

SB1739



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1739

Introduced 2/5/2025, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

35 ILCS 5/303
35 ILCS 5/304

from Ch. 120, par. 3-303
from Ch. 120, par. 3-304

Amends the Illinois Income Tax Act. Provides that, for the purpose of allocating gains and losses from sales or exchanges of shares in a Subchapter S corporation or from interests in certain partnerships, those gains and losses shall be allocated in proportion to the average of the pass-through entity's Illinois apportionment factor in the year of the sale or exchange and the 2 tax years immediately preceding the year of the sale or exchange. Provides that, if the pass-through entity was not in existence during both of the preceding 2 years, then only the years in which the pass-through entity was in existence shall be considered when computing the average.

LRB104 03450 HLH 13473 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 303 and 304 as follows:

6 (35 ILCS 5/303) (from Ch. 120, par. 3-303)

7 Sec. 303. (a) In general. Any item of capital gain or loss,
8 and any item of income from rents or royalties from real or
9 tangible personal property, interest, dividends, and patent or
10 copyright royalties, and prizes awarded under the Illinois
11 Lottery Law, and, for taxable years ending on or after
12 December 31, 2019, wagering and gambling winnings from
13 Illinois sources as set forth in subsection (e-1) of this
14 Section, and, for taxable years ending on or after December
15 31, 2021, sports wagering and winnings from Illinois sources
16 as set forth in subsection (e-2) of this Section, to the extent
17 such item constitutes nonbusiness income, together with any
18 item of deduction directly allocable thereto, shall be
19 allocated by any person other than a resident as provided in
20 this Section.

21 (b) Capital gains and losses.

22 (1) Real property. Capital gains and losses from sales
23 or exchanges of real property are allocable to this State

1 if the property is located in this State.

2 (2) Tangible personal property. Capital gains and
3 losses from sales or exchanges of tangible personal
4 property are allocable to this State if, at the time of
5 such sale or exchange:

6 (A) The property had its situs in this State; or

7 (B) The taxpayer had its commercial domicile in
8 this State and was not taxable in the state in which
9 the property had its situs.

10 (3) Intangibles. Capital gains and losses from sales
11 or exchanges of intangible personal property are allocable
12 to this State if the taxpayer had its commercial domicile
13 in this State at the time of such sale or exchange.

14 (4) Pass-through entities. Gains and losses from sales
15 or exchanges of shares in a Subchapter S corporation or
16 from an interest in a partnership, other than an
17 investment partnership as defined in paragraph (11.5) of
18 subsection (a) of Section 1501, are allocable to this
19 State if the pass-through entity is taxable in this State,
20 and those gains and losses shall be allocated in
21 proportion to the average of the pass-through entity's
22 Illinois apportionment factor computed under Section 304
23 in the year of the sale or exchange and the 2 tax years
24 immediately preceding the year of the sale or exchange. If
25 the pass-through entity was not in existence during both
26 of the preceding 2 years, then only the years in which the

1 pass-through entity was in existence shall be considered
2 when computing the average.

3 (c) Rents and royalties.

4 (1) Real property. Rents and royalties from real
5 property are allocable to this State if the property is
6 located in this State.

7 (2) Tangible personal property. Rents and royalties
8 from tangible personal property are allocable to this
9 State:

10 (A) If and to the extent that the property is
11 utilized in this State; or

12 (B) In their entirety if, at the time such rents or
13 royalties were paid or accrued, the taxpayer had its
14 commercial domicile in this State and was not
15 organized under the laws of or taxable with respect to
16 such rents or royalties in the state in which the
17 property was utilized. The extent of utilization of
18 tangible personal property in a state is determined by
19 multiplying the rents or royalties derived from such
20 property by a fraction, the numerator of which is the
21 number of days of physical location of the property in
22 the state during the rental or royalty period in the
23 taxable year and the denominator of which is the
24 number of days of physical location of the property
25 everywhere during all rental or royalty periods in the
26 taxable year. If the physical location of the property

1 during the rental or royalty period is unknown or
2 unascertainable by the taxpayer, tangible personal
3 property is utilized in the state in which the
4 property was located at the time the rental or royalty
5 payer obtained possession.

6 (d) Patent and copyright royalties.

7 (1) Allocation. Patent and copyright royalties are
8 allocable to this State:

9 (A) If and to the extent that the patent or
10 copyright is utilized by the payer in this State; or

11 (B) If and to the extent that the patent or
12 copyright is utilized by the payer in a state in which
13 the taxpayer is not taxable with respect to such
14 royalties and, at the time such royalties were paid or
15 accrued, the taxpayer had its commercial domicile in
16 this State.

17 (2) Utilization.

18 (A) A patent is utilized in a state to the extent
19 that it is employed in production, fabrication,
20 manufacturing or other processing in the state or to
21 the extent that a patented product is produced in the
22 state. If the basis of receipts from patent royalties
23 does not permit allocation to states or if the
24 accounting procedures do not reflect states of
25 utilization, the patent is utilized in this State if
26 the taxpayer has its commercial domicile in this

1 State.

2 (B) A copyright is utilized in a state to the
3 extent that printing or other publication originates
4 in the state. If the basis of receipts from copyright
5 royalties does not permit allocation to states or if
6 the accounting procedures do not reflect states of
7 utilization, the copyright is utilized in this State
8 if the taxpayer has its commercial domicile in this
9 State.

10 (e) Illinois lottery prizes. Prizes awarded under the
11 Illinois Lottery Law are allocable to this State. Payments
12 received in taxable years ending on or after December 31,
13 2013, from the assignment of a prize under Section 13.1 of the
14 Illinois Lottery Law are allocable to this State.

15 (e-1) Wagering and gambling winnings. Payments received in
16 taxable years ending on or after December 31, 2019 of winnings
17 from pari-mutuel wagering conducted at a wagering facility
18 licensed under the Illinois Horse Racing Act of 1975 and from
19 gambling games conducted on a riverboat or in a casino or
20 organization gaming facility licensed under the Illinois
21 Gambling Act are allocable to this State.

22 (e-2) Sports wagering and winnings. Payments received in
23 taxable years ending on or after December 31, 2021 of winnings
24 from sports wagering conducted in accordance with the Sports
25 Wagering Act are allocable to this State.

26 (e-5) Unemployment benefits. Unemployment benefits paid by

1 the Illinois Department of Employment Security are allocable
2 to this State.

3 (f) Taxability in other state. For purposes of allocation
4 of income pursuant to this Section, a taxpayer is taxable in
5 another state if:

6 (1) In that state he is subject to a net income tax, a
7 franchise tax measured by net income, a franchise tax for
8 the privilege of doing business, or a corporate stock tax;
9 or

10 (2) That state has jurisdiction to subject the
11 taxpayer to a net income tax regardless of whether, in
12 fact, the state does or does not.

13 (g) Cross references.

14 (1) For allocation of interest and dividends by
15 persons other than residents, see Section 301(c)(2).

16 (2) For allocation of nonbusiness income by residents,
17 see Section 301(a).

18 (Source: P.A. 101-31, eff. 6-28-19; 102-40, eff. 6-25-21.)

19 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

20 Sec. 304. Business income of persons other than residents.

21 (a) In general. The business income of a person other than
22 a resident shall be allocated to this State if such person's
23 business income is derived solely from this State. If a person
24 other than a resident derives business income from this State
25 and one or more other states, then, for tax years ending on or

1 before December 30, 1998, and except as otherwise provided by
2 this Section, such person's business income shall be
3 apportioned to this State by multiplying the income by a
4 fraction, the numerator of which is the sum of the property
5 factor (if any), the payroll factor (if any) and 200% of the
6 sales factor (if any), and the denominator of which is 4
7 reduced by the number of factors other than the sales factor
8 which have a denominator of zero and by an additional 2 if the
9 sales factor has a denominator of zero. For tax years ending on
10 or after December 31, 1998, and except as otherwise provided
11 by this Section, persons other than residents who derive
12 business income from this State and one or more other states
13 shall compute their apportionment factor by weighting their
14 property, payroll, and sales factors as provided in subsection
15 (h) of this Section.

16 (1) Property factor.

17 (A) The property factor is a fraction, the numerator
18 of which is the average value of the person's real and
19 tangible personal property owned or rented and used in the
20 trade or business in this State during the taxable year
21 and the denominator of which is the average value of all
22 the person's real and tangible personal property owned or
23 rented and used in the trade or business during the
24 taxable year.

