

SB3376



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3376

Introduced 2/4/2026, by Sen. Karina Villa

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/203

from Ch. 120, par. 2-203

Creates the Extremely High Wealth Mark-to-Market Tax Act. Provides that a resident taxpayer with net assets worth \$1,000,000,000 or more shall recognize gains or losses as if each asset owned by that taxpayer had been sold for its fair market value on December 31 of the taxable year. Contains provisions concerning the calculation of the amount of tax due from those gains or losses. Amends the Illinois Income Tax Act to make conforming changes. Effective immediately.

LRB104 18019 HLH 34070 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 1. Short title. This Act may be cited as the
5 Extremely High Wealth Mark-to-Market Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Asset" means, to the extent allowable under the Illinois
8 Constitution, the United States Constitution, and any other
9 governing federal law, all real or personal property, whether
10 tangible or intangible and wherever situated, that is:

11 (1) owned by the taxpayer;

12 (2) owned by (i) the taxpayer's spouse, (ii) the
13 taxpayer's minor children, or (iii) any trust or estate of
14 which the taxpayer is a beneficiary;

15 (3) contributed by the taxpayer or the taxpayer's
16 spouse, minor children, or any trust or estate of which
17 the taxpayer is a beneficiary to any private foundation,
18 donor-advised fund, or any other entity described in
19 Section 501(c) or Section 527 of the Internal Revenue Code
20 if the taxpayer or the taxpayer's spouse, minor children,
21 or any trust or estate of which the taxpayer is a
22 beneficiary is a substantial contributor (as such term is
23 defined in Section 4958(c)(3)(B)(i) of the Internal

1 Revenue Code) to that foundation, fund, or other entity;
2 and

3 (4) without duplication, all gifts and donations made
4 within the 5 years immediately preceding the taxable year
5 by the taxpayer or the taxpayer's spouse, minor children,
6 or any trust or estate of which the taxpayer is a
7 beneficiary, as if those gifts and donations were owned by
8 the taxpayer on December 31 of the taxable year.

9 "Basis" means the fair market value of an asset on
10 December 31 of the taxable year immediately preceding the
11 taxable year in which the gain or loss is calculated under this
12 Act. If the asset is acquired by the taxpayer during the
13 taxable year, then the basis shall be the taxpayer's basis in
14 the asset for the purpose of calculating capital gains under
15 the federal Internal Revenue Code.

16 "Department" means the Department of Revenue.

17 "Net assets" means the fair market value of the taxpayer's
18 assets less the fair market value of the taxpayer's
19 liabilities and, in appropriate cases as determined by the
20 Department, liabilities of such other persons described in
21 this Section.

22 "Net income" has the meaning given to that term in Section
23 202 of the Illinois Income Tax Act.

24 "Phase-in cap amount" means an amount equal to 25% of the
25 worth of a taxpayer's net assets in excess of \$1,000,000,000
26 on December 31 of the taxable year for which gains or losses

1 are calculated under this Act.

2 "Resident taxpayer" means an individual, other than a
3 nonresident of the State or a part-year resident of the State,
4 who is subject to the tax imposed under subsections (a) and (b)
5 of Section 201 of the Illinois Income Tax Act for the taxable
6 year.

7 "Taxable year" has the meaning ascribed to that term in
8 Section 1501 of the Illinois Income Tax Act.

9 Section 10. Tax imposed for taxable years ending on or
10 after December 31, 2026 and ending prior to December 31, 2027.

