



Rep. Dave Vella

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LRB104 04691 HLH 23078 a

1 AMENDMENT TO HOUSE BILL 792

2 AMENDMENT NO. _____. Amend House Bill 792 by replacing
3 everything after the enacting clause with the following:

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

6 (35 ILCS 5/203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

16 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of adjusted gross income, except
4 stock dividends of qualified public utilities
5 described in Section 305(e) of the Internal Revenue
6 Code;

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

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

23 (D) An amount equal to the amount of the capital
24 gain deduction allowable under the Internal Revenue
25 Code, to the extent deducted from gross income in the
26 computation of adjusted gross income;

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3 withdrawn by the taxpayer in the taxable year from a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

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

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

20 (D-16) If the taxpayer sells, transfers, abandons,
21 or otherwise disposes of property for which the
22 taxpayer was required in any taxable year to make an
23 addition modification under subparagraph (D-15), then
24 an amount equal to the aggregate amount of the
25 deductions taken in all taxable years under
26 subparagraph (Z) with respect to that property.

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which a
3 subtraction is allowed with respect to that property
4 under subparagraph (Z) and for which the taxpayer was
5 allowed in any taxable year to make a subtraction
6 modification under subparagraph (Z), then an amount
7 equal to that subtraction modification.

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

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

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

12 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs
26 paid, accrued, or incurred, directly or

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

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

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

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

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

1 or if the taxpayer and the Director agree in
2 writing to the application or use of an
3 alternative method of apportionment under Section
4 304(f);

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

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

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

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

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

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

1 out-of-state program in the same manner that the
2 out-of-state program distributes its offering
3 materials;

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

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

19 (D-21.5) For taxable years beginning on or after
20 January 1, 2018, in the case of the transfer of moneys
21 from a qualified tuition program under Section 529 or
22 a qualified ABLE program under Section 529A of the
23 Internal Revenue Code that is administered by this
24 State to an ABLE account established under an
25 out-of-state ABLE account program, an amount equal to
26 the contribution component of the transferred amount

1 that was previously deducted from base income under
2 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
3 Section;

4 (D-22) For taxable years beginning on or after
5 January 1, 2009, and prior to January 1, 2018, in the
6 case of a nonqualified withdrawal or refund of moneys
7 from a qualified tuition program under Section 529 of
8 the Internal Revenue Code administered by the State
9 that is not used for qualified expenses at an eligible
10 education institution, an amount equal to the
11 contribution component of the nonqualified withdrawal
12 or refund that was previously deducted from base
13 income under subsection (a)(2)(y) of this Section,
14 provided that the withdrawal or refund did not result
15 from the beneficiary's death or disability. For
16 taxable years beginning on or after January 1, 2018:
17 (1) in the case of a nonqualified withdrawal or
18 refund, as defined under Section 16.5 of the State
19 Treasurer Act, of moneys from a qualified tuition
20 program under Section 529 of the Internal Revenue Code
21 administered by the State, an amount equal to the
22 contribution component of the nonqualified withdrawal
23 or refund that was previously deducted from base
24 income under subsection (a)(2)(Y) of this Section, and
25 (2) in the case of a nonqualified withdrawal or refund
26 from a qualified ABLE program under Section 529A of

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

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

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

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

18 and by deducting from the total so obtained the sum of the
19 following amounts:

20 (E) For taxable years ending before December 31,
21 2001, any amount included in such total in respect of
22 any compensation (including but not limited to any
23 compensation paid or accrued to a serviceman while a
24 prisoner of war or missing in action) paid to a
25 resident by reason of being on active duty in the Armed
26 Forces of the United States and in respect of any

1 compensation paid or accrued to a resident who as a
2 governmental employee was a prisoner of war or missing
3 in action, and in respect of any compensation paid to a
4 resident in 1971 or thereafter for annual training
5 performed pursuant to Sections 502 and 503, Title 32,
6 United States Code as a member of the Illinois
7 National Guard or, beginning with taxable years ending
8 on or after December 31, 2007, the National Guard of
9 any other state. For taxable years ending on or after
10 December 31, 2001, any amount included in such total
11 in respect of any compensation (including but not
12 limited to any compensation paid or accrued to a
13 serviceman while a prisoner of war or missing in
14 action) paid to a resident by reason of being a member
15 of any component of the Armed Forces of the United
16 States and in respect of any compensation paid or
17 accrued to a resident who as a governmental employee
18 was a prisoner of war or missing in action, and in
19 respect of any compensation paid to a resident in 2001
20 or thereafter by reason of being a member of the
21 Illinois National Guard or, beginning with taxable
22 years ending on or after December 31, 2007, the
23 National Guard of any other state. The provisions of
24 this subparagraph (E) are exempt from the provisions
25 of Section 250;

