the Internal Revenue
4 Code and "related party" includes the persons disallowed a
5 deduction for losses by paragraphs (b), (c), and (f)(1) of
6 Section 267 of the Internal Revenue Code by virtue of
7 being a related taxpayer, as well as any of its partners.
8 The credit allowed against the tax imposed by subsections
9 (a) and (b) shall be equal to 25% of the unreimbursed
10 eligible remediation costs in excess of \$100,000 per site,
11 except that the \$100,000 threshold shall not apply to any
12 site contained in an enterprise zone as determined by the
13 Department of Commerce and Community Affairs (now
14 Department of Commerce and Economic Opportunity). The
15 total credit allowed shall not exceed \$40,000 per year
16 with a maximum total of \$150,000 per site. For partners
17 and shareholders of subchapter S corporations, there shall
18 be allowed a credit under this subsection to be determined
19 in accordance with the determination of income and
20 distributive share of income under Sections 702 and 704
21 and subchapter S of the Internal Revenue Code.

22 (ii) A credit allowed under this subsection that is
23 unused in the year the credit is earned may be carried
24 forward to each of the 5 taxable years following the year
25 for which the credit is first earned until it is used. The
26 term "unused credit" does not include any amounts of

1 unreimbursed eligible remediation costs in excess of the
2 maximum credit per site authorized under paragraph (i).
3 This credit shall be applied first to the earliest year
4 for which there is a liability. If there is a credit under
5 this subsection from more than one tax year that is
6 available to offset a liability, the earliest credit
7 arising under this subsection shall be applied first. A
8 credit allowed under this subsection may be sold to a
9 buyer as part of a sale of all or part of the remediation
10 site for which the credit was granted. The purchaser of a
11 remediation site and the tax credit shall succeed to the
12 unused credit and remaining carry-forward period of the
13 seller. To perfect the transfer, the assignor shall record
14 the transfer in the chain of title for the site and provide
15 written notice to the Director of the Illinois Department
16 of Revenue of the assignor's intent to sell the
17 remediation site and the amount of the tax credit to be
18 transferred as a portion of the sale. In no event may a
19 credit be transferred to any taxpayer if the taxpayer or a
20 related party would not be eligible under the provisions
21 of subsection (i).

22 (iii) For purposes of this Section, the term "site"
23 shall have the same meaning as under Section 58.2 of the
24 Environmental Protection Act.

25 (m) Education expense credit. Beginning with tax years
26 ending after December 31, 1999, a taxpayer who is the

1 custodian of one or more qualifying pupils shall be allowed a
2 credit against the tax imposed by subsections (a) and (b) of
3 this Section for qualified education expenses incurred on
4 behalf of the qualifying pupils. The credit shall be equal to
5 25% of qualified education expenses, but in no event may the
6 total credit under this subsection claimed by a family that is
7 the custodian of qualifying pupils exceed (i) \$500 for tax
8 years ending prior to December 31, 2017, and (ii) \$750 for tax
9 years ending on or after December 31, 2017. In no event shall a
10 credit under this subsection reduce the taxpayer's liability
11 under this Act to less than zero. Notwithstanding any other
12 provision of law, for taxable years beginning on or after
13 January 1, 2017, no taxpayer may claim a credit under this
14 subsection (m) if the taxpayer's adjusted gross income for the
15 taxable year exceeds (i) \$500,000, in the case of spouses
16 filing a joint federal tax return or (ii) \$250,000, in the case
17 of all other taxpayers. This subsection is exempt from the
18 provisions of Section 250 of this Act.

19 For purposes of this subsection:

20 "Qualifying pupils" means individuals who (i) are
21 residents of the State of Illinois, (ii) are under the age of
22 21 at the close of the school year for which a credit is
23 sought, and (iii) during the school year for which a credit is
24 sought were full-time pupils enrolled in a kindergarten
25 through twelfth grade education program at any school, as
26 defined in this subsection.

1 "Qualified education expense" means the amount incurred on
2 behalf of a qualifying pupil in excess of \$250 for tuition,
3 book fees, and lab fees at the school in which the pupil is
4 enrolled during the regular school year.

5 "School" means any public or nonpublic elementary or
6 secondary school in Illinois that is in compliance with Title
7 VI of the Civil Rights Act of 1964 and attendance at which
8 satisfies the requirements of Section 26-1 of the School Code,
9 except that nothing shall be construed to require a child to
10 attend any particular public or nonpublic school to qualify
11 for the credit under this Section.

12 "Custodian" means, with respect to qualifying pupils, an
13 Illinois resident who is a parent, the parents, a legal
14 guardian, or the legal guardians of the qualifying pupils.

15 (n) River Edge Redevelopment Zone site remediation tax
16 credit.

17 (i) For tax years ending on or after December 31,
18 2006, a taxpayer shall be allowed a credit against the tax
19 imposed by subsections (a) and (b) of this Section for
20 certain amounts paid for unreimbursed eligible remediation
21 costs, as specified in this subsection. For purposes of
22 this Section, "unreimbursed eligible remediation costs"
23 means costs approved by the Illinois Environmental
24 Protection Agency ("Agency") under Section 58.14a of the
25 Environmental Protection Act that were paid in performing
26 environmental remediation at a site within a River Edge

1 Redevelopment Zone for which a No Further Remediation
2 Letter was issued by the Agency and recorded under Section
3 58.10 of the Environmental Protection Act. The credit must
4 be claimed for the taxable year in which Agency approval
5 of the eligible remediation costs is granted. The credit
6 is not available to any taxpayer if the taxpayer or any
7 related party caused or contributed to, in any material
8 respect, a release of regulated substances on, in, or
9 under the site that was identified and addressed by the
10 remedial action pursuant to the Site Remediation Program
11 of the Environmental Protection Act. Determinations as to
12 credit availability for purposes of this Section shall be
13 made consistent with rules adopted by the Pollution
14 Control Board pursuant to the Illinois Administrative
15 Procedure Act for the administration and enforcement of
16 Section 58.9 of the Environmental Protection Act. For
17 purposes of this Section, "taxpayer" includes a person
18 whose tax attributes the taxpayer has succeeded to under
19 Section 381 of the Internal Revenue Code and "related
20 party" includes the persons disallowed a deduction for
21 losses by paragraphs (b), (c), and (f)(1) of Section 267
22 of the Internal Revenue Code by virtue of being a related
23 taxpayer, as well as any of its partners. The credit
24 allowed against the tax imposed by subsections (a) and (b)
25 shall be equal to 25% of the unreimbursed eligible
26 remediation costs in excess of \$100,000 per site.

1 (ii) A credit allowed under this subsection that is
2 unused in the year the credit is earned may be carried
3 forward to each of the 5 taxable years following the year
4 for which the credit is first earned until it is used. This
5 credit shall be applied first to the earliest year for
6 which there is a liability. If there is a credit under this
7 subsection from more than one tax year that is available
8 to offset a liability, the earliest credit arising under
9 this subsection shall be applied first. A credit allowed
10 under this subsection may be sold to a buyer as part of a
11 sale of all or part of the remediation site for which the
12 credit was granted. The purchaser of a remediation site
13 and the tax credit shall succeed to the unused credit and
14 remaining carry-forward period of the seller. To perfect
15 the transfer, the assignor shall record the transfer in
16 the chain of title for the site and provide written notice
17 to the Director of the Illinois Department of Revenue of
18 the assignor's intent to sell the remediation site and the
19 amount of the tax credit to be transferred as a portion of
20 the sale. In no event may a credit be transferred to any
21 taxpayer if the taxpayer or a related party would not be
22 eligible under the provisions of subsection (i).

23 (iii) For purposes of this Section, the term "site"
24 shall have the same meaning as under Section 58.2 of the
25 Environmental Protection Act.

26 (o) For each of taxable years during the Compassionate Use

1 of Medical Cannabis Program, a surcharge is imposed on all
2 taxpayers on income arising from the sale or exchange of
3 capital assets, depreciable business property, real property
4 used in the trade or business, and Section 197 intangibles of
5 an organization registrant under the Compassionate Use of
6 Medical Cannabis Program Act. The amount of the surcharge is
7 equal to the amount of federal income tax liability for the
8 taxable year attributable to those sales and exchanges. The
9 surcharge imposed does not apply if:

10 (1) the medical cannabis cultivation center
11 registration, medical cannabis dispensary registration, or
12 the property of a registration is transferred as a result
13 of any of the following:

14 (A) bankruptcy, a receivership, or a debt
15 adjustment initiated by or against the initial
16 registration or the substantial owners of the initial
17 registration;

18 (B) cancellation, revocation, or termination of
19 any registration by the Illinois Department of Public
20 Health;

21 (C) a determination by the Illinois Department of
22 Public Health that transfer of the registration is in
23 the best interests of Illinois qualifying patients as
24 defined by the Compassionate Use of Medical Cannabis
25 Program Act;

26 (D) the death of an owner of the equity interest in

1 a registrant;

2 (E) the acquisition of a controlling interest in
3 the stock or substantially all of the assets of a
4 publicly traded company;

5 (F) a transfer by a parent company to a wholly
6 owned subsidiary; or

7 (G) the transfer or sale to or by one person to
8 another person where both persons were initial owners
9 of the registration when the registration was issued;
10 or

11 (2) the cannabis cultivation center registration,
12 medical cannabis dispensary registration, or the
13 controlling interest in a registrant's property is
14 transferred in a transaction to lineal descendants in
15 which no gain or loss is recognized or as a result of a
16 transaction in accordance with Section 351 of the Internal
17 Revenue Code in which no gain or loss is recognized.

18 (p) Pass-through entity tax.

19 (1) For taxable years ending on or after December 31,
20 2021 and beginning prior to January 1, 2026, a partnership
21 (other than a publicly traded partnership under Section
22 7704 of the Internal Revenue Code) or Subchapter S
23 corporation may elect to apply the provisions of this
24 subsection. A separate election shall be made for each
25 taxable year. Such election shall be made at such time,
26 and in such form and manner as prescribed by the

1 Department, and, once made, is irrevocable.

2 (2) Entity-level tax. A partnership or Subchapter S
3 corporation electing to apply the provisions of this
4 subsection shall be subject to a tax for the privilege of
5 earning or receiving income in this State in an amount
6 equal to 4.95% of the taxpayer's net income for the
7 taxable year.

8 (3) Net income defined.

9 (A) In general. For purposes of paragraph (2), the
10 term net income has the same meaning as defined in
11 Section 202 of this Act, except that the following
12 provisions shall not apply:

13 (i) the standard exemption allowed under
14 Section 204;

15 (ii) the deduction for net losses allowed
16 under Section 207;

17 (iii) in the case of an S corporation, the
18 modification under Section 203(b)(2)(S); and

19 (iv) in the case of a partnership, the
20 modifications under Section 203(d)(2)(H) and
21 Section 203(d)(2)(I).

22 (B) Special rule for tiered partnerships. If a
23 taxpayer making the election under paragraph (1) is a
24 partner of another taxpayer making the election under
25 paragraph (1), net income shall be computed as
26 provided in subparagraph (A), except that the taxpayer

1 shall subtract its distributive share of the net
2 income of the electing partnership (including its
3 distributive share of the net income of the electing
4 partnership derived as a distributive share from
5 electing partnerships in which it is a partner).

6 (4) Credit for entity level tax. Each partner or
7 shareholder of a taxpayer making the election under this
8 Section shall be allowed a credit against the tax imposed
9 under subsections (a) and (b) of Section 201 of this Act
10 for the taxable year of the partnership or Subchapter S
11 corporation for which an election is in effect ending
12 within or with the taxable year of the partner or
13 shareholder in an amount equal to 4.95% times the partner
14 or shareholder's distributive share of the net income of
15 the electing partnership or Subchapter S corporation, but
16 not to exceed the partner's or shareholder's share of the
17 tax imposed under paragraph (1) which is actually paid by
18 the partnership or Subchapter S corporation. If the
19 taxpayer is a partnership or Subchapter S corporation that
20 is itself a partner of a partnership making the election
21 under paragraph (1), the credit under this paragraph shall
22 be allowed to the taxpayer's partners or shareholders (or
23 if the partner is a partnership or Subchapter S
24 corporation then its partners or shareholders) in
25 accordance with the determination of income and
26 distributive share of income under Sections 702 and 704

1 and Subchapter S of the Internal Revenue Code. If the
2 amount of the credit allowed under this paragraph exceeds
3 the partner's or shareholder's liability for tax imposed
4 under subsections (a) and (b) of Section 201 of this Act
5 for the taxable year, such excess shall be treated as an
6 overpayment for purposes of Section 909 of this Act.

7 (5) Nonresidents. A nonresident individual who is a
8 partner or shareholder of a partnership or Subchapter S
9 corporation for a taxable year for which an election is in
10 effect under paragraph (1) shall not be required to file
11 an income tax return under this Act for such taxable year
12 if the only source of net income of the individual (or the
13 individual and the individual's spouse in the case of a
14 joint return) is from an entity making the election under
15 paragraph (1) and the credit allowed to the partner or
16 shareholder under paragraph (4) equals or exceeds the
17 individual's liability for the tax imposed under
18 subsections (a) and (b) of Section 201 of this Act for the
19 taxable year.

20 (6) Liability for tax. Except as provided in this
21 paragraph, a partnership or Subchapter S making the
22 election under paragraph (1) is liable for the
23 entity-level tax imposed under paragraph (2). If the
24 electing partnership or corporation fails to pay the full
25 amount of tax deemed assessed under paragraph (2), the
26 partners or shareholders shall be liable to pay the tax

1 assessed (including penalties and interest). Each partner
2 or shareholder shall be liable for the unpaid assessment
3 based on the ratio of the partner's or shareholder's share
4 of the net income of the partnership over the total net
5 income of the partnership. If the partnership or
6 Subchapter S corporation fails to pay the tax assessed
7 (including penalties and interest) and thereafter an
8 amount of such tax is paid by the partners or
9 shareholders, such amount shall not be collected from the
10 partnership or corporation.

11 (7) Foreign tax. For purposes of the credit allowed
12 under Section 601(b)(3) of this Act, tax paid by a
13 partnership or Subchapter S corporation to another state
14 which, as determined by the Department, is substantially
15 similar to the tax imposed under this subsection, shall be
16 considered tax paid by the partner or shareholder to the
17 extent that the partner's or shareholder's share of the
18 income of the partnership or Subchapter S corporation
19 allocated and apportioned to such other state bears to the
20 total income of the partnership or Subchapter S
21 corporation allocated or apportioned to such other state.

22 (8) Suspension of withholding. The provisions of
23 Section 709.5 of this Act shall not apply to a partnership
24 or Subchapter S corporation for the taxable year for which
25 an election under paragraph (1) is in effect.

26 (9) Requirement to pay estimated tax. For each taxable

1 year for which an election under paragraph (1) is in
2 effect, a partnership or Subchapter S corporation is
3 required to pay estimated tax for such taxable year under
4 Sections 803 and 804 of this Act if the amount payable as
5 estimated tax can reasonably be expected to exceed \$500.

6 (10) The provisions of this subsection shall apply
7 only with respect to taxable years for which the
8 limitation on individual deductions applies under Section
9 164(b) (6) of the Internal Revenue Code.

