



Rep. Kevin John Olickal

Filed: 3/17/2025

10400HB3320ham001

LRB104 12166 BDA 23623 a

1 AMENDMENT TO HOUSE BILL 3320

2 AMENDMENT NO. _____. Amend House Bill 3320 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Responsibility in Firearm Legislation Act.

6 Section 5. Findings and purpose. The General Assembly
7 finds that the people of the State of Illinois have incurred
8 undue direct costs and financial burdens from injuries and
9 deaths as a result of the use of firearms in this State.
10 Therefore, to protect the health, safety, and welfare of the
11 people of the State of Illinois, it is necessary to require the
12 licensing of manufacturers of firearms in this State and to
13 distribute the proceeds of license fees to victims of firearms
14 in this State.

15 Section 10. Definitions. In this Act:

1 "Applicant" means a victim or secondary victim applying
2 for reimbursement for a firearm injury or firearm death.

3 "Direct costs" means costs incurred for any one or more of
4 the following: medical treatment and care; medical devices and
5 prescriptions drugs; mental health treatment provided by a
6 psychiatrist, psychologist, social worker, or behavioral
7 therapist; physical therapy, occupational therapy, and
8 rehabilitation services; funeral, burial, and cremation
9 services; emergency transportation; lost wages; emergency
10 relocation; property damage; legal services; or emergency
11 child or dependent care.

12 "Distributor of firearms" or "distributor" means a person
13 who supplies firearms to retailers or other business that sell
14 firearms to consumers in this State.

15 "Experience rating" means the number of firearms recovered
16 in a given year in connection with incidents involving firearm
17 injuries that are linked to a specific manufacturer in the
18 State, regardless of modifications or accessories added to the
19 firearm after manufacturing, divided by the total number of
20 firearms recovered in connection with those incidents in that
21 same year.

22 "Firearm" has the same meaning given to that term in the
23 Firearm Owners Identification Card Act.

24 "Finished firearm" means a firearm other than a firearm
25 muffler or firearm silencer that contains all component parts
26 necessary to function, whether or not assembled or operable.

1 "Firearm death" means the death of a person that is the
2 direct or proximate result of a high-velocity projectile fired
3 from a firearm. "Firearm death" includes suicides and
4 homicides.

5 "Firearm injury" means a physical, mental, or emotional
6 injury to a person that is the direct or proximate result of a
7 high-velocity projectile fired from a firearm, whether
8 self-inflicted, accidental, or intentional.

9 "Importer" means any person that brings one or more
10 manufactured firearms into the State of Illinois.

11 "Manufacturer" means a person with a Federal Firearms
12 License who manufactures and sells finished firearms to
13 consumers, distributors, or retailers in this State.
14 "Manufacturer" does not include a person or entity that
15 manufactured or sold less than 1,000 firearms in the last 3
16 years.

17 "Permanent disability" means a permanent physical or
18 mental impairment to a person that prevents the person from
19 working or performing normal activities that person performed
20 before the incident or injury as evidenced by appropriate
21 medical documentation from a physician licensed to practice
22 medicine in all its branches.

23 "Retailer of firearms" or retailer" means a person that
24 sells firearms directly to consumers in this State.

25 "RIFL Agency" or "Agency" means the Responsibility in
26 Firearm Legislation Agency created under Section 15 of this

1 Act.

2 "RIFL Board" or "Board" means the Board of Directors
3 supervising and directing the RIFL Agency, as appointed under
4 Section 20 of this Act.

5 "RIFL License" or "License" means a Responsibility in
6 Firearm Legislation License granted by the RIFL Agency under
7 Section 30 of this Act.

8 "RIFL Fund" or "Fund" means the Responsibility in Firearm
9 Legislation Fund created under this Act.

10 "Secondary victim" means one or more persons who are
11 related to a victim of firearms. A person is related to a
12 victim of firearms if that person is a legal guardian, parent,
13 sibling, spouse, living dependent, grandparent, grandchild, or
14 next of kin.

15 "Total annual aggregate fee" means the sum of all license
16 fees imposed over one year on manufacturers under this Act.

17 "Victim" means an individual who has been injured in a
18 firearm injury, who has succumbed to a firearm death, or who
19 has died from complications arising from a firearm injury.

20 Section 15. Responsibility in Firearm Legislation Agency.

21 (a) For the purpose of effectuating the policy declared in
22 Section 5 of this Act, there is established in the Executive
23 Branch of the State Government an independent agency to be
24 known as the Responsibility in Firearm Legislation Agency.
25 This RIFL Agency shall be under the supervision and direction

1 of a Board of Directors as described under Section 20 of this
2 Act. The RIFL Agency shall have the powers and duties
3 enumerated in this Act, with such other powers and duties
4 conferred upon it by law.

5 Section 20. Responsibility in Firearm Legislation Board of
6 Directors.

7 (a) The Board of Directors of the RIFL Agency shall be
8 appointed as follows:

9 (1) The Governor shall appoint the Board of Directors
10 with the advice and consent of the Senate. The Board of
11 Directors shall supervise and direct the RIFL Agency
12 established under Section 15 of this Act.

13 (2) The Board of Directors shall have 9 members as
14 follows:

15 (A) Three representatives from private industry.
16 Each representative must be an owner or an executive
17 officer, with no more than one representative from
18 each sector of private industry. One of the 3 members
19 shall be licensed to practice law in the State of
20 Illinois, and one member shall be a representative of
21 the firearm industry.

22 (B) Three representatives from health professions,
23 licensed in the State of Illinois and with experience
24 in the treatment of patients who have suffered firearm
25 injuries. At least one member must hold a Medical

1 Doctorate or Doctor of Osteopathic Medicine and one
2 member must be a licensed psychiatrist, psychologist,
3 psychotherapist, or behavioral therapist.

4 (C) One representative who is a highly respected
5 legal scholar nominated by the Chief Justice of the
6 Illinois Supreme Court and appointed under paragraph
7 (1) of this subsection (a).

8 (D) One representative who is an economist who
9 provides analysis in commercial litigation or a
10 Certified Public Accountant and who does not work in a
11 similar industry or field as any other representative.

12 (E) One representative from the general public.

13 (3) In addition to the requirements of paragraph (2)
14 of this subsection (a), no more than 5 members shall be
15 from the same political party.

16 (4) Members of the Board shall serve for a term of 4
17 years. No member may serve for more than 2 consecutive
18 terms.

19 (5) Vacancies shall be filled by the Board as
20 described under this subsection (a). An interim member
21 appointed by the Board by majority vote shall serve for
22 the remainder of the term or until a replacement can be
23 appointed by the Governor, as follows:

24 (A) Vacancies under subparagraphs (C), (D), and
25 (E) of paragraph (2) of this subsection (a) shall be
26 filled by majority vote of any remaining members under

1 subparagraphs (C), (D), and (E) of paragraph (2) of
2 this subsection (a).

3 (B) Vacancies under subparagraphs (A) and (B) of
4 paragraph (2) of this subsection (a) shall be filled
5 by majority vote of any remaining members under
6 subparagraphs (A) and (B) of paragraph (2) of this
7 subsection (a).

8 If no candidate receives a majority of votes under
9 this paragraph (5), then the candidate with the least
10 number of votes is disqualified and a new vote will be made
11 for the remaining candidates. This shall continue until
12 one candidate is chosen.

13 In the event of a tie under this paragraph (5), the
14 President of the Board shall cast a tie-breaking vote.

15 (b) The requirements for the President of the Board shall
16 be as follows:

17 (1) The President of the Board shall be chosen from
18 among the members described under subparagraphs (C), (D),
19 and (E) of paragraph (2) of subsection (a). The President
20 of the Board shall be appointed by the Governor with the
21 advice and consent of the Senate. A person may be
22 appointed concurrently President of the Board and member
23 under subparagraph (C), (D), or (E) of paragraph (2) of
24 subsection (a) as provided under paragraph (1) of
25 subsection (a).

26 (2) If, for any reason there is a vacancy for the

1 President of the Board, then the Board, by a majority of
2 members, shall choose an interim President of the Board
3 from among the remaining representatives as described
4 under subparagraphs (C), (D), and (E) of paragraph (2) of
5 subsection (a) who shall serve until such time a President
6 of the Board is appointed according to paragraph (1).

7 (c) No business may be conducted at a meeting of the Board
8 unless a majority of members are present. No business of the
9 Board can be considered binding unless a vote of a majority of
10 members have voted in favor unless a higher vote is otherwise
11 required.

12 (d) The Board of Directors shall:

13 (1) supervise and direct the Agency;

14 (2) adopt rules as authorized by law;

15 (3) hire executive staff including an Executive
16 Director of the RIFL Agency and Associate Director of the
17 RIFL Agency; and

18 (4) review disputed claims made by applicants under
19 the RIFL Financial Restitution Program.

20 (e) The Board of Directors shall adopt rules providing for
21 salaries for an Executive Director and Associate Director, and
22 any other executive staff, as well as compensation for members
23 of the Board.