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

1 such total pursuant to the provisions of Sections
2 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
3 408 of the Internal Revenue Code, or included in such
4 total as distributions under the provisions of any
5 retirement or disability plan for employees of any
6 governmental agency or unit, or retirement payments to
7 retired partners, which payments are excluded in
8 computing net earnings from self employment by Section
9 1402 of the Internal Revenue Code and regulations
10 adopted pursuant thereto;

11 (G) The valuation limitation amount;

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

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

20 (J) An amount equal to those dividends included in
21 such total which were paid by a corporation which
22 conducts business operations in a River Edge
23 Redevelopment Zone or zones created under the River
24 Edge Redevelopment Zone Act, and conducts
25 substantially all of its operations in a River Edge
26 Redevelopment Zone or zones. This subparagraph (J) is

1 exempt from the provisions of Section 250;

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

11 (L) For taxable years ending after December 31,
12 1983, an amount equal to all social security benefits
13 and railroad retirement benefits included in such
14 total pursuant to Sections 72(r) and 86 of the
15 Internal Revenue Code;

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

1 the Internal Revenue Code and, for taxable years
2 ending on or after December 31, 2008, any amount
3 included in gross income under Section 87 of the
4 Internal Revenue Code; the provisions of this
5 subparagraph are exempt from the provisions of Section
6 250;

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

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

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

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

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

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

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

24 (U) For one taxable year beginning on or after
25 January 1, 1994, an amount equal to the total amount of
26 tax imposed and paid under subsections (a) and (b) of

1 Section 201 of this Act on grant amounts received by
2 the taxpayer under the Nursing Home Grant Assistance
3 Act during the taxpayer's taxable years 1992 and 1993;

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

1 times a number that represents the fractional
2 percentage of eligible medical expenses under Section
3 213 of the Internal Revenue Code of 1986 not actually
4 deducted on the taxpayer's federal income tax return;

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

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

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

18 (Y) For taxable years beginning on or after
19 January 1, 2002 and ending on or before December 31,
20 2004, moneys contributed in the taxable year to a
21 College Savings Pool account under Section 16.5 of the
22 State Treasurer Act, except that amounts excluded from
23 gross income under Section 529(c)(3)(C)(i) of the
24 Internal Revenue Code shall not be considered moneys
25 contributed under this subparagraph (Y). For taxable
26 years beginning on or after January 1, 2005, a maximum

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

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

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

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (3) for taxable years ending after December
5 31, 2005:

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

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0;

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

24 (iv) for property on which a bonus
25 depreciation deduction of a percentage other
26 than 30%, 50% or 100% of the adjusted basis

1 was taken in a taxable year ending on or after
2 December 31, 2021, "x" equals "y" multiplied
3 by 100 times the percentage bonus depreciation
4 on the property (that is, $100(\text{bonus}\%)$) and
5 then divided by 100 times 1 minus the
6 percentage bonus depreciation on the property
7 (that is, $100(1-\text{bonus}\%)$).

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

16 (AA) If the taxpayer sells, transfers, abandons,
17 or otherwise disposes of property for which the
18 taxpayer was required in any taxable year to make an
19 addition modification under subparagraph (D-15), then
20 an amount equal to that addition modification.

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which a
23 subtraction is allowed with respect to that property
24 under subparagraph (Z) and for which the taxpayer was
25 required in any taxable year to make an addition
26 modification under subparagraph (D-15), then an amount

1 equal to that addition modification.