10 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,
11 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;
12 revised 11-18-20.)

13 (Text of Section with the changes made by P.A. 101-8,
14 which did not take effect (see Section 99 of P.A. 101-8))

15 Sec. 201. Tax imposed.

16 (a) In general. A tax measured by net income is hereby
17 imposed on every individual, corporation, trust and estate for
18 each taxable year ending after July 31, 1969 on the privilege
19 of earning or receiving income in or as a resident of this
20 State. Such tax shall be in addition to all other occupation or
21 privilege taxes imposed by this State or by any municipal
22 corporation or political subdivision thereof.

23 (b) Rates. The tax imposed by subsection (a) of this
24 Section shall be determined as follows, except as adjusted by
25 subsection (d-1):

1 (1) In the case of an individual, trust or estate, for
2 taxable years ending prior to July 1, 1989, an amount
3 equal to 2 1/2% of the taxpayer's net income for the
4 taxable year.

5 (2) In the case of an individual, trust or estate, for
6 taxable years beginning prior to July 1, 1989 and ending
7 after June 30, 1989, an amount equal to the sum of (i) 2
8 1/2% of the taxpayer's net income for the period prior to
9 July 1, 1989, as calculated under Section 202.3, and (ii)
10 3% of the taxpayer's net income for the period after June
11 30, 1989, as calculated under Section 202.3.

12 (3) In the case of an individual, trust or estate, for
13 taxable years beginning after June 30, 1989, and ending
14 prior to January 1, 2011, an amount equal to 3% of the
15 taxpayer's net income for the taxable year.

16 (4) In the case of an individual, trust, or estate,
17 for taxable years beginning prior to January 1, 2011, and
18 ending after December 31, 2010, an amount equal to the sum
19 of (i) 3% of the taxpayer's net income for the period prior
20 to January 1, 2011, as calculated under Section 202.5, and
21 (ii) 5% of the taxpayer's net income for the period after
22 December 31, 2010, as calculated under Section 202.5.

23 (5) In the case of an individual, trust, or estate,
24 for taxable years beginning on or after January 1, 2011,
25 and ending prior to January 1, 2015, an amount equal to 5%
26 of the taxpayer's net income for the taxable year.

1 (5.1) In the case of an individual, trust, or estate,
2 for taxable years beginning prior to January 1, 2015, and
3 ending after December 31, 2014, an amount equal to the sum
4 of (i) 5% of the taxpayer's net income for the period prior
5 to January 1, 2015, as calculated under Section 202.5, and
6 (ii) 3.75% of the taxpayer's net income for the period
7 after December 31, 2014, as calculated under Section
8 202.5.

9 (5.2) In the case of an individual, trust, or estate,
10 for taxable years beginning on or after January 1, 2015,
11 and ending prior to July 1, 2017, an amount equal to 3.75%
12 of the taxpayer's net income for the taxable year.

13 (5.3) In the case of an individual, trust, or estate,
14 for taxable years beginning prior to July 1, 2017, and
15 ending after June 30, 2017, an amount equal to the sum of
16 (i) 3.75% of the taxpayer's net income for the period
17 prior to July 1, 2017, as calculated under Section 202.5,
18 and (ii) 4.95% of the taxpayer's net income for the period
19 after June 30, 2017, as calculated under Section 202.5.

20 (5.4) In the case of an individual, trust, or estate,
21 for taxable years beginning on or after July 1, 2017 ~~and~~
22 ~~beginning prior to January 1, 2021~~, an amount equal to
23 4.95% of the taxpayer's net income for the taxable year.

24 ~~(5.5) In the case of an individual, trust, or estate,~~
25 ~~for taxable years beginning on or after January 1, 2021,~~
26 ~~an amount calculated under the rate structure set forth in~~

1 ~~Section 201.1.~~

2 (6) In the case of a corporation, for taxable years
3 ending prior to July 1, 1989, an amount equal to 4% of the
4 taxpayer's net income for the taxable year.

5 (7) In the case of a corporation, for taxable years
6 beginning prior to July 1, 1989 and ending after June 30,
7 1989, an amount equal to the sum of (i) 4% of the
8 taxpayer's net income for the period prior to July 1,
9 1989, as calculated under Section 202.3, and (ii) 4.8% of
10 the taxpayer's net income for the period after June 30,
11 1989, as calculated under Section 202.3.

12 (8) In the case of a corporation, for taxable years
13 beginning after June 30, 1989, and ending prior to January
14 1, 2011, an amount equal to 4.8% of the taxpayer's net
15 income for the taxable year.

16 (9) In the case of a corporation, for taxable years
17 beginning prior to January 1, 2011, and ending after
18 December 31, 2010, an amount equal to the sum of (i) 4.8%
19 of the taxpayer's net income for the period prior to
20 January 1, 2011, as calculated under Section 202.5, and
21 (ii) 7% of the taxpayer's net income for the period after
22 December 31, 2010, as calculated under Section 202.5.

23 (10) In the case of a corporation, for taxable years
24 beginning on or after January 1, 2011, and ending prior to
25 January 1, 2015, an amount equal to 7% of the taxpayer's
26 net income for the taxable year.

1 (11) In the case of a corporation, for taxable years
2 beginning prior to January 1, 2015, and ending after
3 December 31, 2014, an amount equal to the sum of (i) 7% of
4 the taxpayer's net income for the period prior to January
5 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
6 of the taxpayer's net income for the period after December
7 31, 2014, as calculated under Section 202.5.

8 (12) In the case of a corporation, for taxable years
9 beginning on or after January 1, 2015, and ending prior to
10 July 1, 2017, an amount equal to 5.25% of the taxpayer's
11 net income for the taxable year.

12 (13) In the case of a corporation, for taxable years
13 beginning prior to July 1, 2017, and ending after June 30,
14 2017, an amount equal to the sum of (i) 5.25% of the
15 taxpayer's net income for the period prior to July 1,
16 2017, as calculated under Section 202.5, and (ii) 7% of
17 the taxpayer's net income for the period after June 30,
18 2017, as calculated under Section 202.5.

19 (14) In the case of a corporation, for taxable years
20 beginning on or after July 1, 2017 ~~and beginning prior to~~
21 ~~January 1, 2021~~, an amount equal to 7% of the taxpayer's
22 net income for the taxable year.

23 ~~(15) In the case of a corporation, for taxable years~~
24 ~~beginning on or after January 1, 2021, an amount equal to~~
25 ~~7.99% of the taxpayer's net income for the taxable year.~~

26 The rates under this subsection (b) are subject to the

1 provisions of Section 201.5.

2 (b-5) Surcharge; sale or exchange of assets, properties,
3 and intangibles of organization gaming licensees. For each of
4 taxable years 2019 through 2027, a surcharge is imposed on all
5 taxpayers on income arising from the sale or exchange of
6 capital assets, depreciable business property, real property
7 used in the trade or business, and Section 197 intangibles (i)
8 of an organization licensee under the Illinois Horse Racing
9 Act of 1975 and (ii) of an organization gaming licensee under
10 the Illinois Gambling Act. The amount of the surcharge is
11 equal to the amount of federal income tax liability for the
12 taxable year attributable to those sales and exchanges. The
13 surcharge imposed shall not apply if:

14 (1) the organization gaming license, organization
15 license, or racetrack property is transferred as a result
16 of any of the following:

17 (A) bankruptcy, a receivership, or a debt
18 adjustment initiated by or against the initial
19 licensee or the substantial owners of the initial
20 licensee;

21 (B) cancellation, revocation, or termination of
22 any such license by the Illinois Gaming Board or the
23 Illinois Racing Board;

24 (C) a determination by the Illinois Gaming Board
25 that transfer of the license is in the best interests
26 of Illinois gaming;

1 (D) the death of an owner of the equity interest in
2 a licensee;

3 (E) the acquisition of a controlling interest in
4 the stock or substantially all of the assets of a
5 publicly traded company;

6 (F) a transfer by a parent company to a wholly
7 owned subsidiary; or

8 (G) the transfer or sale to or by one person to
9 another person where both persons were initial owners
10 of the license when the license was issued; or

11 (2) the controlling interest in the organization
12 gaming license, organization license, or racetrack
13 property is transferred in a transaction to lineal
14 descendants in which no gain or loss is recognized or as a
15 result of a transaction in accordance with Section 351 of
16 the Internal Revenue Code in which no gain or loss is
17 recognized; or

18 (3) live horse racing was not conducted in 2010 at a
19 racetrack located within 3 miles of the Mississippi River
20 under a license issued pursuant to the Illinois Horse
21 Racing Act of 1975.

22 The transfer of an organization gaming license,
23 organization license, or racetrack property by a person other
24 than the initial licensee to receive the organization gaming
25 license is not subject to a surcharge. The Department shall
26 adopt rules necessary to implement and administer this

1 subsection.

2 (c) Personal Property Tax Replacement Income Tax.
3 Beginning on July 1, 1979 and thereafter, in addition to such
4 income tax, there is also hereby imposed the Personal Property
5 Tax Replacement Income Tax measured by net income on every
6 corporation (including Subchapter S corporations), partnership
7 and trust, for each taxable year ending after June 30, 1979.
8 Such taxes are imposed on the privilege of earning or
9 receiving income in or as a resident of this State. The
10 Personal Property Tax Replacement Income Tax shall be in
11 addition to the income tax imposed by subsections (a) and (b)
12 of this Section and in addition to all other occupation or
13 privilege taxes imposed by this State or by any municipal
14 corporation or political subdivision thereof.

15 (d) Additional Personal Property Tax Replacement Income
16 Tax Rates. The personal property tax replacement income tax
17 imposed by this subsection and subsection (c) of this Section
18 in the case of a corporation, other than a Subchapter S
19 corporation and except as adjusted by subsection (d-1), shall
20 be an additional amount equal to 2.85% of such taxpayer's net
21 income for the taxable year, except that beginning on January
22 1, 1981, and thereafter, the rate of 2.85% specified in this
23 subsection shall be reduced to 2.5%, and in the case of a
24 partnership, trust or a Subchapter S corporation shall be an
25 additional amount equal to 1.5% of such taxpayer's net income
26 for the taxable year.

1 (d-1) Rate reduction for certain foreign insurers. In the
2 case of a foreign insurer, as defined by Section 35A-5 of the
3 Illinois Insurance Code, whose state or country of domicile
4 imposes on insurers domiciled in Illinois a retaliatory tax
5 (excluding any insurer whose premiums from reinsurance assumed
6 are 50% or more of its total insurance premiums as determined
7 under paragraph (2) of subsection (b) of Section 304, except
8 that for purposes of this determination premiums from
9 reinsurance do not include premiums from inter-affiliate
10 reinsurance arrangements), beginning with taxable years ending
11 on or after December 31, 1999, the sum of the rates of tax
12 imposed by subsections (b) and (d) shall be reduced (but not
13 increased) to the rate at which the total amount of tax imposed
14 under this Act, net of all credits allowed under this Act,
15 shall equal (i) the total amount of tax that would be imposed
16 on the foreign insurer's net income allocable to Illinois for
17 the taxable year by such foreign insurer's state or country of
18 domicile if that net income were subject to all income taxes
19 and taxes measured by net income imposed by such foreign
20 insurer's state or country of domicile, net of all credits
21 allowed or (ii) a rate of zero if no such tax is imposed on
22 such income by the foreign insurer's state of domicile. For
23 the purposes of this subsection (d-1), an inter-affiliate
24 includes a mutual insurer under common management.

25 (1) For the purposes of subsection (d-1), in no event
26 shall the sum of the rates of tax imposed by subsections

1 (b) and (d) be reduced below the rate at which the sum of:

2 (A) the total amount of tax imposed on such
3 foreign insurer under this Act for a taxable year, net
4 of all credits allowed under this Act, plus

5 (B) the privilege tax imposed by Section 409 of
6 the Illinois Insurance Code, the fire insurance
7 company tax imposed by Section 12 of the Fire
8 Investigation Act, and the fire department taxes
9 imposed under Section 11-10-1 of the Illinois
10 Municipal Code,

11 equals 1.25% for taxable years ending prior to December
12 31, 2003, or 1.75% for taxable years ending on or after
13 December 31, 2003, of the net taxable premiums written for
14 the taxable year, as described by subsection (1) of
15 Section 409 of the Illinois Insurance Code. This paragraph
16 will in no event increase the rates imposed under
17 subsections (b) and (d).

18 (2) Any reduction in the rates of tax imposed by this
19 subsection shall be applied first against the rates
20 imposed by subsection (b) and only after the tax imposed
21 by subsection (a) net of all credits allowed under this
22 Section other than the credit allowed under subsection (i)
23 has been reduced to zero, against the rates imposed by
24 subsection (d).

25 This subsection (d-1) is exempt from the provisions of
26 Section 250.

1 (e) Investment credit. A taxpayer shall be allowed a
2 credit against the Personal Property Tax Replacement Income
3 Tax for investment in qualified property.

4 (1) A taxpayer shall be allowed a credit equal to .5%
5 of the basis of qualified property placed in service
6 during the taxable year, provided such property is placed
7 in service on or after July 1, 1984. There shall be allowed
8 an additional credit equal to .5% of the basis of
9 qualified property placed in service during the taxable
10 year, provided such property is placed in service on or
11 after July 1, 1986, and the taxpayer's base employment
12 within Illinois has increased by 1% or more over the
13 preceding year as determined by the taxpayer's employment
14 records filed with the Illinois Department of Employment
15 Security. Taxpayers who are new to Illinois shall be
16 deemed to have met the 1% growth in base employment for the
17 first year in which they file employment records with the
18 Illinois Department of Employment Security. The provisions
19 added to this Section by Public Act 85-1200 (and restored
20 by Public Act 87-895) shall be construed as declaratory of
21 existing law and not as a new enactment. If, in any year,
22 the increase in base employment within Illinois over the
23 preceding year is less than 1%, the additional credit
24 shall be limited to that percentage times a fraction, the
25 numerator of which is .5% and the denominator of which is
26 1%, but shall not exceed .5%. The investment credit shall

1 not be allowed to the extent that it would reduce a
2 taxpayer's liability in any tax year below zero, nor may
3 any credit for qualified property be allowed for any year
4 other than the year in which the property was placed in
5 service in Illinois. For tax years ending on or after
6 December 31, 1987, and on or before December 31, 1988, the
7 credit shall be allowed for the tax year in which the
8 property is placed in service, or, if the amount of the
9 credit exceeds the tax liability for that year, whether it
10 exceeds the original liability or the liability as later
11 amended, such excess may be carried forward and applied to
12 the tax liability of the 5 taxable years following the
13 excess credit years if the taxpayer (i) makes investments
14 which cause the creation of a minimum of 2,000 full-time
15 equivalent jobs in Illinois, (ii) is located in an
16 enterprise zone established pursuant to the Illinois
17 Enterprise Zone Act and (iii) is certified by the
18 Department of Commerce and Community Affairs (now
19 Department of Commerce and Economic Opportunity) as
20 complying with the requirements specified in clause (i)
21 and (ii) by July 1, 1986. The Department of Commerce and
22 Community Affairs (now Department of Commerce and Economic
23 Opportunity) shall notify the Department of Revenue of all
24 such certifications immediately. For tax years ending
25 after December 31, 1988, the credit shall be allowed for
26 the tax year in which the property is placed in service,

1 or, if the amount of the credit exceeds the tax liability
2 for that year, whether it exceeds the original liability
3 or the liability as later amended, such excess may be
4 carried forward and applied to the tax liability of the 5
5 taxable years following the excess credit years. The
6 credit shall be applied to the earliest year for which
7 there is a liability. If there is credit from more than one
8 tax year that is available to offset a liability, earlier
9 credit shall be applied first.