25 (B) Property owned by the person is valued at its
26 original cost. Property rented by the person is valued at

1 8 times the net annual rental rate. Net annual rental rate
2 is the annual rental rate paid by the person less any
3 annual rental rate received by the person from
4 sub-rentals.

5 (C) The average value of property shall be determined
6 by averaging the values at the beginning and ending of the
7 taxable year, but the Director may require the averaging
8 of monthly values during the taxable year if reasonably
9 required to reflect properly the average value of the
10 person's property.

11 (2) Payroll factor.

12 (A) The payroll factor is a fraction, the numerator of
13 which is the total amount paid in this State during the
14 taxable year by the person for compensation, and the
15 denominator of which is the total compensation paid
16 everywhere during the taxable year.

17 (B) Compensation is paid in this State if:

18 (i) The individual's service is performed entirely
19 within this State;

20 (ii) The individual's service is performed both
21 within and without this State, but the service
22 performed without this State is incidental to the
23 individual's service performed within this State; or

24 (iii) For tax years ending prior to December 31,
25 2020, some of the service is performed within this
26 State and either the base of operations, or if there is

1 no base of operations, the place from which the
2 service is directed or controlled is within this
3 State, or the base of operations or the place from
4 which the service is directed or controlled is not in
5 any state in which some part of the service is
6 performed, but the individual's residence is in this
7 State. For tax years ending on or after December 31,
8 2020, compensation is paid in this State if some of the
9 individual's service is performed within this State,
10 the individual's service performed within this State
11 is nonincidental to the individual's service performed
12 without this State, and the individual's service is
13 performed within this State for more than 30 working
14 days during the tax year. The amount of compensation
15 paid in this State shall include the portion of the
16 individual's total compensation for services performed
17 on behalf of his or her employer during the tax year
18 which the number of working days spent within this
19 State during the tax year bears to the total number of
20 working days spent both within and without this State
21 during the tax year. For purposes of this paragraph:

22 (a) The term "working day" means all days
23 during the tax year in which the individual
24 performs duties on behalf of his or her employer.
25 All days in which the individual performs no
26 duties on behalf of his or her employer (e.g.,

1 weekends, vacation days, sick days, and holidays)
2 are not working days.

3 (b) A working day is spent within this State
4 if:

5 (1) the individual performs service on
6 behalf of the employer and a greater amount of
7 time on that day is spent by the individual
8 performing duties on behalf of the employer
9 within this State, without regard to time
10 spent traveling, than is spent performing
11 duties on behalf of the employer without this
12 State; or

13 (2) the only service the individual
14 performs on behalf of the employer on that day
15 is traveling to a destination within this
16 State, and the individual arrives on that day.

17 (c) Working days spent within this State do
18 not include any day in which the employee is
19 performing services in this State during a
20 disaster period solely in response to a request
21 made to his or her employer by the government of
22 this State, by any political subdivision of this
23 State, or by a person conducting business in this
24 State to perform disaster or emergency-related
25 services in this State. For purposes of this item

26 (c):

1 "Declared State disaster or emergency"
2 means a disaster or emergency event (i) for
3 which a Governor's proclamation of a state of
4 emergency has been issued or (ii) for which a
5 Presidential declaration of a federal major
6 disaster or emergency has been issued.

7 "Disaster period" means a period that
8 begins 10 days prior to the date of the
9 Governor's proclamation or the President's
10 declaration (whichever is earlier) and extends
11 for a period of 60 calendar days after the end
12 of the declared disaster or emergency period.

13 "Disaster or emergency-related services"
14 means repairing, renovating, installing,
15 building, or rendering services or conducting
16 other business activities that relate to
17 infrastructure that has been damaged,
18 impaired, or destroyed by the declared State
19 disaster or emergency.

20 "Infrastructure" means property and
21 equipment owned or used by a public utility,
22 communications network, broadband and Internet
23 ~~internet~~ service provider, cable and video
24 service provider, electric or gas distribution
25 system, or water pipeline that provides
26 service to more than one customer or person,

1 including related support facilities.
2 "Infrastructure" includes, but is not limited
3 to, real and personal property such as
4 buildings, offices, power lines, cable lines,
5 poles, communications lines, pipes,
6 structures, and equipment.

7 (iv) Compensation paid to nonresident professional
8 athletes.

9 (a) General. The Illinois source income of a
10 nonresident individual who is a member of a
11 professional athletic team includes the portion of the
12 individual's total compensation for services performed
13 as a member of a professional athletic team during the
14 taxable year which the number of duty days spent
15 within this State performing services for the team in
16 any manner during the taxable year bears to the total
17 number of duty days spent both within and without this
18 State during the taxable year.

19 (b) Travel days. Travel days that do not involve
20 either a game, practice, team meeting, or other
21 similar team event are not considered duty days spent
22 in this State. However, such travel days are
23 considered in the total duty days spent both within
24 and without this State.

25 (c) Definitions. For purposes of this subpart
26 (iv):

1 (1) The term "professional athletic team"
2 includes, but is not limited to, any professional
3 baseball, basketball, football, soccer, or hockey
4 team.

5 (2) The term "member of a professional
6 athletic team" includes those employees who are
7 active players, players on the disabled list, and
8 any other persons required to travel and who
9 travel with and perform services on behalf of a
10 professional athletic team on a regular basis.
11 This includes, but is not limited to, coaches,
12 managers, and trainers.

13 (3) Except as provided in items (C) and (D) of
14 this subpart (3), the term "duty days" means all
15 days during the taxable year from the beginning of
16 the professional athletic team's official
17 pre-season training period through the last game
18 in which the team competes or is scheduled to
19 compete. Duty days shall be counted for the year
20 in which they occur, including where a team's
21 official pre-season training period through the
22 last game in which the team competes or is
23 scheduled to compete, occurs during more than one
24 tax year.

25 (A) Duty days shall also include days on
26 which a member of a professional athletic team

1 performs service for a team on a date that
2 does not fall within the foregoing period
3 (e.g., participation in instructional leagues,
4 the "All Star Game", or promotional
5 "caravans"). Performing a service for a
6 professional athletic team includes conducting
7 training and rehabilitation activities, when
8 such activities are conducted at team
9 facilities.

10 (B) Also included in duty days are game
11 days, practice days, days spent at team
12 meetings, promotional caravans, preseason
13 training camps, and days served with the team
14 through all post-season games in which the
15 team competes or is scheduled to compete.

16 (C) Duty days for any person who joins a
17 team during the period from the beginning of
18 the professional athletic team's official
19 pre-season training period through the last
20 game in which the team competes, or is
21 scheduled to compete, shall begin on the day
22 that person joins the team. Conversely, duty
23 days for any person who leaves a team during
24 this period shall end on the day that person
25 leaves the team. Where a person switches teams
26 during a taxable year, a separate duty-day

1 calculation shall be made for the period the
2 person was with each team.

3 (D) Days for which a member of a
4 professional athletic team is not compensated
5 and is not performing services for the team in
6 any manner, including days when such member of
7 a professional athletic team has been
8 suspended without pay and prohibited from
9 performing any services for the team, shall
10 not be treated as duty days.

11 (E) Days for which a member of a
12 professional athletic team is on the disabled
13 list and does not conduct rehabilitation
14 activities at facilities of the team, and is
15 not otherwise performing services for the team
16 in Illinois, shall not be considered duty days
17 spent in this State. All days on the disabled
18 list, however, are considered to be included
19 in total duty days spent both within and
20 without this State.

21 (4) The term "total compensation for services
22 performed as a member of a professional athletic
23 team" means the total compensation received during
24 the taxable year for services performed:

25 (A) from the beginning of the official
26 pre-season training period through the last

1 game in which the team competes or is
2 scheduled to compete during that taxable year;
3 and

4 (B) during the taxable year on a date
5 which does not fall within the foregoing
6 period (e.g., participation in instructional
7 leagues, the "All Star Game", or promotional
8 caravans).

9 This compensation shall include, but is not
10 limited to, salaries, wages, bonuses as described
11 in this subpart, and any other type of
12 compensation paid during the taxable year to a
13 member of a professional athletic team for
14 services performed in that year. This compensation
15 does not include strike benefits, severance pay,
16 termination pay, contract or option year buy-out
17 payments, expansion or relocation payments, or any
18 other payments not related to services performed
19 for the team.