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

5 This subparagraph (AA) is exempt from the
6 provisions of Section 250;

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

10 (CC) The amount of (i) any interest income (net of
11 the deductions allocable thereto) taken into account
12 for the taxable year with respect to a transaction
13 with a taxpayer that is required to make an addition
14 modification with respect to such transaction under
15 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
16 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
17 the amount of that addition modification, and (ii) any
18 income from intangible property (net of the deductions
19 allocable thereto) taken into account for the taxable
20 year with respect to a transaction with a taxpayer
21 that is required to make an addition modification with
22 respect to such transaction under Section
23 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
24 203(d)(2)(D-8), but not to exceed the amount of that
25 addition modification. This subparagraph (CC) is
26 exempt from the provisions of Section 250;

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

22 (EE) An amount equal to the income from intangible
23 property taken into account for the taxable year (net
24 of the deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but

1 for the fact that the foreign person's business
2 activity outside the United States is 80% or more of
3 that person's total business activity and (ii) for
4 taxable years ending on or after December 31, 2008, to
5 a person who would be a member of the same unitary
6 business group but for the fact that the person is
7 prohibited under Section 1501(a)(27) from being
8 included in the unitary business group because he or
9 she is ordinarily required to apportion business
10 income under different subsections of Section 304, but
11 not to exceed the addition modification required to be
12 made for the same taxable year under Section
13 203(a)(2)(D-18) for intangible expenses and costs
14 paid, accrued, or incurred, directly or indirectly, to
15 the same foreign person. This subparagraph (EE) is
16 exempt from the provisions of Section 250;

17 (FF) An amount equal to any amount awarded to the
18 taxpayer during the taxable year by the Court of
19 Claims under subsection (c) of Section 8 of the Court
20 of Claims Act for time unjustly served in a State
21 prison. This subparagraph (FF) is exempt from the
22 provisions of Section 250;

23 (GG) 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(a)(2)(D-19), 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 (GG), 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 (GG). This
11 subparagraph (GG) is exempt from the provisions of
12 Section 250;

13 (HH) For taxable years beginning on or after
14 January 1, 2018 and prior to January 1, 2028, a maximum
15 of \$10,000 contributed in the taxable year to a
16 qualified ABLE account under Section 16.6 of the State
17 Treasurer Act, except that amounts excluded from gross
18 income under Section 529(c)(3)(C)(i) or Section
19 529A(c)(1)(C) of the Internal Revenue Code shall not
20 be considered moneys contributed under this
21 subparagraph (HH). For purposes of this subparagraph
22 (HH), contributions made by an employer on behalf of
23 an employee, or matching contributions made by an
24 employee, shall be treated as made by the employee;

25 (II) For taxable years that begin on or after
26 January 1, 2021 and begin before January 1, 2026, the

1 amount that is included in the taxpayer's federal
2 adjusted gross income pursuant to Section 61 of the
3 Internal Revenue Code as discharge of indebtedness
4 attributable to student loan forgiveness and that is
5 not excluded from the taxpayer's federal adjusted
6 gross income pursuant to paragraph (5) of subsection
7 (f) of Section 108 of the Internal Revenue Code;

8 (JJ) For taxable years beginning on or after
9 January 1, 2023, for any cannabis establishment
10 operating in this State and licensed under the
11 Cannabis Regulation and Tax Act or any cannabis
12 cultivation center or medical cannabis dispensing
13 organization operating in this State and licensed
14 under the Compassionate Use of Medical Cannabis
15 Program Act, an amount equal to the deductions that
16 were disallowed under Section 280E of the Internal
17 Revenue Code for the taxable year and that would not be
18 added back under this subsection. The provisions of
19 this subparagraph (JJ) are exempt from the provisions
20 of Section 250; ~~and~~

21 (KK) To the extent includible in gross income for
22 federal income tax purposes, any amount awarded or
23 paid to the taxpayer as a result of a judgment or
24 settlement for fertility fraud as provided in Section
25 15 of the Illinois Fertility Fraud Act, donor
26 fertility fraud as provided in Section 20 of the

1 Illinois Fertility Fraud Act, or similar action in
2 another state; ~~and~~

3 (LL) For taxable years beginning on or after
4 January 1, 2026, if the taxpayer is a qualified
5 worker, as defined in the Workforce Development
6 through Charitable Loan Repayment Act, an amount equal
7 to the amount included in the taxpayer's federal
8 adjusted gross income that is attributable to student
9 loan repayment assistance received by the taxpayer
10 during the taxable year from a qualified community
11 foundation under the provisions of the Workforce
12 Development through ~~Through~~ Charitable Loan Repayment
13 Act.