24 Section 25. General powers and duties of the Agency.

25 (a) The Agency shall:

1 (1) Develop and administer the RIFL Licensing Program.

2 (2) Develop and administer the RIFL Financial
3 Restitution Program.

4 (3) Assist in the management of the RIFL Fund.

5 (b) Except as otherwise limited by this Act, the Agency
6 has all of the powers to carry out the purposes and provisions
7 of this Act, including, but not limited to:

8 (1) obtaining and employing personnel and hiring
9 consultants that are necessary to fulfill the Agency's
10 purposed, and making expenditures for that purpose within
11 the appropriations for that purpose;

12 (2) purchasing, receiving, taking by grant, gift,
13 devise, bequest, or otherwise, lease, or otherwise
14 acquiring, owning, holding, improving, employing, using,
15 and otherwise dealing in and with, real or personal
16 property, whether tangible or intangible, or any interest
17 therein, within the State;

18 (3) acquiring real or personal property, whether
19 tangible or intangible, including without limitation
20 property rights, interests in property, franchises,
21 obligations, contracts, and debt and equity securities;

22 (4) selling, conveying, leasing, exchanging,
23 transferring, abandoning, or otherwise disposing of, or
24 mortgaging, pledging, or creating a security interest in,
25 any of its assets, properties, or any interest therein,
26 wherever situated;

1 (5) purchasing, taking, receiving, subscribing for, or
2 otherwise acquiring, holding, making a tender offer for,
3 voting, disposing of, mortgaging, pledging or granting a
4 security interest in, using, and otherwise dealing in and
5 with, bonds and other obligations, shares or other
6 securities (or interests therein) issued by others,
7 whether engaged in a similar or different business or
8 activity;

9 (6) making and executing agreements, contracts, and
10 other instruments necessary or convenient in the exercise
11 of the powers and functions of the Agency under this Act,
12 including contracts with any person or other entity;

13 (7) lending money, investing and reinvesting its funds
14 in accordance with the Public Funds Investment Act, and
15 taking and holding real and personal property as security
16 for the payment of funds loaned or invested;

17 (8) borrowing money at such rate or rates of interest
18 as the Agency may determine, issuing its notes, bonds, or
19 other obligations to evidence that indebtedness, and
20 securing any of its obligations by mortgage or pledge of
21 its real or personal property, revenues, grants, and other
22 funds as provided or any interest therein, wherever
23 situated;

24 (9) procuring insurance against any loss in connection
25 with its properties or operations in such amount or
26 amounts and from such insurers, as it may deem necessary

1 or desirable, and to pay any premiums therefore;

2 (10) negotiating and entering into agreements with
3 trustees or receivers appointed by United States
4 bankruptcy courts or federal district courts or in other
5 proceedings involving adjustment of debts and authorizing
6 proceedings involving adjustments of debts and authorizing
7 legal counsel for the Agency to appear in any such
8 proceedings;

9 (11) filing a petition under Chapter 9 of Title 11 of
10 the United States Bankruptcy Code or taking other similar
11 action for the adjustment of its debts;

12 (12) entering into management agreements for the
13 operation of any of the property or facilities owned by
14 the Agency;

15 (13) maintaining an office or offices at such place or
16 places in the State as it may determine;

17 (14) requesting information, and making any inquiry,
18 investigation, or study that the Agency may deem necessary
19 to enable it effectively to carry out the provisions of
20 this Act;

21 (15) accepting and expending appropriations;

22 (16) engaging in any activity or operation that is
23 incidental to and in furtherance of efficient operation to
24 accomplish the Agency's purposes, including hiring
25 employees that the Board deems essential for the
26 operations of the Agency;

1 (17) adopting, revising, amending, and repealing rules
2 with respect to its operations and properties as may be
3 necessary or convenient to carry out the purposes of this
4 Act, subject to the provisions of the Illinois
5 Administrative Procedure Act; and

6 (18) establishing and collecting charges and fees as
7 described in this Act.

8 Section 30. Responsibility in Firearm Legislation
9 Licensing Program.

10 (a) The Responsibility in Firearm Legislation Licensing
11 Program is established and shall be administered by the RIFL
12 Agency.

13 (b) A manufacturer in this State shall be issued a RIFL
14 License by the Agency upon payment of the fee set by the
15 Agency.

16 (c) The Agency shall maintain a list of all licensed
17 manufacturers under this Section to be published on the
18 Agency's website.

19 (d) Retailers, distributors, and importers shall annually
20 report to the Agency the name of the manufacturer or
21 manufacturers with whom the retailer, distributor, and
22 importer contracts.

23 (e) Before commencing the Responsibility in Firearm
24 Legislation Licensing Program under this Section, the Board
25 shall issue a request for proposals from an actuarial or

1 economics consulting firm to determine as outlined by this Act
2 each eligible manufacturer's responsibility to the portion of
3 the initial \$821,000,000 for the RIFL Fund utilizing
4 experience rating as defined in the Act. The Agency shall set
5 fees for a RIFL License annually based on the following:

6 (1) The total annual aggregate fee for all
7 manufacturers of firearms in this State shall be set by
8 the Agency at an amount that the Agency estimates is equal
9 to the direct costs and financial burdens borne by the
10 State and its residents as a result of firearm injuries
11 occurring in this State, as determined by the Agency based
12 on the incidence of firearm injuries in this State in the
13 previous year, except that in the first program year the
14 total annual aggregate fee shall be equal to \$821,000,000,
15 the calculated direct expenses of firearm injury in the
16 State of Illinois.

17 (2) The total annual aggregate fee for all
18 manufacturers in this State shall annually thereafter be
19 adjusted based on the incidence of injury and death and
20 correlated expenses.

21 (3) No less than 4% but no more than 6% of the annual
22 aggregate fee shall be appropriated for personnel and
23 administration costs of the Agency and Board of Directors.

24 (f) The RIFL Agency shall inform each manufacturer of the
25 amount of the fee and the description of how the fee was
26 calculated at least 90 days before the license renewal date.

1 (g) The RIFL Agency shall provide manufacturers with an
2 opportunity to dispute any fees levied for a license under
3 procedures established by rules adopted by the Agency under
4 this Act.

5 (h) The proceeds from all fees under the Responsibility in
6 Firearm Legislation Licensing Program shall be deposited into
7 the RIFL Fund established under Section 35 of this Act.

8 (i) Beginning January 1, 2028, a manufacturer may not
9 operate in this State without a license issued by the Agency
10 under this Act.

11 (j) Beginning January 1, 2028, a retailer may not sell a
12 firearm to a consumer in this State from a manufacturer who
13 does not have a license issued by the Agency under this Act.

14 (k) Beginning January 1, 2028, an importer may not import
15 firearms into this State from a manufacturer who does not have
16 a license issued by the Agency under this Act.

17 (l) Beginning January 1, 2028, a distributor may not
18 distribute a firearm into this State from a manufacturer who
19 does not have a license issued by the Agency under this Act.

20 (m) Beginning January 1, 2028, a licensed dealer, private
21 seller, sponsor of a firearm trade show, or organizer of a
22 firearm trade show may not sell, distribute, sponsor, or
23 organize to effectuate the selling of firearms in this State
24 from a manufacturer who does not have a license issued by the
25 Agency under this Act.

1 Section 35. RIFL Fund. The Responsibility in Firearm
2 Legislation Fund is created as a special fund in the State
3 treasury. Proceeds from fees imposed for RIFL Licenses under
4 Section 30 of this Act or rules adopted under this Act shall be
5 collected by the RIFL Agency and deposited into the Fund.
6 Civil penalties collected under Section 50 shall be deposited
7 into the Fund. Interest and dividends shall be reinvested into
8 the Fund. Moneys in the RIFL Fund, as directed by the RIFL
9 Agency, shall be expended for financial restitution to victims
10 of firearms in this State under Section 40 of this Act and for
11 other purposes authorized under this Act. Subsections (b) and
12 (c) of Section 5 of the State Finance Act do not apply to the
13 RIFL Fund.

14 In the event the Fund becomes insolvent, responsibility
15 for medical costs, mental health care costs, pharmaceutical
16 services costs, and rehabilitation services costs under
17 Section 40 shall default to the claimant's health insurer.

18 Section 40. RIFL Financial Restitution Program.

19 (a) The Responsibility in Firearm Legislation Financial
20 Restitution Program is established in the Agency for the
21 purpose of providing relief to victims and secondary victims.

22 (b) Moneys in the RIFL Fund shall be used for the financial
23 restitution under the RIFL Financial Restitution Program
24 established under this Section after application by a person
25 who has suffered a firearm injury or the next of kin of someone

1 who has suffered a firearm death.

2 (c) Initial determinations for eligibility shall be
3 determined by the Agency. Claimants may appeal a rejection of
4 the initial claim through the administrative process,
5 established by rule of the Agency.

6 (d) On or before July 1, 2027, the Agency shall adopt rules
7 for the provision of financial restitution to victims of
8 firearms in this State. These rules shall be based on the
9 findings and purpose of this Act and shall provide, at least
10 and as much as practicable, for the following:

11 (1) Eligible claimants for financial restitution shall
12 include all victims as defined in this Act and shall not
13 exclude any person based on citizenship or legal status.
14 No claim may be denied even if the claimant is at fault for
15 the firearm injury.