20 For purposes of this subparagraph, "bonuses"
21 included in "total compensation for services
22 performed as a member of a professional athletic
23 team" subject to the allocation described in
24 Section 302(c)(1) are: bonuses earned as a result
25 of play (i.e., performance bonuses) during the
26 season, including bonuses paid for championship,

1 playoff or "bowl" games played by a team, or for
2 selection to all-star league or other honorary
3 positions; and bonuses paid for signing a
4 contract, unless the payment of the signing bonus
5 is not conditional upon the signee playing any
6 games for the team or performing any subsequent
7 services for the team or even making the team, the
8 signing bonus is payable separately from the
9 salary and any other compensation, and the signing
10 bonus is nonrefundable.

11 (3) Sales factor.

12 (A) The sales factor is a fraction, the numerator of
13 which is the total sales of the person in this State during
14 the taxable year, and the denominator of which is the
15 total sales of the person everywhere during the taxable
16 year.

17 (B) Sales of tangible personal property are in this
18 State if:

19 (i) The property is delivered or shipped to a
20 purchaser, other than the United States government,
21 within this State regardless of the f. o. b. point or
22 other conditions of the sale; or

23 (ii) The property is shipped from an office,
24 store, warehouse, factory or other place of storage in
25 this State and either the purchaser is the United
26 States government or the person is not taxable in the

1 state of the purchaser; provided, however, that
2 premises owned or leased by a person who has
3 independently contracted with the seller for the
4 printing of newspapers, periodicals or books shall not
5 be deemed to be an office, store, warehouse, factory
6 or other place of storage for purposes of this
7 Section. Sales of tangible personal property are not
8 in this State if the seller and purchaser would be
9 members of the same unitary business group but for the
10 fact that either the seller or purchaser is a person
11 with 80% or more of total business activity outside of
12 the United States and the property is purchased for
13 resale.

14 (B-1) Patents, copyrights, trademarks, and similar
15 items of intangible personal property.

16 (i) Gross receipts from the licensing, sale, or
17 other disposition of a patent, copyright, trademark,
18 or similar item of intangible personal property, other
19 than gross receipts governed by paragraph (B-7) of
20 this item (3), are in this State to the extent the item
21 is utilized in this State during the year the gross
22 receipts are included in gross income.

23 (ii) Place of utilization.

24 (I) A patent is utilized in a state to the
25 extent that it is employed in production,
26 fabrication, manufacturing, or other processing in

1 the state or to the extent that a patented product
2 is produced in the state. If a patent is utilized
3 in more than one state, the extent to which it is
4 utilized in any one state shall be a fraction
5 equal to the gross receipts of the licensee or
6 purchaser from sales or leases of items produced,
7 fabricated, manufactured, or processed within that
8 state using the patent and of patented items
9 produced within that state, divided by the total
10 of such gross receipts for all states in which the
11 patent is utilized.

12 (II) A copyright is utilized in a state to the
13 extent that printing or other publication
14 originates in the state. If a copyright is
15 utilized in more than one state, the extent to
16 which it is utilized in any one state shall be a
17 fraction equal to the gross receipts from sales or
18 licenses of materials printed or published in that
19 state divided by the total of such gross receipts
20 for all states in which the copyright is utilized.

21 (III) Trademarks and other items of intangible
22 personal property governed by this paragraph (B-1)
23 are utilized in the state in which the commercial
24 domicile of the licensee or purchaser is located.

25 (iii) If the state of utilization of an item of
26 property governed by this paragraph (B-1) cannot be

1 determined from the taxpayer's books and records or
2 from the books and records of any person related to the
3 taxpayer within the meaning of Section 267(b) of the
4 Internal Revenue Code, 26 U.S.C. 267, the gross
5 receipts attributable to that item shall be excluded
6 from both the numerator and the denominator of the
7 sales factor.

8 (B-2) Gross receipts from the license, sale, or other
9 disposition of patents, copyrights, trademarks, and
10 similar items of intangible personal property, other than
11 gross receipts governed by paragraph (B-7) of this item
12 (3), may be included in the numerator or denominator of
13 the sales factor only if gross receipts from licenses,
14 sales, or other disposition of such items comprise more
15 than 50% of the taxpayer's total gross receipts included
16 in gross income during the tax year and during each of the
17 2 immediately preceding tax years; provided that, when a
18 taxpayer is a member of a unitary business group, such
19 determination shall be made on the basis of the gross
20 receipts of the entire unitary business group.

21 (B-5) For taxable years ending on or after December
22 31, 2008, except as provided in subsections (ii) through
23 (vii), receipts from the sale of telecommunications
24 service or mobile telecommunications service are in this
25 State if the customer's service address is in this State.

26 (i) For purposes of this subparagraph (B-5), the

1 following terms have the following meanings:

2 "Ancillary services" means services that are
3 associated with or incidental to the provision of
4 "telecommunications services", including, but not
5 limited to, "detailed telecommunications billing",
6 "directory assistance", "vertical service", and "voice
7 mail services".

8 "Air-to-Ground Radiotelephone service" means a
9 radio service, as that term is defined in 47 CFR 22.99,
10 in which common carriers are authorized to offer and
11 provide radio telecommunications service for hire to
12 subscribers in aircraft.

13 "Call-by-call Basis" means any method of charging
14 for telecommunications services where the price is
15 measured by individual calls.

16 "Communications Channel" means a physical or
17 virtual path of communications over which signals are
18 transmitted between or among customer channel
19 termination points.

20 "Conference bridging service" means an "ancillary
21 service" that links two or more participants of an
22 audio or video conference call and may include the
23 provision of a telephone number. "Conference bridging
24 service" does not include the "telecommunications
25 services" used to reach the conference bridge.

26 "Customer Channel Termination Point" means the

1 location where the customer either inputs or receives
2 the communications.

3 "Detailed telecommunications billing service"
4 means an "ancillary service" of separately stating
5 information pertaining to individual calls on a
6 customer's billing statement.

7 "Directory assistance" means an "ancillary
8 service" of providing telephone number information,
9 and/or address information.

10 "Home service provider" means the facilities based
11 carrier or reseller with which the customer contracts
12 for the provision of mobile telecommunications
13 services.

14 "Mobile telecommunications service" means
15 commercial mobile radio service, as defined in Section
16 20.3 of Title 47 of the Code of Federal Regulations as
17 in effect on June 1, 1999.

18 "Place of primary use" means the street address
19 representative of where the customer's use of the
20 telecommunications service primarily occurs, which
21 must be the residential street address or the primary
22 business street address of the customer. In the case
23 of mobile telecommunications services, "place of
24 primary use" must be within the licensed service area
25 of the home service provider.

26 "Post-paid telecommunication service" means the

1 telecommunications service obtained by making a
2 payment on a call-by-call basis either through the use
3 of a credit card or payment mechanism such as a bank
4 card, travel card, credit card, or debit card, or by
5 charge made to a telephone number which is not
6 associated with the origination or termination of the
7 telecommunications service. A post-paid calling
8 service includes telecommunications service, except a
9 prepaid wireless calling service, that would be a
10 prepaid calling service except it is not exclusively a
11 telecommunication service.

12 "Prepaid telecommunication service" means the
13 right to access exclusively telecommunications
14 services, which must be paid for in advance and which
15 enables the origination of calls using an access
16 number or authorization code, whether manually or
17 electronically dialed, and that is sold in
18 predetermined units or dollars of which the number
19 declines with use in a known amount.

20 "Prepaid Mobile telecommunication service" means a
21 telecommunications service that provides the right to
22 utilize mobile wireless service as well as other
23 non-telecommunication services, including, but not
24 limited to, ancillary services, which must be paid for
25 in advance that is sold in predetermined units or
26 dollars of which the number declines with use in a

1 known amount.

2 "Private communication service" means a
3 telecommunication service that entitles the customer
4 to exclusive or priority use of a communications
5 channel or group of channels between or among
6 termination points, regardless of the manner in which
7 such channel or channels are connected, and includes
8 switching capacity, extension lines, stations, and any
9 other associated services that are provided in
10 connection with the use of such channel or channels.

11 "Service address" means:

12 (a) The location of the telecommunications
13 equipment to which a customer's call is charged
14 and from which the call originates or terminates,
15 regardless of where the call is billed or paid;

16 (b) If the location in line (a) is not known,
17 service address means the origination point of the
18 signal of the telecommunications services first
19 identified by either the seller's
20 telecommunications system or in information
21 received by the seller from its service provider
22 where the system used to transport such signals is
23 not that of the seller; and

24 (c) If the locations in line (a) and line (b)
25 are not known, the service address means the
26 location of the customer's place of primary use.