14 This subparagraph (LL) is exempt from the
15 provisions of Section 250; ~~and~~

16 (MM) ~~(LL)~~ For taxable years beginning on or after
17 January 1, 2025, if the taxpayer is an eligible
18 resident as defined in the Medical Debt Relief Act, an
19 amount equal to the amount included in the taxpayer's
20 federal adjusted gross income that is attributable to
21 medical debt relief received by the taxpayer during
22 the taxable year from a nonprofit medical debt relief
23 coordinator under the provisions of the Medical Debt
24 Relief Act. This subparagraph (MM) ~~(LL)~~ is exempt from
25 the provisions of Section 250; and ~~and~~

26 (NN) For taxable years beginning on or after

1 January 1, 2026, an amount equal to the amount of
2 gratuities included in the taxpayer's federal adjusted
3 gross income for the taxable year; as used in this
4 subparagraph (NN), "gratuities" has the meaning given
5 to that term in Section 3 of the Minimum Wage Law; this
6 subparagraph (NN) is exempt from the provisions of
7 Section 250.

8 (b) Corporations.

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

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

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

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

24 (C) In the case of a regulated investment company,
25 an amount equal to the excess of (i) the net long-term

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

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

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

23 (i) the addition modification relating to the
24 net operating loss carried back or forward to the
25 taxable year from any taxable year ending prior to
26 December 31, 1986 shall be reduced by the amount

1 of addition modification under this subparagraph
2 (E) which related to that net operating loss and
3 which was taken into account in calculating the
4 base income of an earlier taxable year, and

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

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

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

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

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

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

1 incurred, directly or indirectly, to a person if
2 the taxpayer can establish, based on a
3 preponderance of the evidence, both of the
4 following:

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

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

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

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

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

22 (b) the transaction giving rise to the
23 intangible expense or cost between the
24 taxpayer and the person did not have as a
25 principal purpose the avoidance of Illinois
26 income tax, and is paid pursuant to a contract

1 or agreement that reflects arm's-length terms;

2 or

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

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

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

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

22 (E-15) For taxable years beginning after December
23 31, 2008, any deduction for dividends paid by a
24 captive real estate investment trust that is allowed
25 to a real estate investment trust under Section
26 857(b)(2)(B) of the Internal Revenue Code for

1 dividends paid;

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

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

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

14 (E-19) for taxable years ending on or after June
15 30, 2021, an amount equal to the deduction allowed
16 under Section 250(a)(1)(B)(i) of the Internal Revenue
17 Code for the taxable year;

18 (E-20) for taxable years ending on or after June
19 30, 2021, an amount equal to the deduction allowed
20 under Sections 243(e) and 245A(a) of the Internal
21 Revenue Code for the taxable year;

22 (E-21) the amount that is claimed as a federal
23 deduction when computing the taxpayer's federal
24 taxable income for the taxable year and that is
25 attributable to an endowment gift for which the
26 taxpayer receives a credit under the Illinois Gives

1 Tax Credit Act;

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

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

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

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

14 (I) With the exception of any amounts subtracted
15 under subparagraph (J), an amount equal to the sum of
16 all amounts disallowed as deductions by (i) Sections
17 171(a)(2) and 265(a)(2) and amounts disallowed as
18 interest expense by Section 291(a)(3) of the Internal
19 Revenue Code, and all amounts of expenses allocable to
20 interest and disallowed as deductions by Section
21 265(a)(1) of the Internal Revenue Code; and (ii) for
22 taxable years ending on or after August 13, 1999,
23 Sections 171(a)(2), 265, 280C, 291(a)(3), and
24 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
25 for tax years ending on or after December 31, 2011,
26 amounts disallowed as deductions by Section 45G(e)(3)

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

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

23 (K) 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 substantially
2 all of its operations in a River Edge Redevelopment
3 Zone or zones. This subparagraph (K) is exempt from
4 the provisions of Section 250;

5 (L) 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 (K) of paragraph 2 of this subsection
12 shall not be eligible for the deduction provided under
13 this subparagraph (L);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (iii) for property on which a bonus
20 depreciation deduction of 100% of the adjusted
21 basis was taken in a taxable year ending on or
22 after December 31, 2021, "x" equals the
23 depreciation deduction that would be allowed
24 on that property if the taxpayer had made the
25 election under Section 168(k)(7) of the
26 Internal Revenue Code to not claim bonus

1 depreciation on that property; and

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

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

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

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

1 subtraction is allowed with respect to that property
2 under subparagraph (T) and for which the taxpayer was
3 required in any taxable year to make an addition
4 modification under subparagraph (E-10), then an amount
5 equal to that addition modification.