10 (2) The term "qualified property" means property
11 which:

12 (A) is tangible, whether new or used, including
13 buildings and structural components of buildings and
14 signs that are real property, but not including land
15 or improvements to real property that are not a
16 structural component of a building such as
17 landscaping, sewer lines, local access roads, fencing,
18 parking lots, and other appurtenances;

19 (B) is depreciable pursuant to Section 167 of the
20 Internal Revenue Code, except that "3-year property"
21 as defined in Section 168(c)(2)(A) of that Code is not
22 eligible for the credit provided by this subsection
23 (e);

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code;

26 (D) is used in Illinois by a taxpayer who is

1 primarily engaged in manufacturing, or in mining coal
2 or fluorite, or in retailing, or was placed in service
3 on or after July 1, 2006 in a River Edge Redevelopment
4 Zone established pursuant to the River Edge
5 Redevelopment Zone Act; and

6 (E) has not previously been used in Illinois in
7 such a manner and by such a person as would qualify for
8 the credit provided by this subsection (e) or
9 subsection (f).

10 (3) For purposes of this subsection (e),
11 "manufacturing" means the material staging and production
12 of tangible personal property by procedures commonly
13 regarded as manufacturing, processing, fabrication, or
14 assembling which changes some existing material into new
15 shapes, new qualities, or new combinations. For purposes
16 of this subsection (e) the term "mining" shall have the
17 same meaning as the term "mining" in Section 613(c) of the
18 Internal Revenue Code. For purposes of this subsection
19 (e), the term "retailing" means the sale of tangible
20 personal property for use or consumption and not for
21 resale, or services rendered in conjunction with the sale
22 of tangible personal property for use or consumption and
23 not for resale. For purposes of this subsection (e),
24 "tangible personal property" has the same meaning as when
25 that term is used in the Retailers' Occupation Tax Act,
26 and, for taxable years ending after December 31, 2008,

1 does not include the generation, transmission, or
2 distribution of electricity.

3 (4) The basis of qualified property shall be the basis
4 used to compute the depreciation deduction for federal
5 income tax purposes.

6 (5) If the basis of the property for federal income
7 tax depreciation purposes is increased after it has been
8 placed in service in Illinois by the taxpayer, the amount
9 of such increase shall be deemed property placed in
10 service on the date of such increase in basis.

11 (6) The term "placed in service" shall have the same
12 meaning as under Section 46 of the Internal Revenue Code.

13 (7) If during any taxable year, any property ceases to
14 be qualified property in the hands of the taxpayer within
15 48 months after being placed in service, or the situs of
16 any qualified property is moved outside Illinois within 48
17 months after being placed in service, the Personal
18 Property Tax Replacement Income Tax for such taxable year
19 shall be increased. Such increase shall be determined by
20 (i) recomputing the investment credit which would have
21 been allowed for the year in which credit for such
22 property was originally allowed by eliminating such
23 property from such computation and, (ii) subtracting such
24 recomputed credit from the amount of credit previously
25 allowed. For the purposes of this paragraph (7), a
26 reduction of the basis of qualified property resulting

1 from a redetermination of the purchase price shall be
2 deemed a disposition of qualified property to the extent
3 of such reduction.

4 (8) Unless the investment credit is extended by law,
5 the basis of qualified property shall not include costs
6 incurred after December 31, 2018, except for costs
7 incurred pursuant to a binding contract entered into on or
8 before December 31, 2018.

9 (9) Each taxable year ending before December 31, 2000,
10 a partnership may elect to pass through to its partners
11 the credits to which the partnership is entitled under
12 this subsection (e) for the taxable year. A partner may
13 use the credit allocated to him or her under this
14 paragraph only against the tax imposed in subsections (c)
15 and (d) of this Section. If the partnership makes that
16 election, those credits shall be allocated among the
17 partners in the partnership in accordance with the rules
18 set forth in Section 704(b) of the Internal Revenue Code,
19 and the rules promulgated under that Section, and the
20 allocated amount of the credits shall be allowed to the
21 partners for that taxable year. The partnership shall make
22 this election on its Personal Property Tax Replacement
23 Income Tax return for that taxable year. The election to
24 pass through the credits shall be irrevocable.

25 For taxable years ending on or after December 31,
26 2000, a partner that qualifies its partnership for a

1 subtraction under subparagraph (I) of paragraph (2) of
2 subsection (d) of Section 203 or a shareholder that
3 qualifies a Subchapter S corporation for a subtraction
4 under subparagraph (S) of paragraph (2) of subsection (b)
5 of Section 203 shall be allowed a credit under this
6 subsection (e) equal to its share of the credit earned
7 under this subsection (e) during the taxable year by the
8 partnership or Subchapter S corporation, determined in
9 accordance with the determination of income and
10 distributive share of income under Sections 702 and 704
11 and Subchapter S of the Internal Revenue Code. This
12 paragraph is exempt from the provisions of Section 250.

13 (f) Investment credit; Enterprise Zone; River Edge
14 Redevelopment Zone.

15 (1) A taxpayer shall be allowed a credit against the
16 tax imposed by subsections (a) and (b) of this Section for
17 investment in qualified property which is placed in
18 service in an Enterprise Zone created pursuant to the
19 Illinois Enterprise Zone Act or, for property placed in
20 service on or after July 1, 2006, a River Edge
21 Redevelopment Zone established pursuant to the River Edge
22 Redevelopment Zone Act. For partners, shareholders of
23 Subchapter S corporations, and owners of limited liability
24 companies, if the liability company is treated as a
25 partnership for purposes of federal and State income
26 taxation, there shall be allowed a credit under this

1 subsection (f) to be determined in accordance with the
2 determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the
4 Internal Revenue Code. The credit shall be .5% of the
5 basis for such property. The credit shall be available
6 only in the taxable year in which the property is placed in
7 service in the Enterprise Zone or River Edge Redevelopment
8 Zone and shall not be allowed to the extent that it would
9 reduce a taxpayer's liability for the tax imposed by
10 subsections (a) and (b) of this Section to below zero. For
11 tax years ending on or after December 31, 1985, the credit
12 shall be allowed for the tax year in which the property is
13 placed in service, or, if the amount of the credit exceeds
14 the tax liability for that year, whether it exceeds the
15 original liability or the liability as later amended, such
16 excess may be carried forward and applied to the tax
17 liability of the 5 taxable years following the excess
18 credit year. The credit shall be applied to the earliest
19 year for which there is a liability. If there is credit
20 from more than one tax year that is available to offset a
21 liability, the credit accruing first in time shall be
22 applied first.

23 (2) The term qualified property means property which:

24 (A) is tangible, whether new or used, including
25 buildings and structural components of buildings;

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"
2 as defined in Section 168(c)(2)(A) of that Code is not
3 eligible for the credit provided by this subsection
4 (f);

5 (C) is acquired by purchase as defined in Section
6 179(d) of the Internal Revenue Code;

7 (D) is used in the Enterprise Zone or River Edge
8 Redevelopment Zone by the taxpayer; and

9 (E) has not been previously used in Illinois in
10 such a manner and by such a person as would qualify for
11 the credit provided by this subsection (f) or
12 subsection (e).

13 (3) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

16 (4) If the basis of the property for federal income
17 tax depreciation purposes is increased after it has been
18 placed in service in the Enterprise Zone or River Edge
19 Redevelopment Zone by the taxpayer, the amount of such
20 increase shall be deemed property placed in service on the
21 date of such increase in basis.

22 (5) The term "placed in service" shall have the same
23 meaning as under Section 46 of the Internal Revenue Code.

24 (6) If during any taxable year, any property ceases to
25 be qualified property in the hands of the taxpayer within
26 48 months after being placed in service, or the situs of

1 any qualified property is moved outside the Enterprise
2 Zone or River Edge Redevelopment Zone within 48 months
3 after being placed in service, the tax imposed under
4 subsections (a) and (b) of this Section for such taxable
5 year shall be increased. Such increase shall be determined
6 by (i) recomputing the investment credit which would have
7 been allowed for the year in which credit for such
8 property was originally allowed by eliminating such
9 property from such computation, and (ii) subtracting such
10 recomputed credit from the amount of credit previously
11 allowed. For the purposes of this paragraph (6), a
12 reduction of the basis of qualified property resulting
13 from a redetermination of the purchase price shall be
14 deemed a disposition of qualified property to the extent
15 of such reduction.

16 (7) There shall be allowed an additional credit equal
17 to 0.5% of the basis of qualified property placed in
18 service during the taxable year in a River Edge
19 Redevelopment Zone, provided such property is placed in
20 service on or after July 1, 2006, and the taxpayer's base
21 employment within Illinois has increased by 1% or more
22 over the preceding year as determined by the taxpayer's
23 employment records filed with the Illinois Department of
24 Employment Security. Taxpayers who are new to Illinois
25 shall be deemed to have met the 1% growth in base
26 employment for the first year in which they file

1 employment records with the Illinois Department of
2 Employment Security. If, in any year, the increase in base
3 employment within Illinois over the preceding year is less
4 than 1%, the additional credit shall be limited to that
5 percentage times a fraction, the numerator of which is
6 0.5% and the denominator of which is 1%, but shall not
7 exceed 0.5%.

8 (8) For taxable years beginning on or after January 1,
9 2021, there shall be allowed an Enterprise Zone
10 construction jobs credit against the taxes imposed under
11 subsections (a) and (b) of this Section as provided in
12 Section 13 of the Illinois Enterprise Zone Act.

13 The credit or credits may not reduce the taxpayer's
14 liability to less than zero. If the amount of the credit or
15 credits exceeds the taxpayer's liability, the excess may
16 be carried forward and applied against the taxpayer's
17 liability in succeeding calendar years in the same manner
18 provided under paragraph (4) of Section 211 of this Act.
19 The credit or credits shall be applied to the earliest
20 year for which there is a tax liability. If there are
21 credits from more than one taxable year that are available
22 to offset a liability, the earlier credit shall be applied
23 first.

24 For partners, shareholders of Subchapter S
25 corporations, and owners of limited liability companies,
26 if the liability company is treated as a partnership for

1 the purposes of federal and State income taxation, there
2 shall be allowed a credit under this Section to be
3 determined in accordance with the determination of income
4 and distributive share of income under Sections 702 and
5 704 and Subchapter S of the Internal Revenue Code.

6 The total aggregate amount of credits awarded under
7 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
8 ~~this amendatory Act of the 101st General Assembly~~) shall
9 not exceed \$20,000,000 in any State fiscal year.

10 This paragraph (8) is exempt from the provisions of
11 Section 250.

12 (g) (Blank).

13 (h) Investment credit; High Impact Business.

14 (1) Subject to subsections (b) and (b-5) of Section
15 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
16 be allowed a credit against the tax imposed by subsections
17 (a) and (b) of this Section for investment in qualified
18 property which is placed in service by a Department of
19 Commerce and Economic Opportunity designated High Impact
20 Business. The credit shall be .5% of the basis for such
21 property. The credit shall not be available (i) until the
22 minimum investments in qualified property set forth in
23 subdivision (a)(3)(A) of Section 5.5 of the Illinois
24 Enterprise Zone Act have been satisfied or (ii) until the
25 time authorized in subsection (b-5) of the Illinois
26 Enterprise Zone Act for entities designated as High Impact

1 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
2 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
3 Act, and shall not be allowed to the extent that it would
4 reduce a taxpayer's liability for the tax imposed by
5 subsections (a) and (b) of this Section to below zero. The
6 credit applicable to such investments shall be taken in
7 the taxable year in which such investments have been
8 completed. The credit for additional investments beyond
9 the minimum investment by a designated high impact
10 business authorized under subdivision (a)(3)(A) of Section
11 5.5 of the Illinois Enterprise Zone Act shall be available
12 only in the taxable year in which the property is placed in
13 service and shall not be allowed to the extent that it
14 would reduce a taxpayer's liability for the tax imposed by
15 subsections (a) and (b) of this Section to below zero. For
16 tax years ending on or after December 31, 1987, the credit
17 shall be allowed for the tax year in which the property is
18 placed in service, or, if the amount of the credit exceeds
19 the tax liability for that year, whether it exceeds the
20 original liability or the liability as later amended, such
21 excess may be carried forward and applied to the tax
22 liability of the 5 taxable years following the excess
23 credit year. The credit shall be applied to the earliest
24 year for which there is a liability. If there is credit
25 from more than one tax year that is available to offset a
26 liability, the credit accruing first in time shall be

1 applied first.

2 Changes made in this subdivision (h) (1) by Public Act
3 88-670 restore changes made by Public Act 85-1182 and
4 reflect existing law.

5 (2) The term qualified property means property which:

6 (A) is tangible, whether new or used, including
7 buildings and structural components of buildings;

8 (B) is depreciable pursuant to Section 167 of the
9 Internal Revenue Code, except that "3-year property"
10 as defined in Section 168(c) (2) (A) of that Code is not
11 eligible for the credit provided by this subsection
12 (h);

13 (C) is acquired by purchase as defined in Section
14 179(d) of the Internal Revenue Code; and

15 (D) is not eligible for the Enterprise Zone
16 Investment Credit provided by subsection (f) of this
17 Section.

18 (3) The basis of qualified property shall be the basis
19 used to compute the depreciation deduction for federal
20 income tax purposes.

21 (4) If the basis of the property for federal income
22 tax depreciation purposes is increased after it has been
23 placed in service in a federally designated Foreign Trade
24 Zone or Sub-Zone located in Illinois by the taxpayer, the
25 amount of such increase shall be deemed property placed in
26 service on the date of such increase in basis.

1 (5) The term "placed in service" shall have the same
2 meaning as under Section 46 of the Internal Revenue Code.

3 (6) If during any taxable year ending on or before
4 December 31, 1996, any property ceases to be qualified
5 property in the hands of the taxpayer within 48 months
6 after being placed in service, or the situs of any
7 qualified property is moved outside Illinois within 48
8 months after being placed in service, the tax imposed
9 under subsections (a) and (b) of this Section for such
10 taxable year shall be increased. Such increase shall be
11 determined by (i) recomputing the investment credit which
12 would have been allowed for the year in which credit for
13 such property was originally allowed by eliminating such
14 property from such computation, and (ii) subtracting such
15 recomputed credit from the amount of credit previously
16 allowed. For the purposes of this paragraph (6), a
17 reduction of the basis of qualified property resulting
18 from a redetermination of the purchase price shall be
19 deemed a disposition of qualified property to the extent
20 of such reduction.

21 (7) Beginning with tax years ending after December 31,
22 1996, if a taxpayer qualifies for the credit under this
23 subsection (h) and thereby is granted a tax abatement and
24 the taxpayer relocates its entire facility in violation of
25 the explicit terms and length of the contract under
26 Section 18-183 of the Property Tax Code, the tax imposed

1 under subsections (a) and (b) of this Section shall be
2 increased for the taxable year in which the taxpayer
3 relocated its facility by an amount equal to the amount of
4 credit received by the taxpayer under this subsection (h).