1 "Telecommunications service" means the electronic
2 transmission, conveyance, or routing of voice, data,
3 audio, video, or any other information or signals to a
4 point, or between or among points. The term
5 "telecommunications service" includes such
6 transmission, conveyance, or routing in which computer
7 processing applications are used to act on the form,
8 code or protocol of the content for purposes of
9 transmission, conveyance or routing without regard to
10 whether such service is referred to as voice over
11 Internet protocol services or is classified by the
12 Federal Communications Commission as enhanced or value
13 added. "Telecommunications service" does not include:

14 (a) Data processing and information services
15 that allow data to be generated, acquired, stored,
16 processed, or retrieved and delivered by an
17 electronic transmission to a purchaser when such
18 purchaser's primary purpose for the underlying
19 transaction is the processed data or information;

20 (b) Installation or maintenance of wiring or
21 equipment on a customer's premises;

22 (c) Tangible personal property;

23 (d) Advertising, including, but not limited
24 to, directory advertising;

25 (e) Billing and collection services provided
26 to third parties;

1 (f) Internet access service;

2 (g) Radio and television audio and video
3 programming services, regardless of the medium,
4 including the furnishing of transmission,
5 conveyance and routing of such services by the
6 programming service provider. Radio and television
7 audio and video programming services shall
8 include, but not be limited to, cable service as
9 defined in 47 USC 522(6) and audio and video
10 programming services delivered by commercial
11 mobile radio service providers, as defined in 47
12 CFR 20.3;

13 (h) "Ancillary services"; or

14 (i) Digital products "delivered
15 electronically", including, but not limited to,
16 software, music, video, reading materials or
17 ringtones ~~ring tones~~.

18 "Vertical service" means an "ancillary service"
19 that is offered in connection with one or more
20 "telecommunications services", which offers advanced
21 calling features that allow customers to identify
22 callers and to manage multiple calls and call
23 connections, including "conference bridging services".

24 "Voice mail service" means an "ancillary service"
25 that enables the customer to store, send or receive
26 recorded messages. "Voice mail service" does not

1 include any "vertical services" that the customer may
2 be required to have in order to utilize the "voice mail
3 service".

4 (ii) Receipts from the sale of telecommunications
5 service sold on an individual call-by-call basis are
6 in this State if either of the following applies:

7 (a) The call both originates and terminates in
8 this State.

9 (b) The call either originates or terminates
10 in this State and the service address is located
11 in this State.

12 (iii) Receipts from the sale of postpaid
13 telecommunications service at retail are in this State
14 if the origination point of the telecommunication
15 signal, as first identified by the service provider's
16 telecommunication system or as identified by
17 information received by the seller from its service
18 provider if the system used to transport
19 telecommunication signals is not the seller's, is
20 located in this State.

21 (iv) Receipts from the sale of prepaid
22 telecommunications service or prepaid mobile
23 telecommunications service at retail are in this State
24 if the purchaser obtains the prepaid card or similar
25 means of conveyance at a location in this State.
26 Receipts from recharging a prepaid telecommunications

1 service or mobile telecommunications service is in
2 this State if the purchaser's billing information
3 indicates a location in this State.

4 (v) Receipts from the sale of private
5 communication services are in this State as follows:

6 (a) 100% of receipts from charges imposed at
7 each channel termination point in this State.

8 (b) 100% of receipts from charges for the
9 total channel mileage between each channel
10 termination point in this State.

11 (c) 50% of the total receipts from charges for
12 service segments when those segments are between 2
13 customer channel termination points, 1 of which is
14 located in this State and the other is located
15 outside of this State, which segments are
16 separately charged.

17 (d) The receipts from charges for service
18 segments with a channel termination point located
19 in this State and in two or more other states, and
20 which segments are not separately billed, are in
21 this State based on a percentage determined by
22 dividing the number of customer channel
23 termination points in this State by the total
24 number of customer channel termination points.

25 (vi) Receipts from charges for ancillary services
26 for telecommunications service sold to customers at

1 retail are in this State if the customer's primary
2 place of use of telecommunications services associated
3 with those ancillary services is in this State. If the
4 seller of those ancillary services cannot determine
5 where the associated telecommunications are located,
6 then the ancillary services shall be based on the
7 location of the purchaser.

8 (vii) Receipts to access a carrier's network or
9 from the sale of telecommunication services or
10 ancillary services for resale are in this State as
11 follows:

12 (a) 100% of the receipts from access fees
13 attributable to intrastate telecommunications
14 service that both originates and terminates in
15 this State.

16 (b) 50% of the receipts from access fees
17 attributable to interstate telecommunications
18 service if the interstate call either originates
19 or terminates in this State.

20 (c) 100% of the receipts from interstate end
21 user access line charges, if the customer's
22 service address is in this State. As used in this
23 subdivision, "interstate end user access line
24 charges" includes, but is not limited to, the
25 surcharge approved by the federal communications
26 commission and levied pursuant to 47 CFR 69.

1 (d) Gross receipts from sales of
2 telecommunication services or from ancillary
3 services for telecommunications services sold to
4 other telecommunication service providers for
5 resale shall be sourced to this State using the
6 apportionment concepts used for non-resale
7 receipts of telecommunications services if the
8 information is readily available to make that
9 determination. If the information is not readily
10 available, then the taxpayer may use any other
11 reasonable and consistent method.

12 (B-7) For taxable years ending on or after December
13 31, 2008, receipts from the sale of broadcasting services
14 are in this State if the broadcasting services are
15 received in this State. For purposes of this paragraph
16 (B-7), the following terms have the following meanings:

17 "Advertising revenue" means consideration received
18 by the taxpayer in exchange for broadcasting services
19 or allowing the broadcasting of commercials or
20 announcements in connection with the broadcasting of
21 film or radio programming, from sponsorships of the
22 programming, or from product placements in the
23 programming.

24 "Audience factor" means the ratio that the
25 audience or subscribers located in this State of a
26 station, a network, or a cable system bears to the

1 total audience or total subscribers for that station,
2 network, or cable system. The audience factor for film
3 or radio programming shall be determined by reference
4 to the books and records of the taxpayer or by
5 reference to published rating statistics provided the
6 method used by the taxpayer is consistently used from
7 year to year for this purpose and fairly represents
8 the taxpayer's activity in this State.

9 "Broadcast" or "broadcasting" or "broadcasting
10 services" means the transmission or provision of film
11 or radio programming, whether through the public
12 airwaves, by cable, by direct or indirect satellite
13 transmission, or by any other means of communication,
14 either through a station, a network, or a cable
15 system.

16 "Film" or "film programming" means the broadcast
17 on television of any and all performances, events, or
18 productions, including, but not limited to, news,
19 sporting events, plays, stories, or other literary,
20 commercial, educational, or artistic works, either
21 live or through the use of video tape, disc, or any
22 other type of format or medium. Each episode of a
23 series of films produced for television shall
24 constitute a separate "film" notwithstanding that the
25 series relates to the same principal subject and is
26 produced during one or more tax periods.

1 "Radio" or "radio programming" means the broadcast
2 on radio of any and all performances, events, or
3 productions, including, but not limited to, news,
4 sporting events, plays, stories, or other literary,
5 commercial, educational, or artistic works, either
6 live or through the use of an audio tape, disc, or any
7 other format or medium. Each episode in a series of
8 radio programming produced for radio broadcast shall
9 constitute a separate "radio programming"
10 notwithstanding that the series relates to the same
11 principal subject and is produced during one or more
12 tax periods.

13 (i) In the case of advertising revenue from
14 broadcasting, the customer is the advertiser and
15 the service is received in this State if the
16 commercial domicile of the advertiser is in this
17 State.

18 (ii) In the case where film or radio
19 programming is broadcast by a station, a network,
20 or a cable system for a fee or other remuneration
21 received from the recipient of the broadcast, the
22 portion of the service that is received in this
23 State is measured by the portion of the recipients
24 of the broadcast located in this State.
25 Accordingly, the fee or other remuneration for
26 such service that is included in the Illinois

1 numerator of the sales factor is the total of
2 those fees or other remuneration received from
3 recipients in Illinois. For purposes of this
4 paragraph, a taxpayer may determine the location
5 of the recipients of its broadcast using the
6 address of the recipient shown in its contracts
7 with the recipient or using the billing address of
8 the recipient in the taxpayer's records.