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

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

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

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

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

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

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

26 (Y) For taxable years ending on or after December

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

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

24 (AA) For taxable years beginning on or after
25 January 1, 2023, for any cannabis establishment
26 operating in this State and licensed under the

1 Cannabis Regulation and Tax Act or any cannabis
2 cultivation center or medical cannabis dispensing
3 organization operating in this State and licensed
4 under the Compassionate Use of Medical Cannabis
5 Program Act, an amount equal to the deductions that
6 were disallowed under Section 280E of the Internal
7 Revenue Code for the taxable year and that would not be
8 added back under this subsection. The provisions of
9 this subparagraph (AA) are exempt from the provisions
10 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 a
2 subtraction is allowed with respect to that property
3 under subparagraph (R) and for which the taxpayer was
4 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 (G-17) the amount that is claimed as a federal
23 deduction when computing the taxpayer's federal
24 taxable income for the taxable year and that is
25 attributable to an endowment gift for which the
26 taxpayer receives a credit under the Illinois Gives

1 Tax Credit Act;

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

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

15 (I) The valuation limitation amount;

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

19 (K) An amount equal to all amounts included in
20 taxable income as modified by subparagraphs (A), (B),
21 (C), (D), (E), (F) and (G) which are exempt from
22 taxation by this State either by reason of its
23 statutes or Constitution or by reason of the
24 Constitution, treaties or statutes of the United
25 States; provided that, in the case of any statute of
26 this State that exempts income derived from bonds or

1 other obligations from the tax imposed under this Act,
2 the amount exempted shall be the interest net of bond
3 premium amortization;

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

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

1 Zone or zones. This subparagraph (M) is exempt from
2 the provisions of Section 250;

3 (N) An amount equal to any contribution made to a
4 job training project established pursuant to the Tax
5 Increment Allocation Redevelopment Act;

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

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

20 (Q) For taxable year 1999 and thereafter, an
21 amount equal to the amount of any (i) distributions,
22 to the extent includible in gross income for federal
23 income tax purposes, made to the taxpayer because of
24 his or her status as a victim of persecution for racial
25 or religious reasons by Nazi Germany or any other Axis
26 regime or as an heir of the victim and (ii) items of

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

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

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

14 (2) for taxable years ending on or before
15 December 31, 2005, "x" equals "y" multiplied by 30
16 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (3) for taxable years ending after December
19 31, 2005:

20 (i) for property on which a bonus
21 depreciation deduction of 30% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 30 and then divided by 70 (or "y" multiplied
24 by 0.429);

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0;

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

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

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This
2 subparagraph (R) is exempt from the provisions of
3 Section 250;

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

9 If the taxpayer continues to own property through
10 the last day of the last tax year for which a
11 subtraction is allowed with respect to that property
12 under subparagraph (R) and for which the taxpayer was
13 required in any taxable year to make an addition
14 modification under subparagraph (G-10), then an amount
15 equal to that addition modification.

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

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

21 (T) The amount of (i) any interest income (net of
22 the deductions allocable thereto) taken into account
23 for the taxable year with respect to a transaction
24 with a taxpayer that is required to make an addition
25 modification with respect to such transaction under
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

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

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

1 addition modification required to be made for the same
2 taxable year under Section 203(c)(2)(G-12) for
3 interest paid, accrued, or incurred, directly or
4 indirectly, to the same person. This subparagraph (U)
5 is exempt from the provisions of Section 250;

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

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

8 (X) an amount equal to the refund included in such
9 total of any tax deducted for federal income tax
10 purposes, to the extent that deduction was added back
11 under subparagraph (F). 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(c)(2)(G-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;

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

8 (AA) For taxable years beginning on or after
9 January 1, 2023, for any cannabis establishment
10 operating in this State and licensed under the
11 Cannabis Regulation and Tax Act or any cannabis
12 cultivation center or medical cannabis dispensing
13 organization operating in this State and licensed
14 under the Compassionate Use of Medical Cannabis
15 Program Act, an amount equal to the deductions that
16 were disallowed under Section 280E of the Internal
17 Revenue Code for the taxable year and that would not be
18 added back under this subsection. The provisions of
19 this subparagraph (AA) are exempt from the provisions
20 of Section 250.

21 (3) Limitation. The amount of any modification
22 otherwise required under this subsection shall, under
23 regulations prescribed by the Department, be adjusted by
24 any amounts included therein which were properly paid,
25 credited, or required to be distributed, or permanently
26 set aside for charitable purposes pursuant to Internal

1 Revenue Code Section 642(c) during the taxable year.

2 (d) Partnerships.