5 (h-5) High Impact Business construction ~~constructions~~ jobs
6 credit. For taxable years beginning on or after January 1,
7 2021, there shall also be allowed a High Impact Business
8 construction jobs credit against the tax imposed under
9 subsections (a) and (b) of this Section as provided in
10 subsections (i) and (j) of Section 5.5 of the Illinois
11 Enterprise Zone Act.

12 The credit or credits may not reduce the taxpayer's
13 liability to less than zero. If the amount of the credit or
14 credits exceeds the taxpayer's liability, the excess may be
15 carried forward and applied against the taxpayer's liability
16 in succeeding calendar years in the manner provided under
17 paragraph (4) of Section 211 of this Act. The credit or credits
18 shall be applied to the earliest year for which there is a tax
19 liability. If there are credits from more than one taxable
20 year that are available to offset a liability, the earlier
21 credit shall be applied first.

22 For partners, shareholders of Subchapter S corporations,
23 and owners of limited liability companies, if the liability
24 company is treated as a partnership for the purposes of
25 federal and State income taxation, there shall be allowed a
26 credit under this Section to be determined in accordance with

1 the determination of income and distributive share of income
2 under Sections 702 and 704 and Subchapter S of the Internal
3 Revenue Code.

4 The total aggregate amount of credits awarded under the
5 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
6 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
7 \$20,000,000 in any State fiscal year.

8 This subsection (h-5) is exempt from the provisions of
9 Section 250.

10 (i) Credit for Personal Property Tax Replacement Income
11 Tax. For tax years ending prior to December 31, 2003, a credit
12 shall be allowed against the tax imposed by subsections (a)
13 and (b) of this Section for the tax imposed by subsections (c)
14 and (d) of this Section. This credit shall be computed by
15 multiplying the tax imposed by subsections (c) and (d) of this
16 Section by a fraction, the numerator of which is base income
17 allocable to Illinois and the denominator of which is Illinois
18 base income, and further multiplying the product by the tax
19 rate imposed by subsections (a) and (b) of this Section.

20 Any credit earned on or after December 31, 1986 under this
21 subsection which is unused in the year the credit is computed
22 because it exceeds the tax liability imposed by subsections
23 (a) and (b) for that year (whether it exceeds the original
24 liability or the liability as later amended) may be carried
25 forward and applied to the tax liability imposed by
26 subsections (a) and (b) of the 5 taxable years following the

1 excess credit year, provided that no credit may be carried
2 forward to any year ending on or after December 31, 2003. This
3 credit shall be applied first to the earliest year for which
4 there is a liability. If there is a credit under this
5 subsection from more than one tax year that is available to
6 offset a liability the earliest credit arising under this
7 subsection shall be applied first.

8 If, during any taxable year ending on or after December
9 31, 1986, the tax imposed by subsections (c) and (d) of this
10 Section for which a taxpayer has claimed a credit under this
11 subsection (i) is reduced, the amount of credit for such tax
12 shall also be reduced. Such reduction shall be determined by
13 recomputing the credit to take into account the reduced tax
14 imposed by subsections (c) and (d). If any portion of the
15 reduced amount of credit has been carried to a different
16 taxable year, an amended return shall be filed for such
17 taxable year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years
19 ending on or after December 31, 1986 and prior to December 31,
20 2003, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) under this Section for all
22 amounts paid or accrued, on behalf of all persons employed by
23 the taxpayer in Illinois or Illinois residents employed
24 outside of Illinois by a taxpayer, for educational or
25 vocational training in semi-technical or technical fields or
26 semi-skilled or skilled fields, which were deducted from gross

1 income in the computation of taxable income. The credit
2 against the tax imposed by subsections (a) and (b) shall be
3 1.6% of such training expenses. For partners, shareholders of
4 subchapter S corporations, and owners of limited liability
5 companies, if the liability company is treated as a
6 partnership for purposes of federal and State income taxation,
7 there shall be allowed a credit under this subsection (j) to be
8 determined in accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

11 Any credit allowed under this subsection which is unused
12 in the year the credit is earned may be carried forward to each
13 of the 5 taxable years following the year for which the credit
14 is first computed until it is used. This credit shall be
15 applied first to the earliest year for which there is a
16 liability. If there is a credit under this subsection from
17 more than one tax year that is available to offset a liability,
18 the earliest credit arising under this subsection shall be
19 applied first. No carryforward credit may be claimed in any
20 tax year ending on or after December 31, 2003.

21 (k) Research and development credit. For tax years ending
22 after July 1, 1990 and prior to December 31, 2003, and
23 beginning again for tax years ending on or after December 31,
24 2004, and ending prior to January 1, 2027, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections (a)
26 and (b) of this Section for increasing research activities in

1 this State. The credit allowed against the tax imposed by
2 subsections (a) and (b) shall be equal to 6 1/2% of the
3 qualifying expenditures for increasing research activities in
4 this State. For partners, shareholders of subchapter S
5 corporations, and owners of limited liability companies, if
6 the liability company is treated as a partnership for purposes
7 of federal and State income taxation, there shall be allowed a
8 credit under this subsection to be determined in accordance
9 with the determination of income and distributive share of
10 income under Sections 702 and 704 and subchapter S of the
11 Internal Revenue Code.

12 For purposes of this subsection, "qualifying expenditures"
13 means the qualifying expenditures as defined for the federal
14 credit for increasing research activities which would be
15 allowable under Section 41 of the Internal Revenue Code and
16 which are conducted in this State, "qualifying expenditures
17 for increasing research activities in this State" means the
18 excess of qualifying expenditures for the taxable year in
19 which incurred over qualifying expenditures for the base
20 period, "qualifying expenditures for the base period" means
21 the average of the qualifying expenditures for each year in
22 the base period, and "base period" means the 3 taxable years
23 immediately preceding the taxable year for which the
24 determination is being made.

25 Any credit in excess of the tax liability for the taxable
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over
2 as a credit against the tax liability for the following 5
3 taxable years or until it has been fully used, whichever
4 occurs first; provided that no credit earned in a tax year
5 ending prior to December 31, 2003 may be carried forward to any
6 year ending on or after December 31, 2003.

7 If an unused credit is carried forward to a given year from
8 2 or more earlier years, that credit arising in the earliest
9 year will be applied first against the tax liability for the
10 given year. If a tax liability for the given year still
11 remains, the credit from the next earliest year will then be
12 applied, and so on, until all credits have been used or no tax
13 liability for the given year remains. Any remaining unused
14 credit or credits then will be carried forward to the next
15 following year in which a tax liability is incurred, except
16 that no credit can be carried forward to a year which is more
17 than 5 years after the year in which the expense for which the
18 credit is given was incurred.

19 No inference shall be drawn from Public Act 91-644 ~~this~~
20 ~~amendatory Act of the 91st General Assembly~~ in construing this
21 Section for taxable years beginning before January 1, 1999.

22 It is the intent of the General Assembly that the research
23 and development credit under this subsection (k) shall apply
24 continuously for all tax years ending on or after December 31,
25 2004 and ending prior to January 1, 2027, including, but not
26 limited to, the period beginning on January 1, 2016 and ending

1 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
2 ~~amendatory Act of the 100th General Assembly~~. All actions
3 taken in reliance on the continuation of the credit under this
4 subsection (k) by any taxpayer are hereby validated.

5 (1) Environmental Remediation Tax Credit.

6 (i) For tax years ending after December 31, 1997 and
7 on or before December 31, 2001, a taxpayer shall be
8 allowed a credit against the tax imposed by subsections
9 (a) and (b) of this Section for certain amounts paid for
10 unreimbursed eligible remediation costs, as specified in
11 this subsection. For purposes of this Section,
12 "unreimbursed eligible remediation costs" means costs
13 approved by the Illinois Environmental Protection Agency
14 ("Agency") under Section 58.14 of the Environmental
15 Protection Act that were paid in performing environmental
16 remediation at a site for which a No Further Remediation
17 Letter was issued by the Agency and recorded under Section
18 58.10 of the Environmental Protection Act. The credit must
19 be claimed for the taxable year in which Agency approval
20 of the eligible remediation costs is granted. The credit
21 is not available to any taxpayer if the taxpayer or any
22 related party caused or contributed to, in any material
23 respect, a release of regulated substances on, in, or
24 under the site that was identified and addressed by the
25 remedial action pursuant to the Site Remediation Program
26 of the Environmental Protection Act. After the Pollution

1 Control Board rules are adopted pursuant to the Illinois
2 Administrative Procedure Act for the administration and
3 enforcement of Section 58.9 of the Environmental
4 Protection Act, determinations as to credit availability
5 for purposes of this Section shall be made consistent with
6 those rules. For purposes of this Section, "taxpayer"
7 includes a person whose tax attributes the taxpayer has
8 succeeded to under Section 381 of the Internal Revenue
9 Code and "related party" includes the persons disallowed a
10 deduction for losses by paragraphs (b), (c), and (f) (1) of
11 Section 267 of the Internal Revenue Code by virtue of
12 being a related taxpayer, as well as any of its partners.
13 The credit allowed against the tax imposed by subsections
14 (a) and (b) shall be equal to 25% of the unreimbursed
15 eligible remediation costs in excess of \$100,000 per site,
16 except that the \$100,000 threshold shall not apply to any
17 site contained in an enterprise zone as determined by the
18 Department of Commerce and Community Affairs (now
19 Department of Commerce and Economic Opportunity). The
20 total credit allowed shall not exceed \$40,000 per year
21 with a maximum total of \$150,000 per site. For partners
22 and shareholders of subchapter S corporations, there shall
23 be allowed a credit under this subsection to be determined
24 in accordance with the determination of income and
25 distributive share of income under Sections 702 and 704
26 and subchapter S of the Internal Revenue Code.

1 (ii) A credit allowed under this subsection that is
2 unused in the year the credit is earned may be carried
3 forward to each of the 5 taxable years following the year
4 for which the credit is first earned until it is used. The
5 term "unused credit" does not include any amounts of
6 unreimbursed eligible remediation costs in excess of the
7 maximum credit per site authorized under paragraph (i).
8 This credit shall be applied first to the earliest year
9 for which there is a liability. If there is a credit under
10 this subsection from more than one tax year that is
11 available to offset a liability, the earliest credit
12 arising under this subsection shall be applied first. A
13 credit allowed under this subsection may be sold to a
14 buyer as part of a sale of all or part of the remediation
15 site for which the credit was granted. The purchaser of a
16 remediation site and the tax credit shall succeed to the
17 unused credit and remaining carry-forward period of the
18 seller. To perfect the transfer, the assignor shall record
19 the transfer in the chain of title for the site and provide
20 written notice to the Director of the Illinois Department
21 of Revenue of the assignor's intent to sell the
22 remediation site and the amount of the tax credit to be
23 transferred as a portion of the sale. In no event may a
24 credit be transferred to any taxpayer if the taxpayer or a
25 related party would not be eligible under the provisions
26 of subsection (i).

1 (iii) For purposes of this Section, the term "site"
2 shall have the same meaning as under Section 58.2 of the
3 Environmental Protection Act.

4 (m) Education expense credit. Beginning with tax years
5 ending after December 31, 1999, a taxpayer who is the
6 custodian of one or more qualifying pupils shall be allowed a
7 credit against the tax imposed by subsections (a) and (b) of
8 this Section for qualified education expenses incurred on
9 behalf of the qualifying pupils. The credit shall be equal to
10 25% of qualified education expenses, but in no event may the
11 total credit under this subsection claimed by a family that is
12 the custodian of qualifying pupils exceed (i) \$500 for tax
13 years ending prior to December 31, 2017, and (ii) \$750 for tax
14 years ending on or after December 31, 2017. In no event shall a
15 credit under this subsection reduce the taxpayer's liability
16 under this Act to less than zero. Notwithstanding any other
17 provision of law, for taxable years beginning on or after
18 January 1, 2017, no taxpayer may claim a credit under this
19 subsection (m) if the taxpayer's adjusted gross income for the
20 taxable year exceeds (i) \$500,000, in the case of spouses
21 filing a joint federal tax return or (ii) \$250,000, in the case
22 of all other taxpayers. This subsection is exempt from the
23 provisions of Section 250 of this Act.

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten
4 through twelfth grade education program at any school, as
5 defined in this subsection.

6 "Qualified education expense" means the amount incurred on
7 behalf of a qualifying pupil in excess of \$250 for tuition,
8 book fees, and lab fees at the school in which the pupil is
9 enrolled during the regular school year.

10 "School" means any public or nonpublic elementary or
11 secondary school in Illinois that is in compliance with Title
12 VI of the Civil Rights Act of 1964 and attendance at which
13 satisfies the requirements of Section 26-1 of the School Code,
14 except that nothing shall be construed to require a child to
15 attend any particular public or nonpublic school to qualify
16 for the credit under this Section.

17 "Custodian" means, with respect to qualifying pupils, an
18 Illinois resident who is a parent, the parents, a legal
19 guardian, or the legal guardians of the qualifying pupils.

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

22 (i) For tax years ending on or after December 31,
23 2006, a taxpayer shall be allowed a credit against the tax
24 imposed by subsections (a) and (b) of this Section for
25 certain amounts paid for unreimbursed eligible remediation
26 costs, as specified in this subsection. For purposes of

1 this Section, "unreimbursed eligible remediation costs"
2 means costs approved by the Illinois Environmental
3 Protection Agency ("Agency") under Section 58.14a of the
4 Environmental Protection Act that were paid in performing
5 environmental remediation at a site within a River Edge
6 Redevelopment Zone for which a No Further Remediation
7 Letter was issued by the Agency and recorded under Section
8 58.10 of the Environmental Protection Act. The credit must
9 be claimed for the taxable year in which Agency approval
10 of the eligible remediation costs is granted. The credit
11 is not available to any taxpayer if the taxpayer or any
12 related party caused or contributed to, in any material
13 respect, a release of regulated substances on, in, or
14 under the site that was identified and addressed by the
15 remedial action pursuant to the Site Remediation Program
16 of the Environmental Protection Act. Determinations as to
17 credit availability for purposes of this Section shall be
18 made consistent with rules adopted by the Pollution
19 Control Board pursuant to the Illinois Administrative
20 Procedure Act for the administration and enforcement of
21 Section 58.9 of the Environmental Protection Act. For
22 purposes of this Section, "taxpayer" includes a person
23 whose tax attributes the taxpayer has succeeded to under
24 Section 381 of the Internal Revenue Code and "related
25 party" includes the persons disallowed a deduction for
26 losses by paragraphs (b), (c), and (f)(1) of Section 267

1 of the Internal Revenue Code by virtue of being a related
2 taxpayer, as well as any of its partners. The credit
3 allowed against the tax imposed by subsections (a) and (b)
4 shall be equal to 25% of the unreimbursed eligible
5 remediation costs in excess of \$100,000 per site.