9 (iii) In the case where film or radio
10 programming is broadcast by a station, a network,
11 or a cable system for a fee or other remuneration
12 from the person providing the programming, the
13 portion of the broadcast service that is received
14 by such station, network, or cable system in this
15 State is measured by the portion of recipients of
16 the broadcast located in this State. Accordingly,
17 the amount of revenue related to such an
18 arrangement that is included in the Illinois
19 numerator of the sales factor is the total fee or
20 other total remuneration from the person providing
21 the programming related to that broadcast
22 multiplied by the Illinois audience factor for
23 that broadcast.

24 (iv) In the case where film or radio
25 programming is provided by a taxpayer that is a
26 network or station to a customer for broadcast in

1 exchange for a fee or other remuneration from that
2 customer the broadcasting service is received at
3 the location of the office of the customer from
4 which the services were ordered in the regular
5 course of the customer's trade or business.
6 Accordingly, in such a case the revenue derived by
7 the taxpayer that is included in the taxpayer's
8 Illinois numerator of the sales factor is the
9 revenue from such customers who receive the
10 broadcasting service in Illinois.

11 (v) In the case where film or radio
12 programming is provided by a taxpayer that is not
13 a network or station to another person for
14 broadcasting in exchange for a fee or other
15 remuneration from that person, the broadcasting
16 service is received at the location of the office
17 of the customer from which the services were
18 ordered in the regular course of the customer's
19 trade or business. Accordingly, in such a case the
20 revenue derived by the taxpayer that is included
21 in the taxpayer's Illinois numerator of the sales
22 factor is the revenue from such customers who
23 receive the broadcasting service in Illinois.

24 (B-8) Gross receipts from winnings under the Illinois
25 Lottery Law from the assignment of a prize under Section
26 13.1 of the Illinois Lottery Law are received in this

1 State. This paragraph (B-8) applies only to taxable years
2 ending on or after December 31, 2013.

3 (B-9) For taxable years ending on or after December
4 31, 2019, gross receipts from winnings from pari-mutuel
5 wagering conducted at a wagering facility licensed under
6 the Illinois Horse Racing Act of 1975 or from winnings
7 from gambling games conducted on a riverboat or in a
8 casino or organization gaming facility licensed under the
9 Illinois Gambling Act are in this State.

10 (B-10) For taxable years ending on or after December
11 31, 2021, gross receipts from winnings from sports
12 wagering conducted in accordance with the Sports Wagering
13 Act are in this State.

14 (C) For taxable years ending before December 31, 2008,
15 sales, other than sales governed by paragraphs (B), (B-1),
16 (B-2), and (B-8) are in this State if:

17 (i) The income-producing activity is performed in
18 this State; or

19 (ii) The income-producing activity is performed
20 both within and without this State and a greater
21 proportion of the income-producing activity is
22 performed within this State than without this State,
23 based on performance costs.

24 (C-5) For taxable years ending on or after December
25 31, 2008, sales, other than sales governed by paragraphs
26 (B), (B-1), (B-2), (B-5), and (B-7), are in this State if

1 any of the following criteria are met:

2 (i) Sales from the sale or lease of real property
3 are in this State if the property is located in this
4 State.

5 (ii) Sales from the lease or rental of tangible
6 personal property are in this State if the property is
7 located in this State during the rental period. Sales
8 from the lease or rental of tangible personal property
9 that is characteristically moving property, including,
10 but not limited to, motor vehicles, rolling stock,
11 aircraft, vessels, or mobile equipment are in this
12 State to the extent that the property is used in this
13 State.

14 (iii) In the case of interest, net gains (but not
15 less than zero) and other items of income from
16 intangible personal property, the sale is in this
17 State if:

18 (a) in the case of a taxpayer who is a dealer
19 in the item of intangible personal property within
20 the meaning of Section 475 of the Internal Revenue
21 Code, the income or gain is received from a
22 customer in this State. For purposes of this
23 subparagraph, a customer is in this State if the
24 customer is an individual, trust or estate who is
25 a resident of this State and, for all other
26 customers, if the customer's commercial domicile

1 is in this State. Unless the dealer has actual
2 knowledge of the residence or commercial domicile
3 of a customer during a taxable year, the customer
4 shall be deemed to be a customer in this State if
5 the billing address of the customer, as shown in
6 the records of the dealer, is in this State; ~~or~~

7 (a-5) in the case of the sale or exchange of
8 shares in a Subchapter S corporation or an
9 interest in a partnership, other than an
10 investment partnership as defined in paragraph
11 (11.5) of subsection (a) of Section 1501, the
12 Subchapter S corporation or partnership was
13 taxable in this State; for purposes of this
14 subparagraph, the amount attributable to this
15 State shall be determined in proportion to the
16 average of the pass-through entity's Illinois
17 apportionment factor computed under this Section
18 in the year of the sale or exchange and the 2 tax
19 years immediately preceding the year of the sale
20 or exchange; if the pass-through entity was not in
21 existence during both of the preceding 2 years,
22 then only the years in which the pass-through
23 entity was in existence shall be considered when
24 computing the average; or

25 (b) in all other cases, if the
26 income-producing activity of the taxpayer is

1 performed in this State or, if the
2 income-producing activity of the taxpayer is
3 performed both within and without this State, if a
4 greater proportion of the income-producing
5 activity of the taxpayer is performed within this
6 State than in any other state, based on
7 performance costs.

8 (iv) Sales of services are in this State if the
9 services are received in this State. For the purposes
10 of this section, gross receipts from the performance
11 of services provided to a corporation, partnership, or
12 trust may only be attributed to a state where that
13 corporation, partnership, or trust has a fixed place
14 of business. If the state where the services are
15 received is not readily determinable or is a state
16 where the corporation, partnership, or trust receiving
17 the service does not have a fixed place of business,
18 the services shall be deemed to be received at the
19 location of the office of the customer from which the
20 services were ordered in the regular course of the
21 customer's trade or business. If the ordering office
22 cannot be determined, the services shall be deemed to
23 be received at the office of the customer to which the
24 services are billed. If the taxpayer is not taxable in
25 the state in which the services are received, the sale
26 must be excluded from both the numerator and the

1 denominator of the sales factor. The Department shall
2 adopt rules prescribing where specific types of
3 service are received, including, but not limited to,
4 publishing, and utility service.

5 (D) For taxable years ending on or after December 31,
6 1995, the following items of income shall not be included
7 in the numerator or denominator of the sales factor:
8 dividends; amounts included under Section 78 of the
9 Internal Revenue Code; and Subpart F income as defined in
10 Section 952 of the Internal Revenue Code. No inference
11 shall be drawn from the enactment of this paragraph (D) in
12 construing this Section for taxable years ending before
13 December 31, 1995.

14 (E) Paragraphs (B-1) and (B-2) shall apply to tax
15 years ending on or after December 31, 1999, provided that
16 a taxpayer may elect to apply the provisions of these
17 paragraphs to prior tax years. Such election shall be made
18 in the form and manner prescribed by the Department, shall
19 be irrevocable, and shall apply to all tax years; provided
20 that, if a taxpayer's Illinois income tax liability for
21 any tax year, as assessed under Section 903 prior to
22 January 1, 1999, was computed in a manner contrary to the
23 provisions of paragraphs (B-1) or (B-2), no refund shall
24 be payable to the taxpayer for that tax year to the extent
25 such refund is the result of applying the provisions of
26 paragraph (B-1) or (B-2) retroactively. In the case of a

1 unitary business group, such election shall apply to all
2 members of such group for every tax year such group is in
3 existence, but shall not apply to any taxpayer for any
4 period during which that taxpayer is not a member of such
5 group.

6 (b) Insurance companies.

7 (1) In general. Except as otherwise provided by
8 paragraph (2), business income of an insurance company for
9 a taxable year shall be apportioned to this State by
10 multiplying such income by a fraction, the numerator of
11 which is the direct premiums written for insurance upon
12 property or risk in this State, and the denominator of
13 which is the direct premiums written for insurance upon
14 property or risk everywhere. For purposes of this
15 subsection, the term "direct premiums written" means the
16 total amount of direct premiums written, assessments and
17 annuity considerations as reported for the taxable year on
18 the annual statement filed by the company with the
19 Illinois Director of Insurance in the form approved by the
20 National Convention of Insurance Commissioners or such
21 other form as may be prescribed in lieu thereof.