11 (a) Notwithstanding any other provision of law, for
12 taxable years ending on or after December 31, 2026 and ending
13 before December 31, 2027, a resident taxpayer with net assets
14 worth \$1,000,000,000 or more on December 31, 2026 shall
15 recognize gains or losses as if each asset owned by that
16 taxpayer had been sold for its fair market value on December
17 31, 2026. An amount equal to the lesser of (i) any resulting
18 net gains from these deemed sales or (ii) the phase-in cap
19 amount shall be included in the taxpayer's net income for that
20 taxable year for the purpose of calculating the tax due under
21 the Illinois Income Tax Act. Proper adjustment shall be made
22 in the amount of any gain or loss subsequently realized for
23 gains or losses taken into account under this subsection. At
24 the taxpayer's option, the tax payable as a result of this
25 Section shall either be payable in one installment or else

1 shall be payable annually in 10 equal installments beginning
2 in the year of the effective date of this Act and with all such
3 installment payments commencing after the initial installment
4 payment also being subject to an annual nondeductible deferral
5 charge of 7.5% annually.

6 (b) For resident taxpayers who would recognize net gains
7 as a result of this Section except for the operation of this
8 sentence, if the taxpayer can show that any portion of those
9 gains was accumulated prior to the taxpayer becoming a
10 resident taxpayer of Illinois, and if the taxpayer can also
11 show that a portion of those gains was previously taxed by any
12 state or jurisdiction in which the taxpayer was a resident
13 prior to becoming a resident of Illinois, then a credit
14 against the tax imposed by this Act shall be provided in the
15 amount of the tax on those gains that was paid to any such
16 prior state or jurisdiction. Any credits so provided by this
17 subsection, however, shall not exceed the lesser of the total
18 tax owed under this Section on such gains and the tax imposed
19 on such gains by such other prior states or jurisdictions in
20 which the taxpayer was a resident prior to becoming a resident
21 individual of Illinois.

22 Section 15. Tax imposed for taxable years ending on or
23 after December 31, 2027.

24 (a) For taxable years ending on or after December 31,
25 2027, a resident taxpayer with net assets worth \$1,000,000,000

1 or more on December 31 of the taxable year shall recognize
2 gains or losses as if each asset owned by that taxpayer on
3 December 31 of the taxable year had been sold for its fair
4 market value on December 31 of the taxable year but with
5 adjustment made for taxes paid on gains in previous years. An
6 amount equal to the lesser of (i) any resulting net gains from
7 these deemed sales or (ii) the phase-in cap amount shall be
8 included in the taxpayer's net income for that taxable year
9 for the purpose of calculating the tax due under the Illinois
10 Income Tax Act. Proper adjustment shall be made in the amount
11 of any gain or loss subsequently realized for gain or loss
12 taken into account under the preceding sentence. To the extent
13 that the losses of a taxpayer exceed the taxpayer's gains,
14 such net losses shall not be recognized in such taxable year
15 and shall instead carry forward indefinitely.

16 (b) For resident taxpayers who would recognize net gains
17 as a result of this Section except for the operation of this
18 sentence, if the taxpayer can show that any portion of those
19 gains was accumulated prior to the taxpayer becoming a
20 resident taxpayer of Illinois, and if the taxpayer can also
21 show that a portion of those gains was previously taxed by any
22 state or jurisdiction in which the taxpayer was a resident
23 prior to becoming a resident of Illinois, then credit shall be
24 provided in the amount of the tax on those gains that was paid
25 to any such prior state or jurisdiction. Any credits so
26 provided by this subsection, however, shall not exceed the

1 lesser of the total tax owed under this Section on such gains
2 and the tax imposed on such gains by such other prior states or
3 jurisdictions in which the taxpayer was a resident prior to
4 becoming a resident individual of Illinois.

5 Section 25. Fair market value.

6 (a) The fair market value of each asset owned by the
7 taxpayer shall be the price at which the asset would change
8 hands between a willing buyer and a willing seller, neither
9 being under any compulsion to buy or to sell and both having
10 reasonable knowledge of relevant facts. The value of a
11 particular asset shall not be the price that a forced sale of
12 the property would produce. Further, the fair market value of
13 an asset shall not be its sale price in a market other than a
14 market in which the item is most commonly sold to the public,
15 taking into account the location of the item wherever
16 appropriate. In the case of an asset that is generally
17 obtained by the public in the retail market, the fair market
18 value of such an asset shall be the price at which the item or
19 a comparable item would be sold at retail.