16 (2) Except as limited by paragraph (4), expenses
17 eligible for compensation through financial restitution
18 from the RIFL Fund under this Act include, but are not
19 limited to, costs related to medical and mental health
20 care, rehabilitation, prescriptions, medical devices,
21 funeral, emergency transportation, lost wages, loss of
22 tuition, property damage, temporary relocation, property
23 disability accommodations, probate costs, replacement
24 service, short-term childcare, pain and suffering,
25 time-off, and lost wage benefits for qualifying survivors
26 of deceased household income earners.

1 (3) The financial restitution from the RIFL Fund under
2 this Act shall compensate victims of firearms for all
3 direct costs incurred as a result of firearm injury for up
4 to 3 years post-event, except:

5 (A) in the event of a permanent physical or mental
6 disability, the claimant is eligible for compensation
7 for the duration of the claimant's life including, but
8 not limited to, medical care, mental health care,
9 pharmaceutical services, and rehabilitative services;
10 and

11 (B) if a complication from a firearm injury causes
12 the death of the claimant, the claimant is eligible
13 for compensation for funeral, cremation, and burial
14 services.

15 (4) No award shall be reduced based on any applicable
16 private insurance claim.

17 (5) The Agency shall directly pay providers of medical
18 care, mental health care, pharmaceutical services, and
19 rehabilitative services that are connected to a firearm
20 injury to a victim of firearms as part of this
21 compensation.

22 (6) Notwithstanding any other provision of this
23 Section, out-of-state residents who have suffered firearm
24 injury or death in this State are eligible for in-state
25 medical and mental health care costs, and rehabilitation
26 only, except if the State in which the resident resides

1 has a RIFL Agency or a similar compensation program funded
2 with reciprocity and funded by contributions from the
3 firearm industry, as determined by the Agency.

4 (7) The compensation received through the RIFL
5 Financial Restitution Program is exempt from State taxes
6 under subparagraph (NN) of paragraph (2) of subsection (a)
7 of Section 203 of the Illinois Income Tax Act.

8 (8) Claimants are responsible to provide medical
9 records, proof of employment, and proof of expenses.

10 (9) Claim disputes shall be resolved by the RIFL
11 Board.

12 Section 45. RIFL firearm recovery reporting.

13 (a) All law enforcement agencies shall report to the
14 Illinois State Police the manufacturer, make, and model of all
15 firearms recovered in any incidents to which they respond that
16 result in a firearm injury.

17 (b) The Illinois State Police shall compile all reports
18 and provide a report at least once a year to the Agency.

19 (c) The Agency shall make available on the Agency's public
20 website the substance of the reports received under this
21 Section.

22 (d) The Agency, in consultation with the Illinois State
23 Police, shall, by rule, establish procedures implementing this
24 Section.

1 Section 50. Enforcement and penalties.

2 (a) The Attorney General may investigate violations of
3 this Act and bring civil actions to enforce this Act. Any civil
4 penalty collected under this Act shall be deposited into the
5 RIFL Fund.

6 (b) A manufacturer who violates subsection (i) of Section
7 30 is subject to a civil penalty of up to \$10,000,000 per
8 month, for every month a continuing violation of that
9 subsection continues. After 60 days of failure to meet
10 requirements of licensing, the manufacturer shall be
11 prohibited from operating in the State. A manufacturer is
12 liable for all fees and fines levied while the license was
13 valid, including any fees for late payment. A license shall
14 not be reinstated until all outstanding fines and the
15 manufacturer's assessed contribution to the fund are paid in
16 full. All fines and penalties shall be paid into the RIFL Fund.

17 (c) A retailer, distributor, importer, licensed dealer,
18 private seller, sponsor of a firearm trade show, or organizer
19 of a firearm trade show who violates subsection (j), (k), (l),
20 or (m) of Section 30 is subject to a civil penalty of up to
21 \$10,000 per violation. It is an affirmative defense that a
22 retailer, distributor, importer, licensed dealer, private
23 seller, sponsor of a firearm trade show, or organizer of a
24 firearm trade show reasonably relied upon the list of
25 manufacturers under Section 30 of this Act.

26 (d) The Agency may adopt rules that provide for other

1 civil penalties for violations of this Act or rules adopted
2 under this Act of no more than \$10,000 per violation for
3 retailers, distributors, importers, licensed dealers, private
4 sellers, sponsors of a firearm trade show, or organizers of a
5 firearm trade show.

6 (e) The Attorney General may bring an action for an
7 equitable or other remedy in a court of competent jurisdiction
8 to enforce this Act or to prevent a violation of this Act.

9 Section 55. Rulemaking. The Agency has rulemaking
10 authority and shall adopt rules implementing this Act.

11 Section 60. The State Finance Act is amended by changing
12 Section 5 and by adding Section 5.1030 as follows:

13 (30 ILCS 105/5) (from Ch. 127, par. 141)

14 Sec. 5. Special funds.

15 (a) There are special funds in the State Treasury
16 designated as specified in the Sections which succeed this
17 Section 5 and precede Section 5d.

18 (b) Except as provided in the Illinois Vehicle Hijacking
19 and Motor Vehicle Theft Prevention and Insurance Verification
20 Act and the Responsibility in Firearm Legislation Act, when
21 any special fund in the State Treasury is discontinued by an
22 Act of the General Assembly, any balance remaining therein on
23 the effective date of such Act shall be transferred to the

1 General Revenue Fund, or to such other fund as such Act shall
2 provide. Warrants outstanding against such discontinued fund
3 at the time of the transfer of any such balance therein shall
4 be paid out of the fund to which the transfer was made.

5 (c) Except as provided in the Responsibility in Firearm
6 Legislation Act, when ~~When~~ any special fund in the State
7 Treasury has been inactive for 18 months or longer, the
8 Comptroller may terminate the fund, and the balance remaining
9 in such fund shall be transferred by the Comptroller to the
10 General Revenue Fund. When a special fund has been terminated
11 by the Comptroller as provided in this Section, the General
12 Assembly shall repeal or amend all Sections of the statutes
13 creating or otherwise referring to that fund.

14 The Comptroller shall be allowed the discretion to
15 maintain or dissolve any federal trust fund which has been
16 inactive for 18 months or longer.

17 (d) (Blank).

18 (e) (Blank).

19 (Source: P.A. 102-904, eff. 1-1-23; 103-266, eff. 1-1-24;
20 103-616, eff. 7-1-24.)

21 (30 ILCS 105/5.1030 new)

22 Sec. 5.1030. The Responsibility in Firearm Legislation
23 Fund.

24 Section 65. The Illinois Income Tax Act is amended by

1 changing Section 203 as follows:

2 (35 ILCS 5/203)

3 Sec. 203. Base income defined.

4 (a) Individuals.

5 (1) In general. In the case of an individual, base
6 income means an amount equal to the taxpayer's adjusted
7 gross income for the taxable year as modified by paragraph
8 (2).

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

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

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

23 (C) An amount equal to the amount received during
24 the taxable year as a recovery or refund of real
25 property taxes paid with respect to the taxpayer's

1 principal residence under the Revenue Act of 1939 and
2 for which a deduction was previously taken under
3 subparagraph (L) of this paragraph (2) prior to July
4 1, 1991, the retrospective application date of Article
5 4 of Public Act 87-17. In the case of multi-unit or
6 multi-use structures and farm dwellings, the taxes on
7 the taxpayer's principal residence shall be that
8 portion of the total taxes for the entire property
9 which is attributable to such principal residence;

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

14 (D-5) An amount, to the extent not included in
15 adjusted gross income, equal to the amount of money
16 withdrawn by the taxpayer in the taxable year from a
17 medical care savings account and the interest earned
18 on the account in the taxable year of a withdrawal
19 pursuant to subsection (b) of Section 20 of the
20 Medical Care Savings Account Act or subsection (b) of
21 Section 20 of the Medical Care Savings Account Act of
22 2000;

23 (D-10) For taxable years ending after December 31,
24 1997, an amount equal to any eligible remediation
25 costs that the individual deducted in computing
26 adjusted gross income and for which the individual

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

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

7 (D-16) If the taxpayer sells, transfers, abandons,
8 or otherwise disposes of property for which the
9 taxpayer was required in any taxable year to make an
10 addition modification under subparagraph (D-15), then
11 an amount equal to the aggregate amount of the
12 deductions taken in all taxable years under
13 subparagraph (Z) with respect to that property.