6 (ii) A credit allowed under this subsection that is
7 unused in the year the credit is earned may be carried
8 forward to each of the 5 taxable years following the year
9 for which the credit is first earned until it is used. This
10 credit shall be applied first to the earliest year for
11 which there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available
13 to offset a liability, the earliest credit arising under
14 this subsection shall be applied first. A credit allowed
15 under this subsection may be sold to a buyer as part of a
16 sale of all or part of the remediation site for which the
17 credit was granted. The purchaser of a remediation site
18 and the tax credit shall succeed to the unused credit and
19 remaining carry-forward period of the seller. To perfect
20 the transfer, the assignor shall record the transfer in
21 the chain of title for the site and provide written notice
22 to the Director of the Illinois Department of Revenue of
23 the assignor's intent to sell the remediation site and the
24 amount of the tax credit to be transferred as a portion of
25 the sale. In no event may a credit be transferred to any
26 taxpayer if the taxpayer or a related party would not be

1 eligible under the provisions of subsection (i).

2 (iii) For purposes of this Section, the term "site"
3 shall have the same meaning as under Section 58.2 of the
4 Environmental Protection Act.

5 (o) For each of taxable years during the Compassionate Use
6 of Medical Cannabis Program, a surcharge is imposed on all
7 taxpayers on income arising from the sale or exchange of
8 capital assets, depreciable business property, real property
9 used in the trade or business, and Section 197 intangibles of
10 an organization registrant under the Compassionate Use of
11 Medical Cannabis Program Act. The amount of the surcharge is
12 equal to the amount of federal income tax liability for the
13 taxable year attributable to those sales and exchanges. The
14 surcharge imposed does not apply if:

15 (1) the medical cannabis cultivation center
16 registration, medical cannabis dispensary registration, or
17 the property of a registration is transferred as a result
18 of any of the following:

19 (A) bankruptcy, a receivership, or a debt
20 adjustment initiated by or against the initial
21 registration or the substantial owners of the initial
22 registration;

23 (B) cancellation, revocation, or termination of
24 any registration by the Illinois Department of Public
25 Health;

26 (C) a determination by the Illinois Department of

1 Public Health that transfer of the registration is in
2 the best interests of Illinois qualifying patients as
3 defined by the Compassionate Use of Medical Cannabis
4 Program Act;

5 (D) the death of an owner of the equity interest in
6 a registrant;

7 (E) the acquisition of a controlling interest in
8 the stock or substantially all of the assets of a
9 publicly traded company;

10 (F) a transfer by a parent company to a wholly
11 owned subsidiary; or

12 (G) the transfer or sale to or by one person to
13 another person where both persons were initial owners
14 of the registration when the registration was issued;
15 or

16 (2) the cannabis cultivation center registration,
17 medical cannabis dispensary registration, or the
18 controlling interest in a registrant's property is
19 transferred in a transaction to lineal descendants in
20 which no gain or loss is recognized or as a result of a
21 transaction in accordance with Section 351 of the Internal
22 Revenue Code in which no gain or loss is recognized.

23 (p) Pass-through entity tax.

24 (1) For taxable years ending on or after December 31,
25 2021 and beginning prior to January 1, 2026, a partnership
26 (other than a publicly traded partnership under Section

1 7704 of the Internal Revenue Code) or Subchapter S
2 corporation may elect to apply the provisions of this
3 subsection. A separate election shall be made for each
4 taxable year. Such election shall be made at such time,
5 and in such form and manner as prescribed by the
6 Department, and, once made, is irrevocable.

7 (2) Entity-level tax. A partnership or Subchapter S
8 corporation electing to apply the provisions of this
9 subsection shall be subject to a tax for the privilege of
10 earning or receiving income in this State in an amount
11 equal to 4.95% of the taxpayer's net income for the
12 taxable year.

13 (3) Net income defined.

14 (A) In general. For purposes of paragraph (2), the
15 term net income has the same meaning as defined in
16 Section 202 of this Act, except that the following
17 provisions shall not apply:

18 (i) the standard exemption allowed under
19 Section 204;

20 (ii) the deduction for net losses allowed
21 under Section 207;

22 (iii) in the case of an S corporation, the
23 modification under Section 203(b) (2) (S); and

24 (iv) in the case of a partnership, the
25 modifications under Section 203(d) (2) (H) and
26 Section 203(d) (2) (I).

1 (B) Special rule for tiered partnerships. If a
2 taxpayer making the election under paragraph (1) is a
3 partner of another taxpayer making the election under
4 paragraph (1), net income shall be computed as
5 provided in subparagraph (A), except that the taxpayer
6 shall subtract its distributive share of the net
7 income of the electing partnership (including its
8 distributive share of the net income of the electing
9 partnership derived as a distributive share from
10 electing partnerships in which it is a partner).

11 (4) Credit for entity level tax. Each partner or
12 shareholder of a taxpayer making the election under this
13 Section shall be allowed a credit against the tax imposed
14 under subsections (a) and (b) of Section 201 of this Act
15 for the taxable year of the partnership or Subchapter S
16 corporation for which an election is in effect ending
17 within or with the taxable year of the partner or
18 shareholder in an amount equal to 4.95% times the partner
19 or shareholder's distributive share of the net income of
20 the electing partnership or Subchapter S corporation, but
21 not to exceed the partner's or shareholder's share of the
22 tax imposed under paragraph (1) which is actually paid by
23 the partnership or Subchapter S corporation. If the
24 taxpayer is a partnership or Subchapter S corporation that
25 is itself a partner of a partnership making the election
26 under paragraph (1), the credit under this paragraph shall

1 be allowed to the taxpayer's partners or shareholders (or
2 if the partner is a partnership or Subchapter S
3 corporation then its partners or shareholders) in
4 accordance with the determination of income and
5 distributive share of income under Sections 702 and 704
6 and Subchapter S of the Internal Revenue Code. If the
7 amount of the credit allowed under this paragraph exceeds
8 the partner's or shareholder's liability for tax imposed
9 under subsections (a) and (b) of Section 201 of this Act
10 for the taxable year, such excess shall be treated as an
11 overpayment for purposes of Section 909 of this Act.

12 (5) Nonresidents. A nonresident individual who is a
13 partner or shareholder of a partnership or Subchapter S
14 corporation for a taxable year for which an election is in
15 effect under paragraph (1) shall not be required to file
16 an income tax return under this Act for such taxable year
17 if the only source of net income of the individual (or the
18 individual and the individual's spouse in the case of a
19 joint return) is from an entity making the election under
20 paragraph (1) and the credit allowed to the partner or
21 shareholder under paragraph (4) equals or exceeds the
22 individual's liability for the tax imposed under
23 subsections (a) and (b) of Section 201 of this Act for the
24 taxable year.

25 (6) Liability for tax. Except as provided in this
26 paragraph, a partnership or Subchapter S making the

1 election under paragraph (1) is liable for the
2 entity-level tax imposed under paragraph (2). If the
3 electing partnership or corporation fails to pay the full
4 amount of tax deemed assessed under paragraph (2), the
5 partners or shareholders shall be liable to pay the tax
6 assessed (including penalties and interest). Each partner
7 or shareholder shall be liable for the unpaid assessment
8 based on the ratio of the partner's or shareholder's share
9 of the net income of the partnership over the total net
10 income of the partnership. If the partnership or
11 Subchapter S corporation fails to pay the tax assessed
12 (including penalties and interest) and thereafter an
13 amount of such tax is paid by the partners or
14 shareholders, such amount shall not be collected from the
15 partnership or corporation.

16 (7) Foreign tax. For purposes of the credit allowed
17 under Section 601(b)(3) of this Act, tax paid by a
18 partnership or Subchapter S corporation to another state
19 which, as determined by the Department, is substantially
20 similar to the tax imposed under this subsection, shall be
21 considered tax paid by the partner or shareholder to the
22 extent that the partner's or shareholder's share of the
23 income of the partnership or Subchapter S corporation
24 allocated and apportioned to such other state bears to the
25 total income of the partnership or Subchapter S
26 corporation allocated or apportioned to such other state.

1 (8) Suspension of withholding. The provisions of
2 Section 709.5 of this Act shall not apply to a partnership
3 or Subchapter S corporation for the taxable year for which
4 an election under paragraph (1) is in effect.

5 (9) Requirement to pay estimated tax. For each taxable
6 year for which an election under paragraph (1) is in
7 effect, a partnership or Subchapter S corporation is
8 required to pay estimated tax for such taxable year under
9 Sections 803 and 804 of this Act if the amount payable as
10 estimated tax can reasonably be expected to exceed \$500.

11 (10) The provisions of this subsection shall apply
12 only with respect to taxable years for which the
13 limitation on individual deductions applies under Section
14 164(b) (6) of the Internal Revenue Code.

15 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for
16 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
17 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

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

19 Sec. 203. Base income defined.

20 (a) Individuals.

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

25 (2) Modifications. The adjusted gross income referred

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

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

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

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

26 (D) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue
2 Code, to the extent deducted from gross income in the
3 computation of adjusted gross income;

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

13 (D-10) For taxable years ending after December 31,
14 1997, an amount equal to any eligible remediation
15 costs that the individual deducted in computing
16 adjusted gross income and for which the individual
17 claims a credit under subsection (l) of Section 201;

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

23 (D-16) If the taxpayer sells, transfers, abandons,
24 or otherwise disposes of property for which the
25 taxpayer was required in any taxable year to make an
26 addition modification under subparagraph (D-15), then

1 an amount equal to the aggregate amount of the
2 deductions taken in all taxable years under
3 subparagraph (Z) with respect to that property.

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which the
6 taxpayer may claim a depreciation deduction for
7 federal income tax purposes and for which the taxpayer
8 was allowed in any taxable year to make a subtraction
9 modification under subparagraph (Z), then an amount
10 equal to that subtraction modification.

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

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

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

15 This paragraph shall not apply to the following:

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

22 (ii) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer can establish, based on a
25 preponderance of the evidence, both of the
26 following:

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

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

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

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

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

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

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

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

1 This paragraph shall not apply to the following:

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

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

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

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

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

1 indirectly, from a transaction with a person if
2 the taxpayer establishes by clear and convincing
3 evidence, that the adjustments are unreasonable;
4 or if the taxpayer and the Director agree in
5 writing to the application or use of an
6 alternative method of apportionment under Section
7 304(f);

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

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

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

18 (D-20) For taxable years beginning on or after
19 January 1, 2002 and ending on or before December 31,
20 2006, in the case of a distribution from a qualified
21 tuition program under Section 529 of the Internal
22 Revenue Code, other than (i) a distribution from a
23 College Savings Pool created under Section 16.5 of the
24 State Treasurer Act or (ii) a distribution from the
25 Illinois Prepaid Tuition Trust Fund, an amount equal
26 to the amount excluded from gross income under Section

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

21 For the purposes of this subparagraph (D-20), a
22 qualified tuition program has made reasonable efforts
23 if it makes disclosures (which may use the term
24 "in-state program" or "in-state plan" and need not
25 specifically refer to Illinois or its qualified
26 programs by name) (i) directly to prospective

1 participants in its offering materials or makes a
2 public disclosure, such as a website posting; and (ii)
3 where applicable, to intermediaries selling the
4 out-of-state program in the same manner that the
5 out-of-state program distributes its offering
6 materials;

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

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

22 (D-21.5) For taxable years beginning on or after
23 January 1, 2018, in the case of the transfer of moneys
24 from a qualified tuition program under Section 529 or
25 a qualified ABLE program under Section 529A of the
26 Internal Revenue Code that is administered by this

1 State to an ABLE account established under an
2 out-of-state ABLE account program, an amount equal to
3 the contribution component of the transferred amount
4 that was previously deducted from base income under
5 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
6 Section;

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

19 taxable years beginning on or after January 1, 2018:
20 (1) in the case of a nonqualified withdrawal or
21 refund, as defined under Section 16.5 of the State
22 Treasurer Act, of moneys from a qualified tuition
23 program under Section 529 of the Internal Revenue Code
24 administered by the State, an amount equal to the
25 contribution component of the nonqualified withdrawal
26 or refund that was previously deducted from base

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

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

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

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

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

23 (E) For taxable years ending before December 31,
24 2001, any amount included in such total in respect of
25 any compensation (including but not limited to any
26 compensation paid or accrued to a serviceman while a

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

1 this subparagraph (E) are exempt from the provisions
2 of Section 250;

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

14 (G) The valuation limitation amount;

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

18 (I) An amount equal to all amounts included in
19 such total pursuant to the provisions of Section 111
20 of the Internal Revenue Code as a recovery of items
21 previously deducted from adjusted gross income in the
22 computation of taxable income;

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

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

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

14 (L) For taxable years ending after December 31,
15 1983, an amount equal to all social security benefits
16 and railroad retirement benefits included in such
17 total pursuant to Sections 72(r) and 86 of the
18 Internal Revenue Code;

19 (M) With the exception of any amounts subtracted
20 under subparagraph (N), an amount equal to the sum of
21 all amounts disallowed as deductions by (i) Sections
22 171(a)(2),⁷ and 265(a)(2) of the Internal Revenue Code,
23 and all amounts of expenses allocable to interest and
24 disallowed as deductions by Section 265(a)(1) of the
25 Internal Revenue Code; and (ii) for taxable years
26 ending on or after August 13, 1999, Sections

1 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
2 Internal Revenue Code, plus, for taxable years ending
3 on or after December 31, 2011, Section 45G(e)(3) of
4 the Internal Revenue Code and, for taxable years
5 ending on or after December 31, 2008, any amount
6 included in gross income under Section 87 of the
7 Internal Revenue Code; the provisions of this
8 subparagraph are exempt from the provisions of Section
9 250;

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

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

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

1 taken from adjusted gross income in the computation of
2 taxable income for restoration of substantial amounts
3 held under claim of right for the taxable year;

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

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

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

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

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

7 (V) Beginning with tax years ending on or after
8 December 31, 1995 and ending with tax years ending on
9 or before December 31, 2004, an amount equal to the
10 amount paid by a taxpayer who is a self-employed
11 taxpayer, a partner of a partnership, or a shareholder
12 in a Subchapter S corporation for health insurance or
13 long-term care insurance for that taxpayer or that
14 taxpayer's spouse or dependents, to the extent that
15 the amount paid for that health insurance or long-term
16 care insurance may be deducted under Section 213 of
17 the Internal Revenue Code, has not been deducted on
18 the federal income tax return of the taxpayer, and
19 does not exceed the taxable income attributable to
20 that taxpayer's income, self-employment income, or
21 Subchapter S corporation income; except that no
22 deduction shall be allowed under this item (V) if the
23 taxpayer is eligible to participate in any health
24 insurance or long-term care insurance plan of an
25 employer of the taxpayer or the taxpayer's spouse. The
26 amount of the health insurance and long-term care

1 insurance subtracted under this item (V) shall be
2 determined by multiplying total health insurance and
3 long-term care insurance premiums paid by the taxpayer
4 times a number that represents the fractional
5 percentage of eligible medical expenses under Section
6 213 of the Internal Revenue Code of 1986 not actually
7 deducted on the taxpayer's federal income tax return;

8 (W) For taxable years beginning on or after
9 January 1, 1998, all amounts included in the
10 taxpayer's federal gross income in the taxable year
11 from amounts converted from a regular IRA to a Roth
12 IRA. This paragraph is exempt from the provisions of
13 Section 250;

14 (X) For taxable year 1999 and thereafter, an
15 amount equal to the amount of any (i) distributions,
16 to the extent includible in gross income for federal
17 income tax purposes, made to the taxpayer because of
18 his or her status as a victim of persecution for racial
19 or religious reasons by Nazi Germany or any other Axis
20 regime or as an heir of the victim and (ii) items of
21 income, to the extent includible in gross income for
22 federal income tax purposes, attributable to, derived
23 from or in any way related to assets stolen from,
24 hidden from, or otherwise lost to a victim of
25 persecution for racial or religious reasons by Nazi
26 Germany or any other Axis regime immediately prior to,

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

21 (Y) For taxable years beginning on or after
22 January 1, 2002 and ending on or before December 31,
23 2004, moneys contributed in the taxable year to a
24 College Savings Pool account under Section 16.5 of the
25 State Treasurer Act, except that amounts excluded from
26 gross income under Section 529(c)(3)(C)(i) of the

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

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

22 (1) "y" equals the amount of the depreciation
23 deduction taken for the taxable year on the
24 taxpayer's federal income tax return on property
25 for which the bonus depreciation deduction was
26 taken in any year under subsection (k) of Section

1 168 of the Internal Revenue Code, but not
2 including the bonus depreciation deduction;

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

7 (3) for taxable years ending after December
8 31, 2005:

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

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

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

26 (AA) If the taxpayer sells, transfers, abandons,

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

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which the
7 taxpayer may claim a depreciation deduction for
8 federal income tax purposes and for which the taxpayer
9 was required in any taxable year to make an addition
10 modification under subparagraph (D-15), then an amount
11 equal to that addition modification.