22 (2) Reinsurance. If the principal source of premiums
23 written by an insurance company consists of premiums for
24 reinsurance accepted by it, the business income of such
25 company shall be apportioned to this State by multiplying
26 such income by a fraction, the numerator of which is the

1 sum of (i) direct premiums written for insurance upon
2 property or risk in this State, plus (ii) premiums written
3 for reinsurance accepted in respect of property or risk in
4 this State, and the denominator of which is the sum of
5 (iii) direct premiums written for insurance upon property
6 or risk everywhere, plus (iv) premiums written for
7 reinsurance accepted in respect of property or risk
8 everywhere. For purposes of this paragraph, premiums
9 written for reinsurance accepted in respect of property or
10 risk in this State, whether or not otherwise determinable,
11 may, at the election of the company, be determined on the
12 basis of the proportion which premiums written for
13 reinsurance accepted from companies commercially domiciled
14 in Illinois bears to premiums written for reinsurance
15 accepted from all sources, or, alternatively, in the
16 proportion which the sum of the direct premiums written
17 for insurance upon property or risk in this State by each
18 ceding company from which reinsurance is accepted bears to
19 the sum of the total direct premiums written by each such
20 ceding company for the taxable year. The election made by
21 a company under this paragraph for its first taxable year
22 ending on or after December 31, 2011, shall be binding for
23 that company for that taxable year and for all subsequent
24 taxable years, and may be altered only with the written
25 permission of the Department, which shall not be
26 unreasonably withheld.

1 (c) Financial organizations.

2 (1) In general. For taxable years ending before
3 December 31, 2008, business income of a financial
4 organization shall be apportioned to this State by
5 multiplying such income by a fraction, the numerator of
6 which is its business income from sources within this
7 State, and the denominator of which is its business income
8 from all sources. For the purposes of this subsection, the
9 business income of a financial organization from sources
10 within this State is the sum of the amounts referred to in
11 subparagraphs (A) through (E) following, but excluding the
12 adjusted income of an international banking facility as
13 determined in paragraph (2):

14 (A) Fees, commissions or other compensation for
15 financial services rendered within this State;

16 (B) Gross profits from trading in stocks, bonds or
17 other securities managed within this State;

18 (C) Dividends, and interest from Illinois
19 customers, which are received within this State;

20 (D) Interest charged to customers at places of
21 business maintained within this State for carrying
22 debit balances of margin accounts, without deduction
23 of any costs incurred in carrying such accounts; and

24 (E) Any other gross income resulting from the
25 operation as a financial organization within this
26 State.

1 In computing the amounts referred to in paragraphs (A)
2 through (E) of this subsection, any amount received by a
3 member of an affiliated group (determined under Section
4 1504(a) of the Internal Revenue Code but without reference
5 to whether any such corporation is an "includible
6 corporation" under Section 1504(b) of the Internal Revenue
7 Code) from another member of such group shall be included
8 only to the extent such amount exceeds expenses of the
9 recipient directly related thereto.

10 (2) International Banking Facility. For taxable years
11 ending before December 31, 2008:

12 (A) Adjusted Income. The adjusted income of an
13 international banking facility is its income reduced
14 by the amount of the floor amount.

15 (B) Floor Amount. The floor amount shall be the
16 amount, if any, determined by multiplying the income
17 of the international banking facility by a fraction,
18 not greater than one, which is determined as follows:

19 (i) The numerator shall be:

20 The average aggregate, determined on a
21 quarterly basis, of the financial organization's
22 loans to banks in foreign countries, to foreign
23 domiciled borrowers (except where secured
24 primarily by real estate) and to foreign
25 governments and other foreign official
26 institutions, as reported for its branches,

1 agencies and offices within the state on its
2 "Consolidated Report of Condition", Schedule A,
3 Lines 2.c., 5.b., and 7.a., which was filed with
4 the Federal Deposit Insurance Corporation and
5 other regulatory authorities, for the year 1980,
6 minus

7 The average aggregate, determined on a
8 quarterly basis, of such loans (other than loans
9 of an international banking facility), as reported
10 by the financial institution for its branches,
11 agencies and offices within the state, on the
12 corresponding Schedule and lines of the
13 Consolidated Report of Condition for the current
14 taxable year, provided, however, that in no case
15 shall the amount determined in this clause (the
16 subtrahend) exceed the amount determined in the
17 preceding clause (the minuend); and

18 (ii) the denominator shall be the average
19 aggregate, determined on a quarterly basis, of the
20 international banking facility's loans to banks in
21 foreign countries, to foreign domiciled borrowers
22 (except where secured primarily by real estate)
23 and to foreign governments and other foreign
24 official institutions, which were recorded in its
25 financial accounts for the current taxable year.

26 (C) Change to Consolidated Report of Condition and

1 in Qualification. In the event the Consolidated Report
2 of Condition which is filed with the Federal Deposit
3 Insurance Corporation and other regulatory authorities
4 is altered so that the information required for
5 determining the floor amount is not found on Schedule
6 A, lines 2.c., 5.b. and 7.a., the financial
7 institution shall notify the Department and the
8 Department may, by regulations or otherwise, prescribe
9 or authorize the use of an alternative source for such
10 information. The financial institution shall also
11 notify the Department should its international banking
12 facility fail to qualify as such, in whole or in part,
13 or should there be any amendment or change to the
14 Consolidated Report of Condition, as originally filed,
15 to the extent such amendment or change alters the
16 information used in determining the floor amount.

17 (3) For taxable years ending on or after December 31,
18 2008, the business income of a financial organization
19 shall be apportioned to this State by multiplying such
20 income by a fraction, the numerator of which is its gross
21 receipts from sources in this State or otherwise
22 attributable to this State's marketplace and the
23 denominator of which is its gross receipts everywhere
24 during the taxable year. "Gross receipts" for purposes of
25 this subparagraph (3) means gross income, including net
26 taxable gain on disposition of assets, including

1 securities and money market instruments, when derived from
2 transactions and activities in the regular course of the
3 financial organization's trade or business. The following
4 examples are illustrative:

5 (i) Receipts from the lease or rental of real or
6 tangible personal property are in this State if the
7 property is located in this State during the rental
8 period. Receipts from the lease or rental of tangible
9 personal property that is characteristically moving
10 property, including, but not limited to, motor
11 vehicles, rolling stock, aircraft, vessels, or mobile
12 equipment are from sources in this State to the extent
13 that the property is used in this State.

14 (ii) Interest income, commissions, fees, gains on
15 disposition, and other receipts from assets in the
16 nature of loans that are secured primarily by real
17 estate or tangible personal property are from sources
18 in this State if the security is located in this State.

19 (iii) Interest income, commissions, fees, gains on
20 disposition, and other receipts from consumer loans
21 that are not secured by real or tangible personal
22 property are from sources in this State if the debtor
23 is a resident of this State.

24 (iv) Interest income, commissions, fees, gains on
25 disposition, and other receipts from commercial loans
26 and installment obligations that are not secured by

1 real or tangible personal property are from sources in
2 this State if the proceeds of the loan are to be
3 applied in this State. If it cannot be determined
4 where the funds are to be applied, the income and
5 receipts are from sources in this State if the office
6 of the borrower from which the loan was negotiated in
7 the regular course of business is located in this
8 State. If the location of this office cannot be
9 determined, the income and receipts shall be excluded
10 from the numerator and denominator of the sales
11 factor.

12 (v) Interest income, fees, gains on disposition,
13 service charges, merchant discount income, and other
14 receipts from credit card receivables are from sources
15 in this State if the card charges are regularly billed
16 to a customer in this State.

17 (vi) Receipts from the performance of services,
18 including, but not limited to, fiduciary, advisory,
19 and brokerage services, are in this State if the
20 services are received in this State within the meaning
21 of subparagraph (a) (3) (C-5) (iv) of this Section.

22 (vii) Receipts from the issuance of travelers
23 checks and money orders are from sources in this State
24 if the checks and money orders are issued from a
25 location within this State.

26 (viii) For tax years ending before December 31,

1 2024, receipts from investment assets and activities
2 and trading assets and activities are included in the
3 receipts factor as follows:

4 (1) Interest, dividends, net gains (but not
5 less than zero) and other income from investment
6 assets and activities from trading assets and
7 activities shall be included in the receipts
8 factor. Investment assets and activities and
9 trading assets and activities include, but are not
10 limited to: investment securities; trading account
11 assets; federal funds; securities purchased and
12 sold under agreements to resell or repurchase;
13 options; futures contracts; forward contracts;
14 notional principal contracts such as swaps;
15 equities; and foreign currency transactions. With
16 respect to the investment and trading assets and
17 activities described in subparagraphs (A) and (B)
18 of this paragraph, the receipts factor shall
19 include the amounts described in such
20 subparagraphs.