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

21 The taxpayer is required to make the addition
22 modification under this subparagraph only once with
23 respect to any one piece of property;

24 (D-17) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

1 indirectly, (i) for taxable years ending on or after
2 December 31, 2004, to a foreign person who would be a
3 member of the same unitary business group but for the
4 fact that foreign person's business activity outside
5 the United States is 80% or more of the foreign
6 person's total business activity and (ii) for taxable
7 years ending on or after December 31, 2008, to a person
8 who would be a member of the same unitary business
9 group but for the fact that the person is prohibited
10 under Section 1501(a)(27) from being included in the
11 unitary business group because he or she is ordinarily
12 required to apportion business income under different
13 subsections of Section 304. The addition modification
14 required by this subparagraph shall be reduced to the
15 extent that dividends were included in base income of
16 the unitary group for the same taxable year and
17 received by the taxpayer or by a member of the
18 taxpayer's unitary business group (including amounts
19 included in gross income under Sections 951 through
20 964 of the Internal Revenue Code and amounts included
21 in gross income under Section 78 of the Internal
22 Revenue Code) with respect to the stock of the same
23 person to whom the interest was paid, accrued, or
24 incurred.

25 This paragraph shall not apply to the following:

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

1 incurred, directly or indirectly, to 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 interest; or

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

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

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

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

1 or

2 (iv) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer establishes by clear and convincing
5 evidence that the adjustments are unreasonable; or
6 if the taxpayer and the Director agree in writing
7 to the application or use of an alternative method
8 of apportionment under Section 304(f).

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

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

1 activity and (ii) for taxable years ending on or after
2 December 31, 2008, to a person who would be a member of
3 the same unitary business group but for the fact that
4 the person is prohibited under Section 1501(a)(27)
5 from being included in the unitary business group
6 because he or she is ordinarily required to apportion
7 business income under different subsections of Section
8 304. The addition modification required by this
9 subparagraph shall be reduced to the extent that
10 dividends were included in base income of the unitary
11 group for the same taxable year and received by the
12 taxpayer or by a member of the taxpayer's unitary
13 business group (including amounts included in gross
14 income under Sections 951 through 964 of the Internal
15 Revenue Code and amounts included in gross income
16 under Section 78 of the Internal Revenue Code) with
17 respect to the stock of the same person to whom the
18 intangible expenses and costs were directly or
19 indirectly paid, incurred, or accrued. The preceding
20 sentence does not apply to the extent that the same
21 dividends caused a reduction to the addition
22 modification required under Section 203(a)(2)(D-17) of
23 this Act. As used in this subparagraph, the term
24 "intangible expenses and costs" includes (1) expenses,
25 losses, and costs for, or related to, the direct or
26 indirect acquisition, use, maintenance or management,

1 ownership, sale, exchange, or any other disposition of
2 intangible property; (2) losses incurred, directly or
3 indirectly, from factoring transactions or discounting
4 transactions; (3) royalty, patent, technical, and
5 copyright fees; (4) licensing fees; and (5) other
6 similar expenses and costs. For purposes of this
7 subparagraph, "intangible property" includes patents,
8 patent applications, trade names, trademarks, service
9 marks, copyrights, mask works, trade secrets, and
10 similar types of intangible assets.

11 This paragraph shall not apply to the following:

12 (i) any item of intangible expenses or costs
13 paid, accrued, or incurred, directly or
14 indirectly, from a transaction with 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 item; or

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

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

9 (iii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, from a transaction with a person if
12 the taxpayer establishes by clear and convincing
13 evidence, that the adjustments are unreasonable;
14 or if the taxpayer and the Director agree in
15 writing to the application or use of an
16 alternative method of apportionment under Section
17 304(f);

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

1 (D-19) For taxable years ending on or after
2 December 31, 2008, an amount equal to the amount of
3 insurance premium expenses and costs otherwise allowed
4 as a deduction in computing base income, and that were
5 paid, accrued, or incurred, directly or indirectly, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the
21 stock of the same person to whom the premiums and costs
22 were directly or indirectly paid, incurred, or
23 accrued. The preceding sentence does not apply to the
24 extent that the same dividends caused a reduction to
25 the addition modification required under Section
26 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this

1 Act;

2 (D-20) For taxable years beginning on or after
3 January 1, 2002 and ending on or before December 31,
4 2006, in the case of a distribution from a qualified
5 tuition program under Section 529 of the Internal
6 Revenue Code, other than (i) a distribution from a
7 College Savings Pool created under Section 16.5 of the
8 State Treasurer Act or (ii) a distribution from the
9 Illinois Prepaid Tuition Trust Fund, an amount equal
10 to the amount excluded from gross income under Section
11 529(c)(3)(B). For taxable years beginning on or after
12 January 1, 2007, in the case of a distribution from a
13 qualified tuition program under Section 529 of the
14 Internal Revenue Code, other than (i) a distribution
15 from a College Savings Pool created under Section 16.5
16 of the State Treasurer Act, (ii) a distribution from
17 the Illinois Prepaid Tuition Trust Fund, or (iii) a
18 distribution from a qualified tuition program under
19 Section 529 of the Internal Revenue Code that (I)
20 adopts and determines that its offering materials
21 comply with the College Savings Plans Network's
22 disclosure principles and (II) has made reasonable
23 efforts to inform in-state residents of the existence
24 of in-state qualified tuition programs by informing
25 Illinois residents directly and, where applicable, to
26 inform financial intermediaries distributing the

1 program to inform in-state residents of the existence
2 of in-state qualified tuition programs at least
3 annually, an amount equal to the amount excluded from
4 gross income under Section 529(c)(3)(B).

5 For the purposes of this subparagraph (D-20), a
6 qualified tuition program has made reasonable efforts
7 if it makes disclosures (which may use the term
8 "in-state program" or "in-state plan" and need not
9 specifically refer to Illinois or its qualified
10 programs by name) (i) directly to prospective
11 participants in its offering materials or makes a
12 public disclosure, such as a website posting; and (ii)
13 where applicable, to intermediaries selling the
14 out-of-state program in the same manner that the
15 out-of-state program distributes its offering
16 materials;

17 (D-20.5) For taxable years beginning on or after
18 January 1, 2018, in the case of a distribution from a
19 qualified ABLE program under Section 529A of the
20 Internal Revenue Code, other than a distribution from
21 a qualified ABLE program created under Section 16.6 of
22 the State Treasurer Act, an amount equal to the amount
23 excluded from gross income under Section 529A(c)(1)(B)
24 of the Internal Revenue Code;

25 (D-21) For taxable years beginning on or after
26 January 1, 2007, in the case of transfer of moneys from

1 a qualified tuition program under Section 529 of the
2 Internal Revenue Code that is administered by the
3 State to an out-of-state program, an amount equal to
4 the amount of moneys previously deducted from base
5 income under subsection (a) (2) (Y) of this Section;

6 (D-21.5) For taxable years beginning on or after
7 January 1, 2018, in the case of the transfer of moneys
8 from a qualified tuition program under Section 529 or
9 a qualified ABLE program under Section 529A of the
10 Internal Revenue Code that is administered by this
11 State to an ABLE account established under an
12 out-of-state ABLE account program, an amount equal to
13 the contribution component of the transferred amount
14 that was previously deducted from base income under
15 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this
16 Section;

17 (D-22) For taxable years beginning on or after
18 January 1, 2009, and prior to January 1, 2018, in the
19 case of a nonqualified withdrawal or refund of moneys
20 from a qualified tuition program under Section 529 of
21 the Internal Revenue Code administered by the State
22 that is not used for qualified expenses at an eligible
23 education institution, an amount equal to the
24 contribution component of the nonqualified withdrawal
25 or refund that was previously deducted from base
26 income under subsection (a) (2) (y) of this Section,

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

20 (D-23) An amount equal to the credit allowable to
21 the taxpayer under Section 218(a) of this Act,
22 determined without regard to Section 218(c) of this
23 Act;

24 (D-24) For taxable years ending on or after
25 December 31, 2017, an amount equal to the deduction
26 allowed under Section 199 of the Internal Revenue Code

1 for the taxable year;

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

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

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

1 action) paid to a resident by reason of being a member
2 of any component of the Armed Forces of the United
3 States and in respect of any compensation paid or
4 accrued to a resident who as a governmental employee
5 was a prisoner of war or missing in action, and in
6 respect of any compensation paid to a resident in 2001
7 or thereafter by reason of being a member of the
8 Illinois National Guard or, beginning with taxable
9 years ending on or after December 31, 2007, the
10 National Guard of any other state. The provisions of
11 this subparagraph (E) are exempt from the provisions
12 of Section 250;

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

24 (G) The valuation limitation amount;

25 (H) An amount equal to the amount of any tax
26 imposed by this Act which was refunded to the taxpayer

1 and included in such total for the taxable year;

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

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

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

24 (L) For taxable years ending after December 31,
25 1983, an amount equal to all social security benefits
26 and railroad retirement benefits included in such

1 total pursuant to Sections 72(r) and 86 of the
2 Internal Revenue Code;

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

20 (N) An amount equal to all amounts included in
21 such total which are exempt from taxation by this
22 State either by reason of its statutes or Constitution
23 or by reason of the Constitution, treaties or statutes
24 of the United States; provided that, in the case of any
25 statute of this State that exempts income derived from
26 bonds or other obligations from the tax imposed under

1 this Act, the amount exempted shall be the interest
2 net of bond premium amortization;