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

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

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

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

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

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

1 made for the same taxable year under Section
2 203(a)(2)(D-17) for interest paid, accrued, or
3 incurred, directly or indirectly, to the same person.
4 This subparagraph (DD) is exempt from the provisions
5 of Section 250;

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

1 (F F) An amount equal to any amount awarded to the
2 taxpayer during the taxable year by the Court of
3 Claims under subsection (c) of Section 8 of the Court
4 of Claims Act for time unjustly served in a State
5 prison. This subparagraph (FF) is exempt from the
6 provisions of Section 250;

7 (GG) For taxable years ending on or after December
8 31, 2011, in the case of a taxpayer who was required to
9 add back any insurance premiums under Section
10 203(a)(2)(D-19), such taxpayer may elect to subtract
11 that part of a reimbursement received from the
12 insurance company equal to the amount of the expense
13 or loss (including expenses incurred by the insurance
14 company) that would have been taken into account as a
15 deduction for federal income tax purposes if the
16 expense or loss had been uninsured. If a taxpayer
17 makes the election provided for by this subparagraph
18 (GG), the insurer to which the premiums were paid must
19 add back to income the amount subtracted by the
20 taxpayer pursuant to this subparagraph (GG). This
21 subparagraph (GG) is exempt from the provisions of
22 Section 250; and

23 (HH) For taxable years beginning on or after
24 January 1, 2018 and prior to January 1, 2023, a maximum
25 of \$10,000 contributed in the taxable year to a
26 qualified ABLE account under Section 16.6 of the State

1 Treasurer Act, except that amounts excluded from gross
2 income under Section 529(c)(3)(C)(i) or Section
3 529A(c)(1)(C) of the Internal Revenue Code shall not
4 be considered moneys contributed under this
5 subparagraph (HH). For purposes of this subparagraph
6 (HH), contributions made by an employer on behalf of
7 an employee, or matching contributions made by an
8 employee, shall be treated as made by the employee.

9 (b) Corporations.

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

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

16 (A) An amount equal to all amounts paid or accrued
17 to the taxpayer as interest and all distributions
18 received from regulated investment companies during
19 the taxable year to the extent excluded from gross
20 income in the computation of taxable income;

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

25 (C) In the case of a regulated investment company,

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

10 (D) The amount of any net operating loss deduction
11 taken in arriving at taxable income, other than a net
12 operating loss carried forward from a taxable year
13 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 other
20 than those provided by this subparagraph (E) exceeded
21 subtraction modifications in such earlier taxable
22 year, with the following limitations applied in the
23 order that they are listed:

24 (i) the addition modification relating to the
25 net operating loss carried back or forward to the
26 taxable year from any taxable year ending prior to

1 December 31, 1986 shall be reduced by the amount
2 of addition modification under this subparagraph
3 (E) which related to that net operating loss and
4 which was taken into account in calculating the
5 base income of an earlier taxable year, and

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

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

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

23 (E-10) For taxable years 2001 and thereafter, an
24 amount equal to the bonus depreciation deduction taken
25 on the taxpayer's federal income tax return for the
26 taxable year under subsection (k) of Section 168 of

1 the Internal Revenue Code;

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

9 If the taxpayer continues to own property through
10 the last day of the last tax year for which the
11 taxpayer may claim a depreciation deduction for
12 federal income tax purposes and for which the taxpayer
13 was allowed in any taxable year to make a subtraction
14 modification under subparagraph (T), then an amount
15 equal to that subtraction modification.

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

19 (E-12) An amount equal to the amount otherwise
20 allowed as a deduction in computing base income for
21 interest paid, accrued, or incurred, directly or
22 indirectly, (i) for taxable years ending on or after
23 December 31, 2004, to a foreign person who would be a
24 member of the same unitary business group but for the
25 fact the foreign person's business activity outside
26 the United States is 80% or more of the foreign

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

20 This paragraph shall not apply to the following:

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

1 (ii) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person if
3 the taxpayer can establish, based on a
4 preponderance of the evidence, both of the
5 following:

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

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

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

23 (iv) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer establishes by clear and convincing
26 evidence that the adjustments are unreasonable; or

1 if the taxpayer and the Director agree in writing
2 to the application or use of an alternative method
3 of apportionment under Section 304(f).

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

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

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

1 similar expenses and costs. For purposes of this
2 subparagraph, "intangible property" includes patents,
3 patent applications, trade names, trademarks, service
4 marks, copyrights, mask works, trade secrets, and
5 similar types of intangible assets.

6 This paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the
24 intangible expense or cost between the
25 taxpayer and the person did not have as a
26 principal purpose the avoidance of Illinois

1 income tax, and is paid pursuant to a contract
2 or agreement that reflects arm's-length terms;
3 or

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

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

22 (E-14) For taxable years ending on or after
23 December 31, 2008, an amount equal to the amount of
24 insurance premium expenses and costs otherwise allowed
25 as a deduction in computing base income, and that were
26 paid, accrued, or incurred, directly or indirectly, to

1 a person who would be a member of the same unitary
2 business group but for the fact that the person is
3 prohibited under Section 1501(a)(27) from being
4 included in the unitary business group because he or
5 she is ordinarily required to apportion business
6 income under different subsections of Section 304. The
7 addition modification required by this subparagraph
8 shall be reduced to the extent that dividends were
9 included in base income of the unitary group for the
10 same taxable year and received by the taxpayer or by a
11 member of the taxpayer's unitary business group
12 (including amounts included in gross income under
13 Sections 951 through 964 of the Internal Revenue Code
14 and amounts included in gross income under Section 78
15 of the Internal Revenue Code) with respect to the
16 stock of the same person to whom the premiums and costs
17 were directly or indirectly paid, incurred, or
18 accrued. The preceding sentence does not apply to the
19 extent that the same dividends caused a reduction to
20 the addition modification required under Section
21 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
22 Act;

23 (E-15) For taxable years beginning after December
24 31, 2008, any deduction for dividends paid by a
25 captive real estate investment trust that is allowed
26 to a real estate investment trust under Section

1 857(b)(2)(B) of the Internal Revenue Code for
2 dividends paid;

3 (E-16) An amount equal to the credit allowable to
4 the taxpayer under Section 218(a) of this Act,
5 determined without regard to Section 218(c) of this
6 Act;

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

11 (E-18) for taxable years beginning after December
12 31, 2018, an amount equal to the deduction allowed
13 under Section 250(a)(1)(A) of the Internal Revenue
14 Code for the taxable year.

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

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

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

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

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

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

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

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

1 (M) For any taxpayer that is a financial
2 organization within the meaning of Section 304(c) of
3 this Act, an amount included in such total as interest
4 income from a loan or loans made by such taxpayer to a
5 borrower, to the extent that such a loan is secured by
6 property which is eligible for the River Edge
7 Redevelopment Zone Investment Credit. To determine the
8 portion of a loan or loans that is secured by property
9 eligible for a Section 201(f) investment credit to the
10 borrower, the entire principal amount of the loan or
11 loans between the taxpayer and the borrower should be
12 divided into the basis of the Section 201(f)
13 investment credit property which secures the loan or
14 loans, using for this purpose the original basis of
15 such property on the date that it was placed in service
16 in the River Edge Redevelopment Zone. The subtraction
17 modification available to the taxpayer in any year
18 under this subsection shall be that portion of the
19 total interest paid by the borrower with respect to
20 such loan attributable to the eligible property as
21 calculated under the previous sentence. This
22 subparagraph (M) is exempt from the provisions of
23 Section 250;

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

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

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

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

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

1 plus (ii) 100% of the amount by which dividends,
2 included in taxable income and received, including,
3 for taxable years ending on or after December 31,
4 1988, dividends received or deemed received or paid or
5 deemed paid under Sections 951 through 964 of the
6 Internal Revenue Code and including, for taxable years
7 ending on or after December 31, 2008, dividends
8 received from a captive real estate investment trust,
9 from any such corporation specified in clause (i) that
10 would but for the provisions of Section 1504(b)(3) of
11 the Internal Revenue Code be treated as a member of the
12 affiliated group which includes the dividend
13 recipient, exceed the amount of the modification
14 provided under subparagraph (G) of paragraph (2) of
15 this subsection (b) which is related to such
16 dividends. This subparagraph (O) is exempt from the
17 provisions of Section 250 of this Act;

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

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

26 (R) On and after July 20, 1999, in the case of an

1 attorney-in-fact with respect to whom an interinsurer
2 or a reciprocal insurer has made the election under
3 Section 835 of the Internal Revenue Code, 26 U.S.C.
4 835, an amount equal to the excess, if any, of the
5 amounts paid or incurred by that interinsurer or
6 reciprocal insurer in the taxable year to the
7 attorney-in-fact over the deduction allowed to that
8 interinsurer or reciprocal insurer with respect to the
9 attorney-in-fact under Section 835(b) of the Internal
10 Revenue Code for the taxable year; the provisions of
11 this subparagraph are exempt from the provisions of
12 Section 250;

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

23 (T) For taxable years 2001 and thereafter, for the
24 taxable year in which the bonus depreciation deduction
25 is taken on the taxpayer's federal income tax return
26 under subsection (k) of Section 168 of the Internal

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

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

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

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

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

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

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

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

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

12 If the taxpayer continues to own property through
13 the last day of the last tax year for which the
14 taxpayer may claim a depreciation deduction for
15 federal income tax purposes and for which the taxpayer
16 was required in any taxable year to make an addition
17 modification under subparagraph (E-10), then an amount
18 equal to that addition modification.

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

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

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

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

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

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

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

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

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

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

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

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

19 (c) Trusts and estates.

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

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

1 following amounts:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which the
2 taxpayer may claim a depreciation deduction for
3 federal income tax purposes and for which the taxpayer
4 was allowed in any taxable year to make a subtraction
5 modification under subparagraph (R), then an amount
6 equal to that subtraction modification.

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

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

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

11 This paragraph shall not apply to the following:

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

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

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

26 (b) the transaction giving rise to the

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

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

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

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

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

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

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

23 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (H) An amount equal to all amounts included in
25 such total pursuant to the provisions of Sections
26 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408

1 of the Internal Revenue Code or included in such total
2 as distributions under the provisions of any
3 retirement or disability plan for employees of any
4 governmental agency or unit, or retirement payments to
5 retired partners, which payments are excluded in
6 computing net earnings from self employment by Section
7 1402 of the Internal Revenue Code and regulations
8 adopted pursuant thereto;

9 (I) The valuation limitation amount;

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

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

24 (L) With the exception of any amounts subtracted
25 under subparagraph (K), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

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

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

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

26 (O) An amount equal to those dividends included in

1 such total that were paid by a corporation that
2 conducts business operations in a federally designated
3 Foreign Trade Zone or Sub-Zone and that is designated
4 a High Impact Business located in Illinois; provided
5 that dividends eligible for the deduction provided in
6 subparagraph (M) of paragraph (2) of this subsection
7 shall not be eligible for the deduction provided under
8 this subparagraph (O);

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

14 (Q) For taxable year 1999 and thereafter, an
15 amount equal to the amount of any (i) distributions,
16 to the extent includible in gross income for federal
17 income tax purposes, made to the taxpayer because of
18 his or her status as a victim of persecution for racial
19 or religious reasons by Nazi Germany or any other Axis
20 regime or as an heir of the victim and (ii) items of
21 income, to the extent includible in gross income for
22 federal income tax purposes, attributable to, derived
23 from or in any way related to assets stolen from,
24 hidden from, or otherwise lost to a victim of
25 persecution for racial or religious reasons by Nazi
26 Germany or any other Axis regime immediately prior to,

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

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

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

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

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

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

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

23 The aggregate amount deducted under this
24 subparagraph in all taxable years for any one piece of
25 property may not exceed the amount of the bonus
26 depreciation deduction taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code. This
3 subparagraph (R) is exempt from the provisions of
4 Section 250;

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

10 If the taxpayer continues to own property through
11 the last day of the last tax year for which the
12 taxpayer may claim a depreciation deduction for
13 federal income tax purposes and for which the taxpayer
14 was required in any taxable year to make an addition
15 modification under subparagraph (G-10), then an amount
16 equal to that addition modification.

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

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

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

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

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

1 subsections of Section 304, but not to exceed the
2 addition modification required to be made for the same
3 taxable year under Section 203(c)(2)(G-12) for
4 interest paid, accrued, or incurred, directly or
5 indirectly, to the same person. This subparagraph (U)
6 is exempt from the provisions of Section 250;

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

1 exempt from the provisions of Section 250;

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

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

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

1 taxpayer pursuant to this subparagraph (Y). This
2 subparagraph (Y) is exempt from the provisions of
3 Section 250; and

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

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

16 (d) Partnerships.

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

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

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

1 in the computation of taxable income;

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

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

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

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

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

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was allowed in any taxable year to make a subtraction
4 modification under subparagraph (O), then an amount
5 equal to that subtraction modification.