20 (b) For purposes of this Section, any feature of an asset,
21 such as a poison pill, that was added with the intent and has
22 the effect of reducing the value of the asset shall be
23 disregarded, and no valuation or other discount shall be taken
24 into account if it would have the effect of reducing the value
25 of a pro rata economic interest in an asset below the pro rata

1 portion of the value of the entire asset.

2 Section 30. Administration.

3 (a) The Department shall amend or create tax forms as
4 necessary for the reporting of gains under this Act. Assets
5 shall be listed with (i) a description of the asset, (ii) the
6 asset category, (iii) the year in which the asset was
7 acquired, (iv) the adjusted Illinois basis of the asset as of
8 December 31 of the tax year, (v) the fair market value of the
9 asset as of December 31 of the tax year, and (vi) the amount of
10 gain that would be taxable under this Act, unless the
11 Department determines that one or more categories is not
12 appropriate for a particular type of asset.

13 (b) Asset categories separately listed shall include, but
14 shall not be limited to, the following:

- 15 (1) stock held in any publicly traded corporation;
- 16 (2) stock held in any private C corporation;
- 17 (3) stock held in any S corporation;
- 18 (4) interests in any private equity or hedge fund
19 organized as a partnership;
- 20 (5) interests in any other partnerships;
- 21 (6) interests in any other noncorporate businesses;
- 22 (7) bonds and interest-bearing savings accounts, cash
23 and deposits;
- 24 (8) interests in mutual funds or index funds;
- 25 (9) put and call options;

- 1 (10) futures contracts;
- 2 (11) financial assets held offshore and reported on
- 3 IRS tax form 8938;
- 4 (12) real property;
- 5 (13) art and collectibles;
- 6 (14) pension funds;
- 7 (15) other assets;
- 8 (16) debts and liabilities; and
- 9 (17) assets not owned by the taxpayer but which count
- 10 toward the \$1,000,000,000 threshold under Sections 10 or
- 11 15.

12 (c) The Department shall specifically request the filing

13 of the forms under this Section by any resident individual

14 expected to have net assets in excess of \$1,000,000,000. Those

15 taxpayers shall include, but not be limited to, taxpayers with

16 an adjusted gross income over the previous 10 years in excess

17 of \$600,000,000.

18 Section 35. Mark-to-market in other states. If a resident

19 taxpayer becomes an Illinois resident after having paid tax to

20 another state as a result of recognizing gain or loss pursuant

21 to any mark-to-market or deemed-realization regime of that

22 other state, proper adjustment shall be made in the amount of

23 any gain or loss subsequently realized for gain or loss taken

24 into account under such mark-to-market or deemed-realization

25 regime of that other state for purposes of computing gain or

1 loss under Sections 10 or 15 of this Act.

2 Section 40. Collection. The Department shall collect the
3 mark-to-market taxes imposed by this Act. Money collected,
4 after deducting amounts necessary for administration and
5 enforcement by the Department, shall be paid into the General
6 Revenue Fund in the State treasury.

7 Section 45. Rules. The Department shall adopt rules
8 necessary or appropriate to carry out the purposes of this
9 Act, including rules to prevent the use of year-end transfers,
10 related parties, or other arrangements to avoid its
11 provisions.

12 Section 900. The Illinois Income Tax Act is amended by
13 changing Section 203 as follows:

14 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

15 Sec. 203. Base income defined.

16 (a) Individuals.

17 (1) In general. In the case of an individual, base
18 income means an amount equal to the taxpayer's adjusted
19 gross income for the taxable year as modified by paragraph
20 (2).