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

6 (P) An amount equal to the amount of the deduction
7 used to compute the federal income tax credit for
8 restoration of substantial amounts held under claim of
9 right for the taxable year pursuant to Section 1341 of
10 the Internal Revenue Code or of any itemized deduction
11 taken from adjusted gross income in the computation of
12 taxable income for restoration of substantial amounts
13 held under claim of right for the taxable year;

14 (Q) An amount equal to any amounts included in
15 such total, received by the taxpayer as an
16 acceleration in the payment of life, endowment or
17 annuity benefits in advance of the time they would
18 otherwise be payable as an indemnity for a terminal
19 illness;

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

22 (S) An amount, to the extent included in adjusted
23 gross income, equal to the amount of a contribution
24 made in the taxable year on behalf of the taxpayer to a
25 medical care savings account established under the
26 Medical Care Savings Account Act or the Medical Care

1 Savings Account Act of 2000 to the extent the
2 contribution is accepted by the account administrator
3 as provided in that Act;

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

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

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

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

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

24 (X) For taxable year 1999 and thereafter, an
25 amount equal to the amount of any (i) distributions,
26 to the extent includible in gross income for federal

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

1 similar entitlement is not affected by the inclusion
2 of items (i) and (ii) of this paragraph in gross income
3 for federal income tax purposes. This paragraph is
4 exempt from the provisions of Section 250;

5 (Y) For taxable years beginning on or after
6 January 1, 2002 and ending on or before December 31,
7 2004, moneys contributed in the taxable year to a
8 College Savings Pool account under Section 16.5 of the
9 State Treasurer Act, except that amounts excluded from
10 gross income under Section 529(c)(3)(C)(i) of the
11 Internal Revenue Code shall not be considered moneys
12 contributed under this subparagraph (Y). For taxable
13 years beginning on or after January 1, 2005, a maximum
14 of \$10,000 contributed in the taxable year to (i) a
15 College Savings Pool account under Section 16.5 of the
16 State Treasurer Act or (ii) the Illinois Prepaid
17 Tuition Trust Fund, except that amounts excluded from
18 gross income under Section 529(c)(3)(C)(i) of the
19 Internal Revenue Code shall not be considered moneys
20 contributed under this subparagraph (Y). For purposes
21 of this subparagraph, contributions made by an
22 employer on behalf of an employee, or matching
23 contributions made by an employee, shall be treated as
24 made by the employee. This subparagraph (Y) is exempt
25 from the provisions of Section 250;

26 (Z) For taxable years 2001 and thereafter, for the

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

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

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

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

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

24 (ii) for property on which a bonus
25 depreciation deduction of 50% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 1.0;

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

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

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

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

3 (AA) If the taxpayer sells, transfers, abandons,
4 or otherwise disposes of property for which the
5 taxpayer was required in any taxable year to make an
6 addition modification under subparagraph (D-15), then
7 an amount equal to that addition modification.

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 (Z) and for which the taxpayer was
12 required in any taxable year to make an addition
13 modification under subparagraph (D-15), then an amount
14 equal to that addition modification.

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

18 This subparagraph (AA) is exempt from the
19 provisions of Section 250;

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

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

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

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

1 she is ordinarily required to apportion business
2 income under different subsections of Section 304, but
3 not to exceed the addition modification required to be
4 made for the same taxable year under Section
5 203(a)(2)(D-17) for interest paid, accrued, or
6 incurred, directly or indirectly, to the same person.
7 This subparagraph (DD) is exempt from the provisions
8 of Section 250;

9 (EE) An amount equal to the income from intangible
10 property taken into account for the taxable year (net
11 of the deductions allocable thereto) with respect to
12 transactions with (i) a foreign person who would be a
13 member of the taxpayer's unitary business group but
14 for the fact that the foreign person's business
15 activity outside the United States is 80% or more of
16 that person's total business activity and (ii) for
17 taxable years ending on or after December 31, 2008, 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, but
24 not to exceed the addition modification required to be
25 made for the same taxable year under Section
26 203(a)(2)(D-18) for intangible expenses and costs

1 paid, accrued, or incurred, directly or indirectly, to
2 the same foreign person. This subparagraph (EE) is
3 exempt from the provisions of Section 250;

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

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

26 (HH) For taxable years beginning on or after

1 January 1, 2018 and prior to January 1, 2028, a maximum
2 of \$10,000 contributed in the taxable year to a
3 qualified ABLE account under Section 16.6 of the State
4 Treasurer Act, except that amounts excluded from gross
5 income under Section 529(c)(3)(C)(i) or Section
6 529A(c)(1)(C) of the Internal Revenue Code shall not
7 be considered moneys contributed under this
8 subparagraph (HH). For purposes of this subparagraph
9 (HH), contributions made by an employer on behalf of
10 an employee, or matching contributions made by an
11 employee, shall be treated as made by the employee;

12 (II) For taxable years that begin on or after
13 January 1, 2021 and begin before January 1, 2026, the
14 amount that is included in the taxpayer's federal
15 adjusted gross income pursuant to Section 61 of the
16 Internal Revenue Code as discharge of indebtedness
17 attributable to student loan forgiveness and that is
18 not excluded from the taxpayer's federal adjusted
19 gross income pursuant to paragraph (5) of subsection
20 (f) of Section 108 of the Internal Revenue Code;

21 (JJ) For taxable years beginning on or after
22 January 1, 2023, for any cannabis establishment
23 operating in this State and licensed under the
24 Cannabis Regulation and Tax Act or any cannabis
25 cultivation center or medical cannabis dispensing
26 organization operating in this State and licensed

1 under the Compassionate Use of Medical Cannabis
2 Program Act, an amount equal to the deductions that
3 were disallowed under Section 280E of the Internal
4 Revenue Code for the taxable year and that would not be
5 added back under this subsection. The provisions of
6 this subparagraph (JJ) are exempt from the provisions
7 of Section 250; ~~and~~

8 (KK) To the extent includible in gross income for
9 federal income tax purposes, any amount awarded or
10 paid to the taxpayer as a result of a judgment or
11 settlement for fertility fraud as provided in Section
12 15 of the Illinois Fertility Fraud Act, donor
13 fertility fraud as provided in Section 20 of the
14 Illinois Fertility Fraud Act, or similar action in
15 another state; ~~and~~

16 (LL) For taxable years beginning on or after
17 January 1, 2026, if the taxpayer is a qualified
18 worker, as defined in the Workforce Development
19 through Charitable Loan Repayment Act, an amount equal
20 to the amount included in the taxpayer's federal
21 adjusted gross income that is attributable to student
22 loan repayment assistance received by the taxpayer
23 during the taxable year from a qualified community
24 foundation under the provisions of the Workforce
25 Development ~~through~~ Through Charitable Loan Repayment
26 Act.

1 This subparagraph (LL) is exempt from the
2 provisions of Section 250;~~i~~

3 ~~(LL)~~ (MM) For taxable years beginning on or after
4 January 1, 2025, if the taxpayer is an eligible
5 resident as defined in the Medical Debt Relief Act, an
6 amount equal to the amount included in the taxpayer's
7 federal adjusted gross income that is attributable to
8 medical debt relief received by the taxpayer during
9 the taxable year from a nonprofit medical debt relief
10 coordinator under the provisions of the Medical Debt
11 Relief Act. This subparagraph (MM) ~~(LL)~~ is exempt from
12 the provisions of Section 250; and

13 (NN) For taxable years that begin on or after
14 January 1, 2028, any amount received from the
15 Responsibility in Firearm Legislation Fund or the
16 Responsibility in Firearm Legislation Financial
17 Restitution Program to the extent included in the
18 taxpayer's federal adjusted gross income and that is
19 not excluded from the taxpayer's federal adjusted
20 gross income.

21 (b) Corporations.

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

25 (2) Modifications. The taxable income referred to in

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

3 (A) An amount equal to all amounts paid or accrued
4 to the taxpayer as interest and all distributions
5 received from regulated investment companies during
6 the taxable year to the extent excluded from gross
7 income in the computation of taxable income;

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

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

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

26 (E) For taxable years in which a net operating

1 loss carryback or carryforward from a taxable year
2 ending prior to December 31, 1986 is an element of
3 taxable income under paragraph (1) of subsection (e)
4 or subparagraph (E) of paragraph (2) of subsection
5 (e), the amount by which addition modifications other
6 than those provided by this subparagraph (E) exceeded
7 subtraction modifications in such earlier taxable
8 year, with the following limitations applied in the
9 order that they are listed:

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

18 (ii) the addition modification relating to the
19 net operating loss carried back or forward to the
20 taxable year from any taxable year ending prior to
21 December 31, 1986 shall not exceed the amount of
22 such carryback or carryforward;

23 For taxable years in which there is a net
24 operating loss carryback or carryforward from more
25 than one other taxable year ending prior to December
26 31, 1986, the addition modification provided in this

1 subparagraph (E) shall be the sum of the amounts
2 computed independently under the preceding provisions
3 of this subparagraph (E) for each such taxable year;

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

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

14 (E-11) If the taxpayer sells, transfers, abandons,
15 or otherwise disposes of property for which the
16 taxpayer was required in any taxable year to make an
17 addition modification under subparagraph (E-10), then
18 an amount equal to the aggregate amount of the
19 deductions taken in all taxable years under
20 subparagraph (T) with respect to that property.