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

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

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

10 This paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

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

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

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

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

1 and standards by which the Department will utilize
2 its authority under Section 404 of this Act; and

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

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

22 This paragraph shall not apply to the following:

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

1 than a state which requires mandatory unitary
2 reporting, to a tax on or measured by net income
3 with respect to such item; or

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

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

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

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

1 alternative method of apportionment under Section
2 304(f);

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

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

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

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

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

20 and by deducting from the total so obtained the following
21 amounts:

22 (E) The valuation limitation amount;

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

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

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

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

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; this subparagraph
25 (I) is exempt from the provisions of Section 250;

26 (J) With the exception of any amounts subtracted

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

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

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

1 Property Tax Increment Allocation Redevelopment Act;

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

11 (N) An amount equal to the amount of the deduction
12 used to compute the federal income tax credit for
13 restoration of substantial amounts held under claim of
14 right for the taxable year pursuant to Section 1341 of
15 the Internal Revenue Code;

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

22 (1) "y" equals the amount of the depreciation
23 deduction taken for the taxable year on the
24 taxpayer's federal income tax return on property
25 for which the bonus depreciation deduction was
26 taken in any year under subsection (k) of Section

1 168 of the Internal Revenue Code, but not
2 including the bonus depreciation deduction;

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

7 (3) for taxable years ending after December
8 31, 2005:

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

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

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

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

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

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which the
7 taxpayer may claim a depreciation deduction for
8 federal income tax purposes and for which the taxpayer
9 was required in any taxable year to make an addition
10 modification under subparagraph (D-5), then an amount
11 equal to that addition modification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (f) Valuation limitation amount.

25 (1) In general. The valuation limitation amount

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

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

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

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

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

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

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

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

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

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

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

5 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;
6 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

7 (35 ILCS 5/901)

8 (Text of Section without the changes made by P.A. 101-8,
9 which did not take effect (see Section 99 of P.A. 101-8))

10 Sec. 901. Collection authority.

11 (a) In general. The Department shall collect the taxes
12 imposed by this Act. The Department shall collect certified
13 past due child support amounts under Section 2505-650 of the
14 Department of Revenue Law of the Civil Administrative Code of
15 Illinois. Except as provided in subsections (b), (c), (e),
16 (f), (g), and (h) of this Section, money collected pursuant to
17 subsections (a) and (b) of Section 201 of this Act shall be
18 paid into the General Revenue Fund in the State treasury;
19 money collected pursuant to subsections (c) and (d) of Section
20 201 of this Act shall be paid into the Personal Property Tax
21 Replacement Fund, a special fund in the State Treasury; and
22 money collected under Section 2505-650 of the Department of
23 Revenue Law of the Civil Administrative Code of Illinois shall
24 be paid into the Child Support Enforcement Trust Fund, a
25 special fund outside the State Treasury, or to the State

1 Disbursement Unit established under Section 10-26 of the
2 Illinois Public Aid Code, as directed by the Department of
3 Healthcare and Family Services.

4 (b) Local Government Distributive Fund. Beginning August
5 1, 2017, the Treasurer shall transfer each month from the
6 General Revenue Fund to the Local Government Distributive Fund
7 an amount equal to the sum of: (i) 6.06% (10% of the ratio of
8 the 3% individual income tax rate prior to 2011 to the 4.95%
9 individual income tax rate after July 1, 2017) of the net
10 revenue realized from the tax imposed by subsections (a) and
11 (b) of Section 201 of this Act upon individuals, trusts, and
12 estates during the preceding month; ~~and~~ (ii) 6.85% (10% of the
13 ratio of the 4.8% corporate income tax rate prior to 2011 to
14 the 7% corporate income tax rate after July 1, 2017) of the net
15 revenue realized from the tax imposed by subsections (a) and
16 (b) of Section 201 of this Act upon corporations during the
17 preceding month; and (iii) beginning February 1, 2022, 6.06%
18 of the net revenue realized from the tax imposed by subsection
19 (p) of Section 201 of this Act upon electing pass through
20 entities. Net revenue realized for a month shall be defined as
21 the revenue from the tax imposed by subsections (a) and (b) of
22 Section 201 of this Act which is deposited in the General
23 Revenue Fund, the Education Assistance Fund, the Income Tax
24 Surcharge Local Government Distributive Fund, the Fund for the
25 Advancement of Education, and the Commitment to Human Services
26 Fund during the month minus the amount paid out of the General

1 Revenue Fund in State warrants during that same month as
2 refunds to taxpayers for overpayment of liability under the
3 tax imposed by subsections (a) and (b) of Section 201 of this
4 Act.

5 Notwithstanding any provision of law to the contrary,
6 beginning on July 6, 2017 (the effective date of Public Act
7 100-23), those amounts required under this subsection (b) to
8 be transferred by the Treasurer into the Local Government
9 Distributive Fund from the General Revenue Fund shall be
10 directly deposited into the Local Government Distributive Fund
11 as the revenue is realized from the tax imposed by subsections
12 (a) and (b) of Section 201 of this Act.

13 For State fiscal year 2020 only, notwithstanding any
14 provision of law to the contrary, the total amount of revenue
15 and deposits under this Section attributable to revenues
16 realized during State fiscal year 2020 shall be reduced by 5%.

17 (c) Deposits Into Income Tax Refund Fund.

18 (1) Beginning on January 1, 1989 and thereafter, the
19 Department shall deposit a percentage of the amounts
20 collected pursuant to subsections (a) and (b)(1), (2), and
21 (3) of Section 201 of this Act into a fund in the State
22 treasury known as the Income Tax Refund Fund. Beginning
23 with State fiscal year 1990 and for each fiscal year
24 thereafter, the percentage deposited into the Income Tax
25 Refund Fund during a fiscal year shall be the Annual
26 Percentage. For fiscal year 2011, the Annual Percentage

1 shall be 8.75%. For fiscal year 2012, the Annual
2 Percentage shall be 8.75%. For fiscal year 2013, the
3 Annual Percentage shall be 9.75%. For fiscal year 2014,
4 the Annual Percentage shall be 9.5%. For fiscal year 2015,
5 the Annual Percentage shall be 10%. For fiscal year 2018,
6 the Annual Percentage shall be 9.8%. For fiscal year 2019,
7 the Annual Percentage shall be 9.7%. For fiscal year 2020,
8 the Annual Percentage shall be 9.5%. For fiscal year 2021,
9 the Annual Percentage shall be 9%. For all other fiscal
10 years, the Annual Percentage shall be calculated as a
11 fraction, the numerator of which shall be the amount of
12 refunds approved for payment by the Department during the
13 preceding fiscal year as a result of overpayment of tax
14 liability under subsections (a) and (b)(1), (2), and (3)
15 of Section 201 of this Act plus the amount of such refunds
16 remaining approved but unpaid at the end of the preceding
17 fiscal year, minus the amounts transferred into the Income
18 Tax Refund Fund from the Tobacco Settlement Recovery Fund,
19 and the denominator of which shall be the amounts which
20 will be collected pursuant to subsections (a) and (b)(1),
21 (2), and (3) of Section 201 of this Act during the
22 preceding fiscal year; except that in State fiscal year
23 2002, the Annual Percentage shall in no event exceed 7.6%.
24 The Director of Revenue shall certify the Annual
25 Percentage to the Comptroller on the last business day of
26 the fiscal year immediately preceding the fiscal year for

1 which it is to be effective.

2 (2) Beginning on January 1, 1989 and thereafter, the
3 Department shall deposit a percentage of the amounts
4 collected pursuant to subsections (a) and (b) (6), (7), and
5 (8), (c) and (d) of Section 201 of this Act into a fund in
6 the State treasury known as the Income Tax Refund Fund.
7 Beginning with State fiscal year 1990 and for each fiscal
8 year thereafter, the percentage deposited into the Income
9 Tax Refund Fund during a fiscal year shall be the Annual
10 Percentage. For fiscal year 2011, the Annual Percentage
11 shall be 17.5%. For fiscal year 2012, the Annual
12 Percentage shall be 17.5%. For fiscal year 2013, the
13 Annual Percentage shall be 14%. For fiscal year 2014, the
14 Annual Percentage shall be 13.4%. For fiscal year 2015,
15 the Annual Percentage shall be 14%. For fiscal year 2018,
16 the Annual Percentage shall be 17.5%. For fiscal year
17 2019, the Annual Percentage shall be 15.5%. For fiscal
18 year 2020, the Annual Percentage shall be 14.25%. For
19 fiscal year 2021, the Annual Percentage shall be 14%. For
20 all other fiscal years, the Annual Percentage shall be
21 calculated as a fraction, the numerator of which shall be
22 the amount of refunds approved for payment by the
23 Department during the preceding fiscal year as a result of
24 overpayment of tax liability under subsections (a) and
25 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
26 Act plus the amount of such refunds remaining approved but

1 unpaid at the end of the preceding fiscal year, and the
2 denominator of which shall be the amounts which will be
3 collected pursuant to subsections (a) and (b)(6), (7), and
4 (8), (c) and (d) of Section 201 of this Act during the
5 preceding fiscal year; except that in State fiscal year
6 2002, the Annual Percentage shall in no event exceed 23%.
7 The Director of Revenue shall certify the Annual
8 Percentage to the Comptroller on the last business day of
9 the fiscal year immediately preceding the fiscal year for
10 which it is to be effective.

11 (3) The Comptroller shall order transferred and the
12 Treasurer shall transfer from the Tobacco Settlement
13 Recovery Fund to the Income Tax Refund Fund (i)
14 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,
15 2002, and (iii) \$35,000,000 in January, 2003.

16 (d) Expenditures from Income Tax Refund Fund.

17 (1) Beginning January 1, 1989, money in the Income Tax
18 Refund Fund shall be expended exclusively for the purpose
19 of paying refunds resulting from overpayment of tax
20 liability under Section 201 of this Act and for making
21 transfers pursuant to this subsection (d).

22 (2) The Director shall order payment of refunds
23 resulting from overpayment of tax liability under Section
24 201 of this Act from the Income Tax Refund Fund only to the
25 extent that amounts collected pursuant to Section 201 of
26 this Act and transfers pursuant to this subsection (d) and

1 item (3) of subsection (c) have been deposited and
2 retained in the Fund.

3 (3) As soon as possible after the end of each fiscal
4 year, the Director shall order transferred and the State
5 Treasurer and State Comptroller shall transfer from the
6 Income Tax Refund Fund to the Personal Property Tax
7 Replacement Fund an amount, certified by the Director to
8 the Comptroller, equal to the excess of the amount
9 collected pursuant to subsections (c) and (d) of Section
10 201 of this Act deposited into the Income Tax Refund Fund
11 during the fiscal year over the amount of refunds
12 resulting from overpayment of tax liability under
13 subsections (c) and (d) of Section 201 of this Act paid
14 from the Income Tax Refund Fund during the fiscal year.

15 (4) As soon as possible after the end of each fiscal
16 year, the Director shall order transferred and the State
17 Treasurer and State Comptroller shall transfer from the
18 Personal Property Tax Replacement Fund to the Income Tax
19 Refund Fund an amount, certified by the Director to the
20 Comptroller, equal to the excess of the amount of refunds
21 resulting from overpayment of tax liability under
22 subsections (c) and (d) of Section 201 of this Act paid
23 from the Income Tax Refund Fund during the fiscal year
24 over the amount collected pursuant to subsections (c) and
25 (d) of Section 201 of this Act deposited into the Income
26 Tax Refund Fund during the fiscal year.

1 (4.5) As soon as possible after the end of fiscal year
2 1999 and of each fiscal year thereafter, the Director
3 shall order transferred and the State Treasurer and State
4 Comptroller shall transfer from the Income Tax Refund Fund
5 to the General Revenue Fund any surplus remaining in the
6 Income Tax Refund Fund as of the end of such fiscal year;
7 excluding for fiscal years 2000, 2001, and 2002 amounts
8 attributable to transfers under item (3) of subsection (c)
9 less refunds resulting from the earned income tax credit.

10 (5) This Act shall constitute an irrevocable and
11 continuing appropriation from the Income Tax Refund Fund
12 for the purpose of paying refunds upon the order of the
13 Director in accordance with the provisions of this
14 Section.

15 (e) Deposits into the Education Assistance Fund and the
16 Income Tax Surcharge Local Government Distributive Fund. On
17 July 1, 1991, and thereafter, of the amounts collected
18 pursuant to subsections (a) and (b) of Section 201 of this Act,
19 minus deposits into the Income Tax Refund Fund, the Department
20 shall deposit 7.3% into the Education Assistance Fund in the
21 State Treasury. Beginning July 1, 1991, and continuing through
22 January 31, 1993, of the amounts collected pursuant to
23 subsections (a) and (b) of Section 201 of the Illinois Income
24 Tax Act, minus deposits into the Income Tax Refund Fund, the
25 Department shall deposit 3.0% into the Income Tax Surcharge
26 Local Government Distributive Fund in the State Treasury.

1 Beginning February 1, 1993 and continuing through June 30,
2 1993, of the amounts collected pursuant to subsections (a) and
3 (b) of Section 201 of the Illinois Income Tax Act, minus
4 deposits into the Income Tax Refund Fund, the Department shall
5 deposit 4.4% into the Income Tax Surcharge Local Government
6 Distributive Fund in the State Treasury. Beginning July 1,
7 1993, and continuing through June 30, 1994, of the amounts
8 collected under subsections (a) and (b) of Section 201 of this
9 Act, minus deposits into the Income Tax Refund Fund, the
10 Department shall deposit 1.475% into the Income Tax Surcharge
11 Local Government Distributive Fund in the State Treasury.

12 (f) Deposits into the Fund for the Advancement of
13 Education. Beginning February 1, 2015, the Department shall
14 deposit the following portions of the revenue realized from
15 the tax imposed upon individuals, trusts, and estates by
16 subsections (a) and (b) of Section 201 of this Act, minus
17 deposits into the Income Tax Refund Fund, into the Fund for the
18 Advancement of Education:

19 (1) beginning February 1, 2015, and prior to February
20 1, 2025, 1/30; and

21 (2) beginning February 1, 2025, 1/26.

22 If the rate of tax imposed by subsection (a) and (b) of
23 Section 201 is reduced pursuant to Section 201.5 of this Act,
24 the Department shall not make the deposits required by this
25 subsection (f) on or after the effective date of the
26 reduction.

1 (g) Deposits into the Commitment to Human Services Fund.
2 Beginning February 1, 2015, the Department shall deposit the
3 following portions of the revenue realized from the tax
4 imposed upon individuals, trusts, and estates by subsections
5 (a) and (b) of Section 201 of this Act, minus deposits into the
6 Income Tax Refund Fund, into the Commitment to Human Services
7 Fund:

8 (1) beginning February 1, 2015, and prior to February
9 1, 2025, 1/30; and

10 (2) beginning February 1, 2025, 1/26.

11 If the rate of tax imposed by subsection (a) and (b) of
12 Section 201 is reduced pursuant to Section 201.5 of this Act,
13 the Department shall not make the deposits required by this
14 subsection (g) on or after the effective date of the
15 reduction.

16 (h) Deposits into the Tax Compliance and Administration
17 Fund. Beginning on the first day of the first calendar month to
18 occur on or after August 26, 2014 (the effective date of Public
19 Act 98-1098), each month the Department shall pay into the Tax
20 Compliance and Administration Fund, to be used, subject to
21 appropriation, to fund additional auditors and compliance
22 personnel at the Department, an amount equal to 1/12 of 5% of
23 the cash receipts collected during the preceding fiscal year
24 by the Audit Bureau of the Department from the tax imposed by
25 subsections (a), (b), (c), and (d) of Section 201 of this Act,
26 net of deposits into the Income Tax Refund Fund made from those

1 cash receipts.

2 (Source: P.A. 100-22, eff. 7-6-17; 100-23, eff. 7-6-17;
3 100-587, eff. 6-4-18; 100-621, eff. 7-20-18; 100-863, eff.
4 8-14-18; 100-1171, eff. 1-4-19; 101-10, eff. 6-5-19; 101-81,
5 eff. 7-12-19; 101-636, eff. 6-10-20.)