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

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

9 (A) An amount equal to all amounts paid or accrued
10 to the taxpayer as interest or dividends during the
11 taxable year to the extent excluded from gross income
12 in the computation of taxable income;

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

16 (C) The amount of deductions allowed to the
17 partnership pursuant to Section 707 (c) of the
18 Internal Revenue Code in calculating its taxable
19 income;

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

24 (D-5) For taxable years 2001 and thereafter, an
25 amount equal to the bonus depreciation deduction taken

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

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

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

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

21 (D-7) An amount equal to the amount otherwise
22 allowed as a deduction in computing base income for
23 interest paid, accrued, or incurred, directly or
24 indirectly, (i) for taxable years ending on or after
25 December 31, 2004, to a foreign person who would be a
26 member of the same unitary business group but for the

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

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such interest; or

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

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

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

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

25 (iv) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a person if

1 the taxpayer establishes by clear and convincing
2 evidence that the adjustments are unreasonable; or
3 if the taxpayer and the Director agree in writing
4 to the application or use of an alternative method
5 of apportionment under Section 304(f).

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

15 (D-8) An amount equal to the amount of intangible
16 expenses and costs otherwise allowed as a deduction in
17 computing base income, and that were paid, accrued, or
18 incurred, directly or indirectly, (i) for taxable
19 years ending on or after December 31, 2004, to a
20 foreign person who would be a member of the same
21 unitary business group but for the fact that the
22 foreign person's business activity outside the United
23 States is 80% or more of that person's total business
24 activity and (ii) for taxable years ending on or after
25 December 31, 2008, to a person who would be a member of
26 the same unitary business group but for the fact that

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

1 transactions; (3) royalty, patent, technical, and
2 copyright fees; (4) licensing fees; and (5) other
3 similar expenses and costs. For purposes of this
4 subparagraph, "intangible property" includes patents,
5 patent applications, trade names, trademarks, service
6 marks, copyrights, mask works, trade secrets, and
7 similar types of intangible assets;

8 This paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the
26 intangible expense or cost between the

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

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

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

24 (D-9) For taxable years ending on or after
25 December 31, 2008, an amount equal to the amount of
26 insurance premium expenses and costs otherwise allowed

1 as a deduction in computing base income, and that were
2 paid, accrued, or incurred, directly or indirectly, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304. The
9 addition modification required by this subparagraph
10 shall be reduced to the extent that dividends were
11 included in base income of the unitary group for the
12 same taxable year and received by the taxpayer or by a
13 member of the taxpayer's unitary business group
14 (including amounts included in gross income under
15 Sections 951 through 964 of the Internal Revenue Code
16 and amounts included in gross income under Section 78
17 of the Internal Revenue Code) with respect to the
18 stock of the same person to whom the premiums and costs
19 were directly or indirectly paid, incurred, or
20 accrued. The preceding sentence does not apply to the
21 extent that the same dividends caused a reduction to
22 the addition modification required under Section
23 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

24 (D-10) An amount equal to the credit allowable to
25 the taxpayer under Section 218(a) of this Act,
26 determined without regard to Section 218(c) of this

1 Act;

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

6 (D-12) the amount that is claimed as a federal
7 deduction when computing the taxpayer's federal
8 taxable income for the taxable year and that is
9 attributable to an endowment gift for which the
10 taxpayer receives a credit under the Illinois Gives
11 Tax Credit Act;

12 and by deducting from the total so obtained the following
13 amounts:

14 (E) The valuation limitation amount;

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

1 net of bond premium amortization;

2 (H) Any income of the partnership which
3 constitutes personal service income as defined in
4 Section 1348(b)(1) of the Internal Revenue Code (as in
5 effect December 31, 1981) or a reasonable allowance
6 for compensation paid or accrued for services rendered
7 by partners to the partnership, whichever is greater;
8 this subparagraph (H) is exempt from the provisions of
9 Section 250;

10 (I) An amount equal to all amounts of income
11 distributable to an entity subject to the Personal
12 Property Tax Replacement Income Tax imposed by
13 subsections (c) and (d) of Section 201 of this Act
14 including amounts distributable to organizations
15 exempt from federal income tax by reason of Section
16 501(a) of the Internal Revenue Code; this subparagraph
17 (I) is exempt from the provisions of Section 250;

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

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

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

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

20 (M) An amount equal to those dividends included in
21 such total that were paid by a corporation that
22 conducts business operations in a federally designated
23 Foreign Trade Zone or Sub-Zone and that is designated
24 a High Impact Business located in Illinois; provided
25 that dividends eligible for the deduction provided in
26 subparagraph (K) of paragraph (2) of this subsection

1 shall not be eligible for the deduction provided under
2 this subparagraph (M);

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

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

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

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

25 (3) for taxable years ending after December
26 31, 2005:

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

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

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

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

1 percentage bonus depreciation on the property
2 (that is, $100(1-\text{bonus}\%)$).