21 (A) The receipts factor shall include the
22 amount by which interest from federal funds
23 sold and securities purchased under resale
24 agreements exceeds interest expense on federal
25 funds purchased and securities sold under
26 repurchase agreements.

1 (B) The receipts factor shall include the
2 amount by which interest, dividends, gains and
3 other income from trading assets and
4 activities, including, but not limited to,
5 assets and activities in the matched book, in
6 the arbitrage book, and foreign currency
7 transactions, exceed amounts paid in lieu of
8 interest, amounts paid in lieu of dividends,
9 and losses from such assets and activities.

10 (2) The numerator of the receipts factor
11 includes interest, dividends, net gains (but not
12 less than zero), and other income from investment
13 assets and activities and from trading assets and
14 activities described in paragraph (1) of this
15 subsection that are attributable to this State.

16 (A) The amount of interest, dividends, net
17 gains (but not less than zero), and other
18 income from investment assets and activities
19 in the investment account to be attributed to
20 this State and included in the numerator is
21 determined by multiplying all such income from
22 such assets and activities by a fraction, the
23 numerator of which is the gross income from
24 such assets and activities which are properly
25 assigned to a fixed place of business of the
26 taxpayer within this State and the denominator

1 of which is the gross income from all such
2 assets and activities.

3 (B) The amount of interest from federal
4 funds sold and purchased and from securities
5 purchased under resale agreements and
6 securities sold under repurchase agreements
7 attributable to this State and included in the
8 numerator is determined by multiplying the
9 amount described in subparagraph (A) of
10 paragraph (1) of this subsection from such
11 funds and such securities by a fraction, the
12 numerator of which is the gross income from
13 such funds and such securities which are
14 properly assigned to a fixed place of business
15 of the taxpayer within this State and the
16 denominator of which is the gross income from
17 all such funds and such securities.

18 (C) The amount of interest, dividends,
19 gains, and other income from trading assets
20 and activities, including, but not limited to,
21 assets and activities in the matched book, in
22 the arbitrage book and foreign currency
23 transactions (but excluding amounts described
24 in subparagraphs (A) or (B) of this
25 paragraph), attributable to this State and
26 included in the numerator is determined by

1 multiplying the amount described in
2 subparagraph (B) of paragraph (1) of this
3 subsection by a fraction, the numerator of
4 which is the gross income from such trading
5 assets and activities which are properly
6 assigned to a fixed place of business of the
7 taxpayer within this State and the denominator
8 of which is the gross income from all such
9 assets and activities.

10 (D) Properly assigned, for purposes of
11 this paragraph (2) of this subsection, means
12 the investment or trading asset or activity is
13 assigned to the fixed place of business with
14 which it has a preponderance of substantive
15 contacts. An investment or trading asset or
16 activity assigned by the taxpayer to a fixed
17 place of business without the State shall be
18 presumed to have been properly assigned if:

19 (i) the taxpayer has assigned, in the
20 regular course of its business, such asset
21 or activity on its records to a fixed
22 place of business consistent with federal
23 or state regulatory requirements;

24 (ii) such assignment on its records is
25 based upon substantive contacts of the
26 asset or activity to such fixed place of

1 business; and

2 (iii) the taxpayer uses such records
3 reflecting assignment of such assets or
4 activities for the filing of all state and
5 local tax returns for which an assignment
6 of such assets or activities to a fixed
7 place of business is required.

8 (E) The presumption of proper assignment
9 of an investment or trading asset or activity
10 provided in subparagraph (D) of paragraph (2)
11 of this subsection may be rebutted upon a
12 showing by the Department, supported by a
13 preponderance of the evidence, that the
14 preponderance of substantive contacts
15 regarding such asset or activity did not occur
16 at the fixed place of business to which it was
17 assigned on the taxpayer's records. If the
18 fixed place of business that has a
19 preponderance of substantive contacts cannot
20 be determined for an investment or trading
21 asset or activity to which the presumption in
22 subparagraph (D) of paragraph (2) of this
23 subsection does not apply or with respect to
24 which that presumption has been rebutted, that
25 asset or activity is properly assigned to the
26 state in which the taxpayer's commercial

1 domicile is located. For purposes of this
2 subparagraph (E), it shall be presumed,
3 subject to rebuttal, that taxpayer's
4 commercial domicile is in the state of the
5 United States or the District of Columbia to
6 which the greatest number of employees are
7 regularly connected with the management of the
8 investment or trading income or out of which
9 they are working, irrespective of where the
10 services of such employees are performed, as
11 of the last day of the taxable year.

12 (ix) For tax years ending on or after December 31,
13 2024, receipts from investment assets and activities
14 and trading assets and activities are included in the
15 receipts factor as follows:

16 (1) Interest, dividends, net gains (but not
17 less than zero), and other income from investment
18 assets and activities from trading assets and
19 activities shall be included in the receipts
20 factor. Investment assets and activities and
21 trading assets and activities include, but are not
22 limited to the following: investment securities;
23 trading account assets; federal funds; securities
24 purchased and sold under agreements to resell or
25 repurchase; options; futures contracts; forward
26 contracts; notional principal contracts, such as

1 swaps; equities; and foreign currency
2 transactions. With respect to the investment and
3 trading assets and activities described in
4 subparagraphs (A) and (B) of this paragraph, the
5 receipts factor shall include the amounts
6 described in those subparagraphs.

7 (A) The receipts factor shall include the
8 amount by which interest from federal funds
9 sold and securities purchased under resale
10 agreements exceeds interest expense on federal
11 funds purchased and securities sold under
12 repurchase agreements.

13 (B) The receipts factor shall include the
14 amount by which interest, dividends, gains and
15 other income from trading assets and
16 activities, including, but not limited to,
17 assets and activities in the matched book, in
18 the arbitrage book, and foreign currency
19 transactions, exceed amounts paid in lieu of
20 interest, amounts paid in lieu of dividends,
21 and losses from such assets and activities.

22 (2) The numerator of the receipts factor
23 includes interest, dividends, net gains (but not
24 less than zero), and other income from investment
25 assets and activities and from trading assets and
26 activities described in paragraph (1) of this

1 subsection that are attributable to this State.

2 (A) The amount of interest, dividends, net
3 gains (but not less than zero), and other
4 income from investment assets and activities
5 in the investment account to be attributed to
6 this State and included in the numerator is
7 determined by multiplying all of the income
8 from those assets and activities by a
9 fraction, the numerator of which is the total
10 receipts included in the numerator pursuant to
11 items (i) through (vii) of this subparagraph
12 (3) and the denominator of which is all total
13 receipts included in the denominator, other
14 than interest, dividends, net gains (but not
15 less than zero), and other income from
16 investment assets and activities and trading
17 assets and activities.

18 (B) The amount of interest from federal
19 funds sold and purchased and from securities
20 purchased under resale agreements and
21 securities sold under repurchase agreements
22 attributable to this State and included in the
23 numerator is determined by multiplying the
24 amount described in subparagraph (A) of
25 paragraph (1) of this subsection from such
26 funds and such securities by a fraction, the

1 numerator of which is the total receipts
2 included in the numerator pursuant to items
3 (i) through (vii) of this subparagraph (3) and
4 the denominator of which is all total receipts
5 included in the denominator, other than
6 interest, dividends, net gains (but not less
7 than zero), and other income from investment
8 assets and activities and trading assets and
9 activities.

10 (C) The amount of interest, dividends,
11 gains, and other income from trading assets
12 and activities, including, but not limited to,
13 assets and activities in the matched book, in
14 the arbitrage book and foreign currency
15 transactions (but excluding amounts described
16 in subparagraphs (A) or (B) of this
17 paragraph), attributable to this State and
18 included in the numerator is determined by
19 multiplying the amount described in
20 subparagraph (B) of paragraph (1) of this
21 subsection by a fraction, the numerator of
22 which is the total receipts included in the
23 numerator pursuant to items (i) through (vii)
24 of this subparagraph (3) and the denominator
25 of which is all total receipts included in the
26 denominator, other than interest, dividends,

1 net gains (but not less than zero), and other
2 income from investment assets and activities
3 and trading assets and activities.

4 (4) (Blank).

5 (5) (Blank).