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 (T) and for which the taxpayer was
25 allowed in any taxable year to make a subtraction
26 modification under subparagraph (T), then an amount

1 equal to that subtraction modification.

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

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

1 through 964 of the Internal Revenue Code and amounts
2 included in gross income under Section 78 of the
3 Internal Revenue Code) with respect to the stock of
4 the same person to whom the interest was paid,
5 accrued, or incurred.

6 This paragraph shall not apply to the following:

7 (i) an item of interest paid, accrued, or
8 incurred, directly or indirectly, to 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 interest; or

13 (ii) an item of interest paid, accrued, or
14 incurred, directly or indirectly, to a person if
15 the taxpayer can establish, based on a
16 preponderance of the evidence, both of the
17 following:

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

21 (b) the transaction giving rise to the
22 interest expense between the taxpayer and the
23 person did not have as a principal purpose the
24 avoidance of Illinois income tax, and is paid
25 pursuant to a contract or agreement that
26 reflects an arm's-length interest rate and

1 terms; or

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

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

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

25 (E-13) An amount equal to the amount of intangible
26 expenses and costs otherwise allowed as a deduction in

1 computing base income, and that were paid, accrued, or
2 incurred, directly or indirectly, (i) for taxable
3 years ending on or after December 31, 2004, to a
4 foreign person who would be a member of the same
5 unitary business group but for the fact that the
6 foreign person's business activity outside the United
7 States is 80% or more of that person's total business
8 activity and (ii) for taxable years ending on or after
9 December 31, 2008, to a person who would be a member of
10 the same unitary business group but for the fact that
11 the person is prohibited under Section 1501(a)(27)
12 from being included in the unitary business group
13 because he or she is ordinarily required to apportion
14 business income under different subsections of Section
15 304. The addition modification required by this
16 subparagraph shall be reduced to the extent that
17 dividends were included in base income of the unitary
18 group for the same taxable year and received by the
19 taxpayer or by a member of the taxpayer's unitary
20 business group (including amounts included in gross
21 income pursuant to Sections 951 through 964 of the
22 Internal Revenue Code and amounts included in gross
23 income under Section 78 of the Internal Revenue Code)
24 with respect to the stock of the same person to whom
25 the intangible expenses and costs were directly or
26 indirectly paid, incurred, or accrued. The preceding

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

18 This paragraph shall not apply to the following:

19 (i) any item of intangible expenses or costs
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with 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 item; or

26 (ii) any item of intangible expense or cost

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

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

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

16 (iii) any item of intangible expense or cost
17 paid, accrued, or incurred, directly or
18 indirectly, from a transaction with a person if
19 the taxpayer establishes by clear and convincing
20 evidence, that the adjustments are unreasonable;
21 or if the taxpayer and the Director agree in
22 writing to the application or use of an
23 alternative method of apportionment under Section
24 304(f);

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

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

8 (E-14) For taxable years ending on or after
9 December 31, 2008, an amount equal to the amount of
10 insurance premium expenses and costs otherwise allowed
11 as a deduction in computing base income, and that were
12 paid, accrued, or incurred, directly or indirectly, to
13 a person who would be a member of the same unitary
14 business group but for the fact that the person is
15 prohibited under Section 1501(a)(27) from being
16 included in the unitary business group because he or
17 she is ordinarily required to apportion business
18 income under different subsections of Section 304. The
19 addition modification required by this subparagraph
20 shall be reduced to the extent that dividends were
21 included in base income of the unitary group for the
22 same taxable year and received by the taxpayer or by a
23 member of the taxpayer's unitary business group
24 (including amounts included in gross income under
25 Sections 951 through 964 of the Internal Revenue Code
26 and amounts included in gross income under Section 78

1 of the Internal Revenue Code) with respect to the
2 stock of the same person to whom the premiums and costs
3 were directly or indirectly paid, incurred, or
4 accrued. The preceding sentence does not apply to the
5 extent that the same dividends caused a reduction to
6 the addition modification required under Section
7 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
8 Act;

9 (E-15) For taxable years beginning after December
10 31, 2008, any deduction for dividends paid by a
11 captive real estate investment trust that is allowed
12 to a real estate investment trust under Section
13 857(b)(2)(B) of the Internal Revenue Code for
14 dividends paid;

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

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

23 (E-18) for taxable years beginning after December
24 31, 2018, an amount equal to the deduction allowed
25 under Section 250(a)(1)(A) of the Internal Revenue
26 Code for the taxable year;

1 (E-19) for taxable years ending on or after June
2 30, 2021, an amount equal to the deduction allowed
3 under Section 250(a)(1)(B)(i) of the Internal Revenue
4 Code for the taxable year;

5 (E-20) for taxable years ending on or after June
6 30, 2021, an amount equal to the deduction allowed
7 under Sections 243(e) and 245A(a) of the Internal
8 Revenue Code for the taxable year;

9 (E-21) the amount that is claimed as a federal
10 deduction when computing the taxpayer's federal
11 taxable income for the taxable year and that is
12 attributable to an endowment gift for which the
13 taxpayer receives a credit under the Illinois Gives
14 Tax Credit Act;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 plus (ii) 100% of the amount by which dividends,
2 included in taxable income and received, including,
3 for taxable years ending on or after December 31,
4 1988, dividends received or deemed received or paid or
5 deemed paid under Sections 951 through 964 of the
6 Internal Revenue Code and including, for taxable years
7 ending on or after December 31, 2008, dividends
8 received from a captive real estate investment trust,
9 from any such corporation specified in clause (i) that
10 would but for the provisions of Section 1504(b)(3) of
11 the Internal Revenue Code be treated as a member of the
12 affiliated group which includes the dividend
13 recipient, exceed the amount of the modification
14 provided under subparagraph (G) of paragraph (2) of
15 this subsection (b) which is related to such
16 dividends. For taxable years ending on or after June
17 30, 2021, (i) for purposes of this subparagraph, the
18 term "dividend" does not include any amount treated as
19 a dividend under Section 1248 of the Internal Revenue
20 Code, and (ii) this subparagraph shall not apply to
21 dividends for which a deduction is allowed under
22 Section 245(a) of the Internal Revenue Code. This
23 subparagraph (O) is exempt from the provisions of
24 Section 250 of this Act;

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

1 Increment Allocation Redevelopment Act;

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

7 (R) On and after July 20, 1999, in the case of an
8 attorney-in-fact with respect to whom an interinsurer
9 or a reciprocal insurer has made the election under
10 Section 835 of the Internal Revenue Code, 26 U.S.C.
11 835, an amount equal to the excess, if any, of the
12 amounts paid or incurred by that interinsurer or
13 reciprocal insurer in the taxable year to the
14 attorney-in-fact over the deduction allowed to that
15 interinsurer or reciprocal insurer with respect to the
16 attorney-in-fact under Section 835(b) of the Internal
17 Revenue Code for the taxable year; the provisions of
18 this subparagraph are exempt from the provisions of
19 Section 250;

20 (S) For taxable years ending on or after December
21 31, 1997, in the case of a Subchapter S corporation, an
22 amount equal to all amounts of income allocable to a
23 shareholder subject to the Personal Property Tax
24 Replacement Income Tax imposed by subsections (c) and
25 (d) of Section 201 of this Act, including amounts
26 allocable to organizations exempt from federal income

1 tax by reason of Section 501(a) of the Internal
2 Revenue Code. This subparagraph (S) is exempt from the
3 provisions of Section 250;

4 (T) For taxable years 2001 and thereafter, for the
5 taxable year in which the bonus depreciation deduction
6 is taken on the taxpayer's federal income tax return
7 under subsection (k) of Section 168 of the Internal
8 Revenue Code and for each applicable taxable year
9 thereafter, an amount equal to "x", where:

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

17 (2) for taxable years ending on or before
18 December 31, 2005, "x" equals "y" multiplied by 30
19 and then divided by 70 (or "y" multiplied by
20 0.429); and

21 (3) for taxable years ending after December
22 31, 2005:

23 (i) for property on which a bonus
24 depreciation deduction of 30% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 30 and then divided by 70 (or "y" multiplied

1 by 0.429);

2 (ii) for property on which a bonus
3 depreciation deduction of 50% of the adjusted
4 basis was taken, "x" equals "y" multiplied by
5 1.0;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (3) Special rule. For purposes of paragraph (2)(A),
25 "gross income" in the case of a life insurance company,
26 for tax years ending on and after December 31, 1994, and

1 prior to December 31, 2011, shall mean the gross
2 investment income for the taxable year and, for tax years
3 ending on or after December 31, 2011, shall mean all
4 amounts included in life insurance gross income under
5 Section 803(a)(3) of the Internal Revenue Code.