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

11 (P) If the taxpayer sells, transfers, abandons, or
12 otherwise disposes of property for which the taxpayer
13 was required in any taxable year to make an addition
14 modification under subparagraph (D-5), then an amount
15 equal to that addition modification.

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which a
18 subtraction is allowed with respect to that property
19 under subparagraph (O) and for which the taxpayer was
20 required in any taxable year to make an addition
21 modification under subparagraph (D-5), then an amount
22 equal to that addition modification.

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

26 This subparagraph (P) is exempt from the

1 provisions of Section 250;

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

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

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

13 (S) An amount equal to the income from intangible
14 property taken into account for the taxable year (net
15 of the 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 that the foreign person's business
19 activity outside the United States is 80% or more of
20 that person's total business activity and (ii) for
21 taxable years ending on or after December 31, 2008, 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, but
2 not to exceed the addition modification required to be
3 made for the same taxable year under Section
4 203(d)(2)(D-8) for intangible expenses and costs paid,
5 accrued, or incurred, directly or indirectly, to the
6 same person. This subparagraph (S) is exempt from
7 Section 250;

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

24 (U) For taxable years beginning on or after
25 January 1, 2023, for any cannabis establishment
26 operating in this State and licensed under the

1 Cannabis Regulation and Tax Act or any cannabis
2 cultivation center or medical cannabis dispensing
3 organization operating in this State and licensed
4 under the Compassionate Use of Medical Cannabis
5 Program Act, an amount equal to the deductions that
6 were disallowed under Section 280E of the Internal
7 Revenue Code for the taxable year and that would not be
8 added back under this subsection. The provisions of
9 this subparagraph (U) are exempt from the provisions
10 of Section 250.

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

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

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

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

22 (A) Certain life insurance companies. In the case
23 of a life insurance company subject to the tax imposed
24 by Section 801 of the Internal Revenue Code, life
25 insurance company taxable income, plus the amount of
26 distribution from pre-1984 policyholder surplus

1 accounts as calculated under Section 815a of the
2 Internal Revenue Code;

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

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

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

15 (E) Consolidated corporations. In the case of a
16 corporation which is a member of an affiliated group
17 of corporations filing a consolidated income tax
18 return for the taxable year for federal income tax
19 purposes, taxable income determined as if such
20 corporation had filed a separate return for federal
21 income tax purposes for the taxable year and each
22 preceding taxable year for which it was a member of an
23 affiliated group. For purposes of this subparagraph,
24 the taxpayer's separate taxable income shall be
25 determined as if the election provided by Section
26 243(b)(2) of the Internal Revenue Code had been in

1 effect for all such years;

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

1 Department shall adopt rules setting forth
2 requirements for documenting the elections and any
3 resulting Illinois net loss and the standards to be
4 used by the Director in evaluating requests to revoke
5 elections. Public Act 96-932 is declaratory of
6 existing law;

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

24 (H) Partnerships. In the case of a partnership,
25 taxable income determined in accordance with Section
26 703 of the Internal Revenue Code, except that taxable

1 income shall take into account those items which are
2 required by Section 703(a)(1) to be separately stated
3 but which would be taken into account by an individual
4 in calculating his taxable income.

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

22 (f) Valuation limitation amount.

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

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

7 (B) The lesser of (i) the sum of the pre-August 1,
8 1969 appreciation amounts (to the extent consisting of
9 capital gain) for all property in respect of which
10 such gain was reported for federal income tax purposes
11 for the taxable year, or (ii) the net capital gain for
12 the taxable year, reduced in either case by any amount
13 of such gain included in the amount determined under
14 subsection (a) (2) (F) or (c) (2) (H).

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

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

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

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

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

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

1 such taxable year, whether in respect of property values as of
2 August 1, 1969 or otherwise.

3 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
4 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
5 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592,
6 Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170,
7 Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647,
8 eff. 7-1-24; revised 8-20-24.)

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