6 (c-1) Federally regulated exchanges. For taxable years
7 ending on or after December 31, 2012, business income of a
8 federally regulated exchange shall, at the option of the
9 federally regulated exchange, be apportioned to this State by
10 multiplying such income by a fraction, the numerator of which
11 is its business income from sources within this State, and the
12 denominator of which is its business income from all sources.
13 For purposes of this subsection, the business income within
14 this State of a federally regulated exchange is the sum of the
15 following:

16 (1) Receipts attributable to transactions executed on
17 a physical trading floor if that physical trading floor is
18 located in this State.

19 (2) Receipts attributable to all other matching,
20 execution, or clearing transactions, including without
21 limitation receipts from the provision of matching,
22 execution, or clearing services to another entity,
23 multiplied by (i) for taxable years ending on or after
24 December 31, 2012 but before December 31, 2013, 63.77%;
25 and (ii) for taxable years ending on or after December 31,
26 2013, 27.54%.

1 (3) All other receipts not governed by subparagraphs
2 (1) or (2) of this subsection (c-1), to the extent the
3 receipts would be characterized as "sales in this State"
4 under item (3) of subsection (a) of this Section.

5 "Federally regulated exchange" means (i) a "registered
6 entity" within the meaning of 7 U.S.C. Section 1a(40) (A), (B),
7 or (C), (ii) an "exchange" or "clearing agency" within the
8 meaning of 15 U.S.C. Section 78c (a) (1) or (23), (iii) any such
9 entities regulated under any successor regulatory structure to
10 the foregoing, and (iv) all taxpayers who are members of the
11 same unitary business group as a federally regulated exchange,
12 determined without regard to the prohibition in Section
13 1501(a) (27) of this Act against including in a unitary
14 business group taxpayers who are ordinarily required to
15 apportion business income under different subsections of this
16 Section; provided that this subparagraph (iv) shall apply only
17 if 50% or more of the business receipts of the unitary business
18 group determined by application of this subparagraph (iv) for
19 the taxable year are attributable to the matching, execution,
20 or clearing of transactions conducted by an entity described
21 in subparagraph (i), (ii), or (iii) of this paragraph.

22 In no event shall the Illinois apportionment percentage
23 computed in accordance with this subsection (c-1) for any
24 taxpayer for any tax year be less than the Illinois
25 apportionment percentage computed under this subsection (c-1)
26 for that taxpayer for the first full tax year ending on or

1 after December 31, 2013 for which this subsection (c-1)
2 applied to the taxpayer.

3 (d) Transportation services. For taxable years ending
4 before December 31, 2008, business income derived from
5 furnishing transportation services shall be apportioned to
6 this State in accordance with paragraphs (1) and (2):

7 (1) Such business income (other than that derived from
8 transportation by pipeline) shall be apportioned to this
9 State by multiplying such income by a fraction, the
10 numerator of which is the revenue miles of the person in
11 this State, and the denominator of which is the revenue
12 miles of the person everywhere. For purposes of this
13 paragraph, a revenue mile is the transportation of 1
14 passenger or 1 net ton of freight the distance of 1 mile
15 for a consideration. Where a person is engaged in the
16 transportation of both passengers and freight, the
17 fraction above referred to shall be determined by means of
18 an average of the passenger revenue mile fraction and the
19 freight revenue mile fraction, weighted to reflect the
20 person's

21 (A) relative railway operating income from total
22 passenger and total freight service, as reported to
23 the Interstate Commerce Commission, in the case of
24 transportation by railroad, and

25 (B) relative gross receipts from passenger and
26 freight transportation, in case of transportation

1 other than by railroad.

2 (2) Such business income derived from transportation
3 by pipeline shall be apportioned to this State by
4 multiplying such income by a fraction, the numerator of
5 which is the revenue miles of the person in this State, and
6 the denominator of which is the revenue miles of the
7 person everywhere. For the purposes of this paragraph, a
8 revenue mile is the transportation by pipeline of 1 barrel
9 of oil, 1,000 cubic feet of gas, or of any specified
10 quantity of any other substance, the distance of 1 mile
11 for a consideration.

12 (3) For taxable years ending on or after December 31,
13 2008, business income derived from providing
14 transportation services other than airline services shall
15 be apportioned to this State by using a fraction, (a) the
16 numerator of which shall be (i) all receipts from any
17 movement or shipment of people, goods, mail, oil, gas, or
18 any other substance (other than by airline) that both
19 originates and terminates in this State, plus (ii) that
20 portion of the person's gross receipts from movements or
21 shipments of people, goods, mail, oil, gas, or any other
22 substance (other than by airline) that originates in one
23 state or jurisdiction and terminates in another state or
24 jurisdiction, that is determined by the ratio that the
25 miles traveled in this State bears to total miles
26 everywhere and (b) the denominator of which shall be all

1 revenue derived from the movement or shipment of people,
2 goods, mail, oil, gas, or any other substance (other than
3 by airline). Where a taxpayer is engaged in the
4 transportation of both passengers and freight, the
5 fraction above referred to shall first be determined
6 separately for passenger miles and freight miles. Then an
7 average of the passenger miles fraction and the freight
8 miles fraction shall be weighted to reflect the
9 taxpayer's:

10 (A) relative railway operating income from total
11 passenger and total freight service, as reported to
12 the Surface Transportation Board, in the case of
13 transportation by railroad; and

14 (B) relative gross receipts from passenger and
15 freight transportation, in case of transportation
16 other than by railroad.

17 (4) For taxable years ending on or after December 31,
18 2008, business income derived from furnishing airline
19 transportation services shall be apportioned to this State
20 by multiplying such income by a fraction, the numerator of
21 which is the revenue miles of the person in this State, and
22 the denominator of which is the revenue miles of the
23 person everywhere. For purposes of this paragraph, a
24 revenue mile is the transportation of one passenger or one
25 net ton of freight the distance of one mile for a
26 consideration. If a person is engaged in the

1 transportation of both passengers and freight, the
2 fraction above referred to shall be determined by means of
3 an average of the passenger revenue mile fraction and the
4 freight revenue mile fraction, weighted to reflect the
5 person's relative gross receipts from passenger and
6 freight airline transportation.

7 (e) Combined apportionment. Where 2 or more persons are
8 engaged in a unitary business as described in subsection
9 (a) (27) of Section 1501, a part of which is conducted in this
10 State by one or more members of the group, the business income
11 attributable to this State by any such member or members shall
12 be apportioned by means of the combined apportionment method.

13 (f) Alternative allocation. If the allocation and
14 apportionment provisions of subsections (a) through (e) and of
15 subsection (h) do not, for taxable years ending before
16 December 31, 2008, fairly represent the extent of a person's
17 business activity in this State, or, for taxable years ending
18 on or after December 31, 2008, fairly represent the market for
19 the person's goods, services, or other sources of business
20 income, the person may petition for, or the Director may,
21 without a petition, permit or require, in respect of all or any
22 part of the person's business activity, if reasonable:

23 (1) Separate accounting;

24 (2) The exclusion of any one or more factors;

25 (3) The inclusion of one or more additional factors
26 which will fairly represent the person's business

1 activities or market in this State; or

2 (4) The employment of any other method to effectuate
3 an equitable allocation and apportionment of the person's
4 business income.

5 (g) Cross-reference ~~Cross-reference~~. For allocation of
6 business income by residents, see Section 301(a).

7 (h) For tax years ending on or after December 31, 1998, the
8 apportionment factor of persons who apportion their business
9 income to this State under subsection (a) shall be equal to:

10 (1) for tax years ending on or after December 31, 1998
11 and before December 31, 1999, 16 2/3% of the property
12 factor plus 16 2/3% of the payroll factor plus 66 2/3% of
13 the sales factor;

14 (2) for tax years ending on or after December 31, 1999
15 and before December 31, 2000, 8 1/3% of the property
16 factor plus 8 1/3% of the payroll factor plus 83 1/3% of
17 the sales factor;

18 (3) for tax years ending on or after December 31,
19 2000, the sales factor.

20 If, in any tax year ending on or after December 31, 1998 and
21 before December 31, 2000, the denominator of the payroll,
22 property, or sales factor is zero, the apportionment factor
23 computed in paragraph (1) or (2) of this subsection for that
24 year shall be divided by an amount equal to 100% minus the
25 percentage weight given to each factor whose denominator is
26 equal to zero.

1 (Source: P.A. 102-40, eff. 6-25-21; 102-558, eff. 8-20-21;
2 103-592, eff. 6-7-24; revised 10-16-24.)