6 (c) Trusts and estates.

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

10 (2) Modifications. Subject to the provisions of
11 paragraph (3), the taxable income referred to in paragraph
12 (1) shall be modified by adding thereto the sum of the
13 following amounts:

14 (A) An amount equal to all amounts paid or accrued
15 to the taxpayer as interest or dividends during the
16 taxable year to the extent excluded from gross income
17 in the computation of taxable income;

18 (B) In the case of (i) an estate, \$600; (ii) a
19 trust which, under its governing instrument, is
20 required to distribute all of its income currently,
21 \$300; and (iii) any other trust, \$100, but in each such
22 case, only to the extent such amount was deducted in
23 the computation of taxable income;

24 (C) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income in

1 the computation of taxable income for the taxable
2 year;

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

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

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

25 (ii) the addition modification relating to the
26 net operating loss carried back or forward to the

1 taxable year from any taxable year ending prior to
2 December 31, 1986 shall not exceed the amount of
3 such carryback or carryforward;

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

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

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

21 (G-5) For taxable years ending after December 31,
22 1997, an amount equal to any eligible remediation
23 costs that the trust or estate deducted in computing
24 adjusted gross income and for which the trust or
25 estate claims a credit under subsection (1) of Section
26 201;

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

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

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

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

23 (G-12) An amount equal to the amount otherwise
24 allowed as a deduction in computing base income for
25 interest paid, accrued, or incurred, directly or
26 indirectly, (i) for taxable years ending on or after

1 December 31, 2004, to a foreign person who would be a
2 member of the same unitary business group but for the
3 fact that the foreign person's business activity
4 outside the United States is 80% or more of the foreign
5 person's total business activity and (ii) for taxable
6 years ending on or after December 31, 2008, to a person
7 who would be a member of the same unitary business
8 group but for the fact that the person is prohibited
9 under Section 1501(a)(27) from being included in the
10 unitary business group because he or she is ordinarily
11 required to apportion business income under different
12 subsections of Section 304. The addition modification
13 required by this subparagraph shall be reduced to the
14 extent that dividends were included in base income of
15 the unitary group for the same taxable year and
16 received by the taxpayer or by a member of the
17 taxpayer's unitary business group (including amounts
18 included in gross income pursuant to Sections 951
19 through 964 of the Internal Revenue Code and amounts
20 included in gross income under Section 78 of the
21 Internal Revenue Code) with respect to the stock of
22 the same person to whom the interest was paid,
23 accrued, or incurred.

24 This paragraph shall not apply to the following:

25 (i) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to 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 interest; or

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

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

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

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

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

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

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

1 December 31, 2008, to a person who would be a member of
2 the same unitary business group but for the fact that
3 the person is prohibited under Section 1501(a)(27)
4 from being included in the unitary business group
5 because he or she is ordinarily required to apportion
6 business income under different subsections of Section
7 304. The addition modification required by this
8 subparagraph shall be reduced to the extent that
9 dividends were included in base income of the unitary
10 group for the same taxable year and received by the
11 taxpayer or by a member of the taxpayer's unitary
12 business group (including amounts included in gross
13 income pursuant to Sections 951 through 964 of the
14 Internal Revenue Code and amounts included in gross
15 income under Section 78 of the Internal Revenue Code)
16 with respect to the stock of the same person to whom
17 the intangible expenses and costs were directly or
18 indirectly paid, incurred, or accrued. The preceding
19 sentence shall not apply to the extent that the same
20 dividends caused a reduction to the addition
21 modification required under Section 203(c)(2)(G-12) of
22 this Act. As used in this subparagraph, the term
23 "intangible expenses and costs" includes: (1)
24 expenses, losses, and costs for or related to the
25 direct or indirect acquisition, use, maintenance or
26 management, ownership, sale, exchange, or any other

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

10 This paragraph shall not apply to the following:

11 (i) any item of intangible expenses or costs
12 paid, accrued, or incurred, directly or
13 indirectly, from a transaction with 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 item; or

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

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

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

8 (iii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person if
11 the taxpayer establishes by clear and convincing
12 evidence, that the adjustments are unreasonable;
13 or if the taxpayer and the Director agree in
14 writing to the application or use of an
15 alternative method of apportionment under Section
16 304(f);

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

26 (G-14) For taxable years ending on or after

1 December 31, 2008, an amount equal to the amount of
2 insurance premium expenses and costs otherwise allowed
3 as a deduction in computing base income, and that were
4 paid, accrued, or incurred, directly or indirectly, 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. The
11 addition modification required by this subparagraph
12 shall be reduced to the extent that dividends were
13 included in base income of the unitary group for the
14 same taxable year and received by the taxpayer or by a
15 member of the taxpayer's unitary business group
16 (including amounts included in gross income under
17 Sections 951 through 964 of the Internal Revenue Code
18 and amounts included in gross income under Section 78
19 of the Internal Revenue Code) with respect to the
20 stock of the same person to whom the premiums and costs
21 were directly or indirectly paid, incurred, or
22 accrued. The preceding sentence does not apply to the
23 extent that the same dividends caused a reduction to
24 the addition modification required under Section
25 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
26 Act;

1 (G-15) An amount equal to the credit allowable to
2 the taxpayer under Section 218(a) of this Act,
3 determined without regard to Section 218(c) of this
4 Act;

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

9 (G-17) the amount that is claimed as a federal
10 deduction when computing the taxpayer's federal
11 taxable income for the taxable year and that is
12 attributable to an endowment gift for which the
13 taxpayer receives a credit under the Illinois Gives
14 Tax Credit Act;

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

17 (H) An amount equal to all amounts included in
18 such total pursuant to the provisions of Sections
19 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
20 of the Internal Revenue Code or included in such total
21 as distributions under the provisions of any
22 retirement or disability plan for employees of any
23 governmental agency or unit, or retirement payments to
24 retired partners, which payments are excluded in
25 computing net earnings from self employment by Section
26 1402 of the Internal Revenue Code and regulations

1 adopted pursuant thereto;

2 (I) The valuation limitation amount;

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

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

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

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

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

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

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

1 this subparagraph (O);

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

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

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

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

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

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

5 (3) for taxable years ending after December
6 31, 2005:

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

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

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

25 (iv) for property on which a bonus
26 depreciation deduction of a percentage other

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

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

17 (S) If the taxpayer sells, transfers, abandons, or
18 otherwise disposes of property for which the taxpayer
19 was required in any taxable year to make an addition
20 modification under subparagraph (G-10), then an amount
21 equal to that addition modification.

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

1 modification under subparagraph (G-10), then an amount
2 equal to that addition modification.

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

6 This subparagraph (S) is exempt from the
7 provisions of Section 250;

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

25 (U) An amount equal to the interest income taken
26 into account for the taxable year (net of the

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

19 (V) An amount equal to the income from intangible
20 property taken into account for the taxable year (net
21 of the 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(c)(2)(G-13) for intangible expenses and costs
11 paid, accrued, or incurred, directly or indirectly, to
12 the same foreign person. This subparagraph (V) is
13 exempt from the provisions of Section 250;

14 (W) in the case of an estate, an amount equal to
15 all amounts included in such total pursuant to the
16 provisions of Section 111 of the Internal Revenue Code
17 as a recovery of items previously deducted by the
18 decedent from adjusted gross income in the computation
19 of taxable income. This subparagraph (W) is exempt
20 from Section 250;

21 (X) an amount equal to the refund included in such
22 total of any tax deducted for federal income tax
23 purposes, to the extent that deduction was added back
24 under subparagraph (F). 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(c)(2)(G-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) For taxable years beginning after December 31,
17 2018 and before January 1, 2026, the amount of excess
18 business loss of the taxpayer disallowed as a
19 deduction by Section 461(1)(1)(B) of the Internal
20 Revenue Code; and

21 (AA) For taxable years beginning on or after
22 January 1, 2023, for any cannabis establishment
23 operating in this State and licensed under the
24 Cannabis Regulation and Tax Act or any cannabis
25 cultivation center or medical cannabis dispensing
26 organization operating in this State and licensed

1 under the Compassionate Use of Medical Cannabis
2 Program Act, an amount equal to the deductions that
3 were disallowed under Section 280E of the Internal
4 Revenue Code for the taxable year and that would not be
5 added back under this subsection. The provisions of
6 this subparagraph (AA) are exempt from the provisions
7 of Section 250.

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

15 (d) Partnerships.

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

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

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

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

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

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

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

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

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which a
26 subtraction is allowed with respect to that property

1 under subparagraph (O) and for which the taxpayer was
2 allowed in any taxable year to make a subtraction
3 modification under subparagraph (O), then an amount
4 equal to that subtraction modification.