6 (Text of Section with the changes made by P.A. 101-8,
7 which did not take effect (see Section 99 of P.A. 101-8))

8 Sec. 901. Collection authority.

9 (a) In general. The Department shall collect the taxes
10 imposed by this Act. The Department shall collect certified
11 past due child support amounts under Section 2505-650 of the
12 Department of Revenue Law of the Civil Administrative Code of
13 Illinois. Except as provided in subsections (b), (c), (e),
14 (f), (g), and (h) of this Section, money collected pursuant to
15 subsections (a) and (b) of Section 201 of this Act shall be
16 paid into the General Revenue Fund in the State treasury;
17 money collected pursuant to subsections (c) and (d) of Section
18 201 of this Act shall be paid into the Personal Property Tax
19 Replacement Fund, a special fund in the State Treasury; and
20 money collected under Section 2505-650 of the Department of
21 Revenue Law of the Civil Administrative Code of Illinois shall
22 be paid into the Child Support Enforcement Trust Fund, a
23 special fund outside the State Treasury, or to the State
24 Disbursement Unit established under Section 10-26 of the
25 Illinois Public Aid Code, as directed by the Department of

1 Healthcare and Family Services.

2 (b) Local Government Distributive Fund. Beginning August
3 1, 2017 ~~and continuing through January 31, 2021~~, the Treasurer
4 shall transfer each month from the General Revenue Fund to the
5 Local Government Distributive Fund an amount equal to the sum
6 of: (i) 6.06% (10% of the ratio of the 3% individual income tax
7 rate prior to 2011 to the 4.95% individual income tax rate
8 after July 1, 2017) of the net revenue realized from the tax
9 imposed by subsections (a) and (b) of Section 201 of this Act
10 upon individuals, trusts, and estates during the preceding
11 month; ~~and~~ (ii) 6.85% (10% of the ratio of the 4.8% corporate
12 income tax rate prior to 2011 to the 7% corporate income tax
13 rate after July 1, 2017) of the net revenue realized from the
14 tax imposed by subsections (a) and (b) of Section 201 of this
15 Act upon corporations during the preceding month; and (iii)
16 beginning February 1, 2022, 6.06% of the net revenue realized
17 from the tax imposed by subsection (p) of Section 201 of this
18 Act upon electing pass-through entities. ~~Beginning February 1,~~
19 ~~2021, the Treasurer shall transfer each month from the General~~
20 ~~Revenue Fund to the Local Government Distributive Fund an~~
21 ~~amount equal to the sum of (i) 5.32% of the net revenue~~
22 ~~realized from the tax imposed by subsections (a) and (b) of~~
23 ~~Section 201 of this Act upon individuals, trusts, and estates~~
24 ~~during the preceding month and (ii) 6.16% of the net revenue~~
25 ~~realized from the tax imposed by subsections (a) and (b) of~~
26 ~~Section 201 of this Act upon corporations during the preceding~~

1 ~~month.~~ Net revenue realized for a month shall be defined as the
2 revenue from the tax imposed by subsections (a) and (b) of
3 Section 201 of this Act which is deposited in the General
4 Revenue Fund, the Education Assistance Fund, the Income Tax
5 Surcharge Local Government Distributive Fund, the Fund for the
6 Advancement of Education, and the Commitment to Human Services
7 Fund during the month minus the amount paid out of the General
8 Revenue Fund in State warrants during that same month as
9 refunds to taxpayers for overpayment of liability under the
10 tax imposed by subsections (a) and (b) of Section 201 of this
11 Act.

12 Notwithstanding any provision of law to the contrary,
13 beginning on July 6, 2017 (the effective date of Public Act
14 100-23), those amounts required under this subsection (b) to
15 be transferred by the Treasurer into the Local Government
16 Distributive Fund from the General Revenue Fund shall be
17 directly deposited into the Local Government Distributive Fund
18 as the revenue is realized from the tax imposed by subsections
19 (a) and (b) of Section 201 of this Act.

20 For State fiscal year 2020 only, notwithstanding any
21 provision of law to the contrary, the total amount of revenue
22 and deposits under this Section attributable to revenues
23 realized during State fiscal year 2020 shall be reduced by 5%.

24 (c) Deposits Into Income Tax Refund Fund.

25 (1) Beginning on January 1, 1989 and thereafter, the
26 Department shall deposit a percentage of the amounts

1 collected pursuant to subsections (a) and (b) (1), (2), and
2 (3) of Section 201 of this Act into a fund in the State
3 treasury known as the Income Tax Refund Fund. Beginning
4 with State fiscal year 1990 and for each fiscal year
5 thereafter, the percentage deposited into the Income Tax
6 Refund Fund during a fiscal year shall be the Annual
7 Percentage. For fiscal year 2011, the Annual Percentage
8 shall be 8.75%. For fiscal year 2012, the Annual
9 Percentage shall be 8.75%. For fiscal year 2013, the
10 Annual Percentage shall be 9.75%. For fiscal year 2014,
11 the Annual Percentage shall be 9.5%. For fiscal year 2015,
12 the Annual Percentage shall be 10%. For fiscal year 2018,
13 the Annual Percentage shall be 9.8%. For fiscal year 2019,
14 the Annual Percentage shall be 9.7%. For fiscal year 2020,
15 the Annual Percentage shall be 9.5%. For fiscal year 2021,
16 the Annual Percentage shall be 9%. For all other fiscal
17 years, the Annual Percentage shall be calculated as a
18 fraction, the numerator of which shall be the amount of
19 refunds approved for payment by the Department during the
20 preceding fiscal year as a result of overpayment of tax
21 liability under subsections (a) and (b) (1), (2), and (3)
22 of Section 201 of this Act plus the amount of such refunds
23 remaining approved but unpaid at the end of the preceding
24 fiscal year, minus the amounts transferred into the Income
25 Tax Refund Fund from the Tobacco Settlement Recovery Fund,
26 and the denominator of which shall be the amounts which

1 will be collected pursuant to subsections (a) and (b)(1),
2 (2), and (3) of Section 201 of this Act during the
3 preceding fiscal year; except that in State fiscal year
4 2002, the Annual Percentage shall in no event exceed 7.6%.
5 The Director of Revenue shall certify the Annual
6 Percentage to the Comptroller on the last business day of
7 the fiscal year immediately preceding the fiscal year for
8 which it is to be effective.

9 (2) Beginning on January 1, 1989 and thereafter, the
10 Department shall deposit a percentage of the amounts
11 collected pursuant to subsections (a) and (b)(6), (7), and
12 (8), (c) and (d) of Section 201 of this Act into a fund in
13 the State treasury known as the Income Tax Refund Fund.
14 Beginning with State fiscal year 1990 and for each fiscal
15 year thereafter, the percentage deposited into the Income
16 Tax Refund Fund during a fiscal year shall be the Annual
17 Percentage. For fiscal year 2011, the Annual Percentage
18 shall be 17.5%. For fiscal year 2012, the Annual
19 Percentage shall be 17.5%. For fiscal year 2013, the
20 Annual Percentage shall be 14%. For fiscal year 2014, the
21 Annual Percentage shall be 13.4%. For fiscal year 2015,
22 the Annual Percentage shall be 14%. For fiscal year 2018,
23 the Annual Percentage shall be 17.5%. For fiscal year
24 2019, the Annual Percentage shall be 15.5%. For fiscal
25 year 2020, the Annual Percentage shall be 14.25%. For
26 fiscal year 2021, the Annual Percentage shall be 14%. For

1 all other fiscal years, the Annual Percentage shall be
2 calculated as a fraction, the numerator of which shall be
3 the amount of refunds approved for payment by the
4 Department during the preceding fiscal year as a result of
5 overpayment of tax liability under subsections (a) and
6 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
7 Act plus the amount of such refunds remaining approved but
8 unpaid at the end of the preceding fiscal year, and the
9 denominator of which shall be the amounts which will be
10 collected pursuant to subsections (a) and (b) (6), (7), and
11 (8), (c) and (d) of Section 201 of this Act during the
12 preceding fiscal year; except that in State fiscal year
13 2002, the Annual Percentage shall in no event exceed 23%.
14 The Director of Revenue shall certify the Annual
15 Percentage to the Comptroller on the last business day of
16 the fiscal year immediately preceding the fiscal year for
17 which it is to be effective.

18 (3) The Comptroller shall order transferred and the
19 Treasurer shall transfer from the Tobacco Settlement
20 Recovery Fund to the Income Tax Refund Fund (i)
21 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,
22 2002, and (iii) \$35,000,000 in January, 2003.

23 (d) Expenditures from Income Tax Refund Fund.

24 (1) Beginning January 1, 1989, money in the Income Tax
25 Refund Fund shall be expended exclusively for the purpose
26 of paying refunds resulting from overpayment of tax

1 liability under Section 201 of this Act and for making
2 transfers pursuant to this subsection (d).

3 (2) The Director shall order payment of refunds
4 resulting from overpayment of tax liability under Section
5 201 of this Act from the Income Tax Refund Fund only to the
6 extent that amounts collected pursuant to Section 201 of
7 this Act and transfers pursuant to this subsection (d) and
8 item (3) of subsection (c) have been deposited and
9 retained in the Fund.

10 (3) As soon as possible after the end of each fiscal
11 year, the Director shall order transferred and the State
12 Treasurer and State Comptroller shall transfer from the
13 Income Tax Refund Fund to the Personal Property Tax
14 Replacement Fund an amount, certified by the Director to
15 the Comptroller, equal to the excess of the amount
16 collected pursuant to subsections (c) and (d) of Section
17 201 of this Act deposited into the Income Tax Refund Fund
18 during the fiscal year over the amount of refunds
19 resulting from overpayment of tax liability under
20 subsections (c) and (d) of Section 201 of this Act paid
21 from the Income Tax Refund Fund during the fiscal year.

22 (4) As soon as possible after the end of each fiscal
23 year, the Director shall order transferred and the State
24 Treasurer and State Comptroller shall transfer from the
25 Personal Property Tax Replacement Fund to the Income Tax
26 Refund Fund an amount, certified by the Director to the

1 Comptroller, equal to the excess of the amount of refunds
2 resulting from overpayment of tax liability under
3 subsections (c) and (d) of Section 201 of this Act paid
4 from the Income Tax Refund Fund during the fiscal year
5 over the amount collected pursuant to subsections (c) and
6 (d) of Section 201 of this Act deposited into the Income
7 Tax Refund Fund during the fiscal year.

8 (4.5) As soon as possible after the end of fiscal year
9 1999 and of each fiscal year thereafter, the Director
10 shall order transferred and the State Treasurer and State
11 Comptroller shall transfer from the Income Tax Refund Fund
12 to the General Revenue Fund any surplus remaining in the
13 Income Tax Refund Fund as of the end of such fiscal year;
14 excluding for fiscal years 2000, 2001, and 2002 amounts
15 attributable to transfers under item (3) of subsection (c)
16 less refunds resulting from the earned income tax credit.

17 (5) This Act shall constitute an irrevocable and
18 continuing appropriation from the Income Tax Refund Fund
19 for the purpose of paying refunds upon the order of the
20 Director in accordance with the provisions of this
21 Section.

22 (e) Deposits into the Education Assistance Fund and the
23 Income Tax Surcharge Local Government Distributive Fund. On
24 July 1, 1991, and thereafter, of the amounts collected
25 pursuant to subsections (a) and (b) of Section 201 of this Act,
26 minus deposits into the Income Tax Refund Fund, the Department

1 shall deposit 7.3% into the Education Assistance Fund in the
2 State Treasury. Beginning July 1, 1991, and continuing through
3 January 31, 1993, of the amounts collected pursuant to
4 subsections (a) and (b) of Section 201 of the Illinois Income
5 Tax Act, minus deposits into the Income Tax Refund Fund, the
6 Department shall deposit 3.0% into the Income Tax Surcharge
7 Local Government Distributive Fund in the State Treasury.
8 Beginning February 1, 1993 and continuing through June 30,
9 1993, of the amounts collected pursuant to subsections (a) and
10 (b) of Section 201 of the Illinois Income Tax Act, minus
11 deposits into the Income Tax Refund Fund, the Department shall
12 deposit 4.4% into the Income Tax Surcharge Local Government
13 Distributive Fund in the State Treasury. Beginning July 1,
14 1993, and continuing through June 30, 1994, of the amounts
15 collected under subsections (a) and (b) of Section 201 of this
16 Act, minus deposits into the Income Tax Refund Fund, the
17 Department shall deposit 1.475% into the Income Tax Surcharge
18 Local Government Distributive Fund in the State Treasury.

19 (f) Deposits into the Fund for the Advancement of
20 Education. Beginning February 1, 2015, the Department shall
21 deposit the following portions of the revenue realized from
22 the tax imposed upon individuals, trusts, and estates by
23 subsections (a) and (b) of Section 201 of this Act, minus
24 deposits into the Income Tax Refund Fund, into the Fund for the
25 Advancement of Education:

26 (1) beginning February 1, 2015, and prior to February

1 1, 2025, 1/30; and

2 (2) beginning February 1, 2025, 1/26.

3 If the rate of tax imposed by subsection (a) and (b) of
4 Section 201 is reduced pursuant to Section 201.5 of this Act,
5 the Department shall not make the deposits required by this
6 subsection (f) on or after the effective date of the
7 reduction.

8 (g) Deposits into the Commitment to Human Services Fund.
9 Beginning February 1, 2015, the Department shall deposit the
10 following portions of the revenue realized from the tax
11 imposed upon individuals, trusts, and estates by subsections
12 (a) and (b) of Section 201 of this Act, minus deposits into the
13 Income Tax Refund Fund, into the Commitment to Human Services
14 Fund:

15 (1) beginning February 1, 2015, and prior to February
16 1, 2025, 1/30; and

17 (2) beginning February 1, 2025, 1/26.

18 If the rate of tax imposed by subsection (a) and (b) of
19 Section 201 is reduced pursuant to Section 201.5 of this Act,
20 the Department shall not make the deposits required by this
21 subsection (g) on or after the effective date of the
22 reduction.

23 (h) Deposits into the Tax Compliance and Administration
24 Fund. Beginning on the first day of the first calendar month to
25 occur on or after August 26, 2014 (the effective date of Public
26 Act 98-1098), each month the Department shall pay into the Tax

1 Compliance and Administration Fund, to be used, subject to
2 appropriation, to fund additional auditors and compliance
3 personnel at the Department, an amount equal to 1/12 of 5% of
4 the cash receipts collected during the preceding fiscal year
5 by the Audit Bureau of the Department from the tax imposed by
6 subsections (a), (b), (c), and (d) of Section 201 of this Act,
7 net of deposits into the Income Tax Refund Fund made from those
8 cash receipts.

9 (Source: P.A. 100-22, eff. 7-6-17; 100-23, eff. 7-6-17;
10 100-587, eff. 6-4-18; 100-621, eff. 7-20-18; 100-863, eff.
11 8-14-18; 100-1171, eff. 1-4-19; 101-8, see Section 99 for
12 effective date; 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
13 101-636, eff. 6-10-20.)

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