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

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

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

9 This paragraph shall not apply to the following:

10 (i) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to 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 interest; or

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

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

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

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

1 its authority under Section 404 of this Act; and

2 (D-8) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

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

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with 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 item; or

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

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

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

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

1 304(f);

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

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

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

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

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

19 (D-12) the amount that is claimed as a federal
20 deduction when computing the taxpayer's federal
21 taxable income for the taxable year and that is
22 attributable to an endowment gift for which the
23 taxpayer receives a credit under the Illinois Gives
24 Tax Credit Act;

25 and by deducting from the total so obtained the following
26 amounts:

1 (E) The valuation limitation amount;

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

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

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

23 (I) An amount equal to all amounts of income
24 distributable to an entity subject to the Personal
25 Property Tax Replacement Income Tax imposed by
26 subsections (c) and (d) of Section 201 of this Act

1 including amounts distributable to organizations
2 exempt from federal income tax by reason of Section
3 501(a) of the Internal Revenue Code; this subparagraph
4 (I) is exempt from the provisions of Section 250;

5 (J) With the exception of any amounts subtracted
6 under subparagraph (G), an amount equal to the sum of
7 all amounts disallowed as deductions by (i) Sections
8 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
9 and all amounts of expenses allocable to interest and
10 disallowed as deductions by Section 265(a)(1) of the
11 Internal Revenue Code; and (ii) for taxable years
12 ending on or after August 13, 1999, Sections
13 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
14 Internal Revenue Code, plus, (iii) for taxable years
15 ending on or after December 31, 2011, Section
16 45G(e)(3) of the Internal Revenue Code and, for
17 taxable years ending on or after December 31, 2008,
18 any amount included in gross income under Section 87
19 of the Internal Revenue Code; the provisions of this
20 subparagraph are exempt from the provisions of Section
21 250;

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

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

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

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

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

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

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

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

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

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

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

23 (iii) for property on which a bonus
24 depreciation deduction of 100% of the adjusted
25 basis was taken in a taxable year ending on or
26 after December 31, 2021, "x" equals the

1 depreciation deduction that would be allowed
2 on that property if the taxpayer had made the
3 election under Section 168(k)(7) of the
4 Internal Revenue Code to not claim bonus
5 depreciation on that property; and

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

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

24 (P) If the taxpayer sells, transfers, abandons, or
25 otherwise disposes of property for which the taxpayer
26 was required in any taxable year to make an addition

1 modification under subparagraph (D-5), then an amount
2 equal to that addition modification.

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

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

13 This subparagraph (P) is exempt from the
14 provisions of Section 250;

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

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

6 (R) An amount equal to the interest income taken
7 into account for the taxable year (net of the
8 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(d)(2)(D-7) for interest paid, accrued, or
24 incurred, directly or indirectly, to the same person.
25 This subparagraph (R) is exempt from Section 250;

26 (S) An amount equal to the income from intangible

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

21 (T) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(d)(2)(D-9), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense

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

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

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

25 (1) In general. Subject to the provisions of paragraph

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

1 taxable income less than zero (net operating loss) is
2 applied under Section 172 of the Internal Revenue Code or
3 under subparagraph (E) of paragraph (2) of this subsection
4 (e) applied in conjunction with Section 172 of the
5 Internal Revenue Code.

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

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

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

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

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

1 real estate investment trust taxable income;

2 (E) Consolidated corporations. In the case of a
3 corporation which is a member of an affiliated group
4 of corporations filing a consolidated income tax
5 return for the taxable year for federal income tax
6 purposes, taxable income determined as if such
7 corporation had filed a separate return for federal
8 income tax purposes for the taxable year and each
9 preceding taxable year for which it was a member of an
10 affiliated group. For purposes of this subparagraph,
11 the taxpayer's separate taxable income shall be
12 determined as if the election provided by Section
13 243(b)(2) of the Internal Revenue Code had been in
14 effect for all such years;

15 (F) Cooperatives. In the case of a cooperative
16 corporation or association, the taxable income of such
17 organization determined in accordance with the
18 provisions of Section 1381 through 1388 of the
19 Internal Revenue Code, but without regard to the
20 prohibition against offsetting losses from patronage
21 activities against income from nonpatronage
22 activities; except that a cooperative corporation or
23 association may make an election to follow its federal
24 income tax treatment of patronage losses and
25 nonpatronage losses. In the event such election is
26 made, such losses shall be computed and carried over

1 in a manner consistent with subsection (a) of Section
2 207 of this Act and apportioned by the apportionment
3 factor reported by the cooperative on its Illinois
4 income tax return filed for the taxable year in which
5 the losses are incurred. The election shall be
6 effective for all taxable years with original returns
7 due on or after the date of the election. In addition,
8 the cooperative may file an amended return or returns,
9 as allowed under this Act, to provide that the
10 election shall be effective for losses incurred or
11 carried forward for taxable years occurring prior to
12 the date of the election. Once made, the election may
13 only be revoked upon approval of the Director. The
14 Department shall adopt rules setting forth
15 requirements for documenting the elections and any
16 resulting Illinois net loss and the standards to be
17 used by the Director in evaluating requests to revoke
18 elections. Public Act 96-932 is declaratory of
19 existing law;

20 (G) Subchapter S corporations. In the case of: (i)
21 a Subchapter S corporation for which there is in
22 effect an election for the taxable year under Section
23 1362 of the Internal Revenue Code, the taxable income
24 of such corporation determined in accordance with
25 Section 1363(b) of the Internal Revenue Code, except
26 that taxable income shall take into account those

1 items which are required by Section 1363(b)(1) of the
2 Internal Revenue Code to be separately stated; and
3 (ii) a Subchapter S corporation for which there is in
4 effect a federal election to opt out of the provisions
5 of the Subchapter S Revision Act of 1982 and have
6 applied instead the prior federal Subchapter S rules
7 as in effect on July 1, 1982, the taxable income of
8 such corporation determined in accordance with the
9 federal Subchapter S rules as in effect on July 1,
10 1982; and

11 (H) Partnerships. In the case of a partnership,
12 taxable income determined in accordance with Section
13 703 of the Internal Revenue Code, except that taxable
14 income shall take into account those items which are
15 required by Section 703(a)(1) to be separately stated
16 but which would be taken into account by an individual
17 in calculating his taxable income.

18 (3) Recapture of business expenses on disposition of
19 asset or business. Notwithstanding any other law to the
20 contrary, if in prior years income from an asset or
21 business has been classified as business income and in a
22 later year is demonstrated to be non-business income, then
23 all expenses, without limitation, deducted in such later
24 year and in the 2 immediately preceding taxable years
25 related to that asset or business that generated the
26 non-business income shall be added back and recaptured as

1 business income in the year of the disposition of the
2 asset or business. Such amount shall be apportioned to
3 Illinois using the greater of the apportionment fraction
4 computed for the business under Section 304 of this Act
5 for the taxable year or the average of the apportionment
6 fractions computed for the business under Section 304 of
7 this Act for the taxable year and for the 2 immediately
8 preceding taxable years.

9 (f) Valuation limitation amount.

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

13 (A) The sum of the pre-August 1, 1969 appreciation
14 amounts (to the extent consisting of gain reportable
15 under the provisions of Section 1245 or 1250 of the
16 Internal Revenue Code) for all property in respect of
17 which such gain was reported for the taxable year;
18 plus

19 (B) The lesser of (i) the sum of the pre-August 1,
20 1969 appreciation amounts (to the extent consisting of
21 capital gain) for all property in respect of which
22 such gain was reported for federal income tax purposes
23 for the taxable year, or (ii) the net capital gain for
24 the taxable year, reduced in either case by any amount
25 of such gain included in the amount determined under

1 subsection (a) (2) (F) or (c) (2) (H) .

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

3 (A) If the fair market value of property referred
4 to in paragraph (1) was readily ascertainable on
5 August 1, 1969, the pre-August 1, 1969 appreciation
6 amount for such property is the lesser of (i) the
7 excess of such fair market value over the taxpayer's
8 basis (for determining gain) for such property on that
9 date (determined under the Internal Revenue Code as in
10 effect on that date), or (ii) the total gain realized
11 and reportable for federal income tax purposes in
12 respect of the sale, exchange or other disposition of
13 such property.

14 (B) If the fair market value of property referred
15 to in paragraph (1) was not readily ascertainable on
16 August 1, 1969, the pre-August 1, 1969 appreciation
17 amount for such property is that amount which bears
18 the same ratio to the total gain reported in respect of
19 the property for federal income tax purposes for the
20 taxable year, as the number of full calendar months in
21 that part of the taxpayer's holding period for the
22 property ending July 31, 1969 bears to the number of
23 full calendar months in the taxpayer's entire holding
24 period for the property.

25 (C) The Department shall prescribe such
26 regulations as may be necessary to carry out the

1 purposes of this paragraph.

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

5 (h) Legislative intention. Except as expressly provided by
6 this Section there shall be no modifications or limitations on
7 the amounts of income, gain, loss or deduction taken into
8 account in determining gross income, adjusted gross income or
9 taxable income for federal income tax purposes for the taxable
10 year, or in the amount of such items entering into the
11 computation of base income and net income under this Act for
12 such taxable year, whether in respect of property values as of
13 August 1, 1969 or otherwise.

14 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
15 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
16 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592,
17 Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170,
18 Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647,
19 eff. 7-1-24; revised 8-20-24.)".