21 (2) Modifications. The adjusted gross income referred
22 to in paragraph (1) shall be modified by adding thereto

1 the sum of the following amounts:

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

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

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

25 (D) An amount equal to the amount of the capital
26 gain deduction allowable under the Internal Revenue

1 Code, to the extent deducted from gross income in the
2 computation of adjusted gross income;

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

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

17 (D-15) For taxable years 2001 through 2025, an
18 amount equal to the bonus depreciation deduction taken
19 on the taxpayer's federal income tax return for the
20 taxable year under subsection (k) of Section 168 of
21 the Internal Revenue Code; for taxable years 2026 and
22 thereafter, an amount equal to the bonus depreciation
23 deduction taken on the taxpayer's federal income tax
24 return for the taxable year under subsection (k) or
25 (n) of Section 168 of the Internal Revenue Code;

26 (D-16) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (D-15), then
4 an amount equal to the aggregate amount of the
5 deductions taken in all taxable years under
6 subparagraph (Z) with respect to that property.

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

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

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

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited
3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304. The addition modification
7 required by this subparagraph shall be reduced to the
8 extent that dividends were included in base income of
9 the unitary group for the same taxable year and
10 received by the taxpayer or by a member of the
11 taxpayer's unitary business group (including amounts
12 included in gross income under Sections 951 through
13 964 of the Internal Revenue Code and amounts included
14 in gross income under Section 78 of the Internal
15 Revenue Code) with respect to the stock of the same
16 person to whom the interest was paid, accrued, or
17 incurred. For taxable years ending on and after
18 December 31, 2025, for purposes of applying this
19 paragraph in the case of a taxpayer to which Section
20 163(j) of the Internal Revenue Code applies for the
21 taxable year, the reduction in the amount of interest
22 for which a deduction is allowed by reason of Section
23 163(j) shall be treated as allocable first to persons
24 who are not foreign persons referred to in this
25 paragraph and then to such foreign persons.

26 For taxable years ending before December 31, 2025,

1 this paragraph shall not apply to the following:

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

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

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

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

23 (iii) the taxpayer can establish, based on
24 clear and convincing evidence, that the interest
25 paid, accrued, or incurred relates to a contract
26 or agreement entered into at arm's-length rates

1 and terms and the principal purpose for the
2 payment is not federal or Illinois tax avoidance;
3 or

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

11 For taxable years ending on or after December 31,
12 2025, this paragraph shall not apply to the following:

13 (i) an item of interest paid, accrued, or
14 incurred, directly or indirectly, to a person 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 (ii) 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 otherwise
11 allowed under Section 404 of this Act for any tax year
12 beginning after the effective date of this amendment
13 provided such adjustment is made pursuant to
14 regulation adopted by the Department and such
15 regulations provide methods and standards by which the
16 Department will utilize its authority under Section
17 404 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 For taxable years ending before December 31, 2025,
12 this paragraph shall not apply to the following:

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

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

25 (a) the person during the same taxable
26 year paid, accrued, or incurred, the

1 intangible expense or cost to a person that is
2 not a related member, and

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

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

19 For taxable years ending on or after December 31,
20 2025, this paragraph shall not apply to the following:

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

26 (a) the person during the same taxable

1 year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

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

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

1 Department will utilize its authority under Section
2 404 of this Act;

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

1 the addition modification required under Section
2 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
3 Act;

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

1 Illinois residents directly and, where applicable, to
2 inform financial intermediaries distributing the
3 program to inform in-state residents of the existence
4 of in-state qualified tuition programs at least
5 annually, an amount equal to the amount excluded from
6 gross income under Section 529(c)(3)(B).

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

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

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

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

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

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

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

26 (D-24) For taxable years ending on or after

1 December 31, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

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

7 (D-26) For taxable years ending on or after
8 December 31, 2026, an amount required to be included
9 under the Extremely High Wealth Mark-to-Market Tax
10 Act.

11 and by deducting from the total so obtained the sum of the
12 following amounts:

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

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

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

1 computing net earnings from self employment by Section
2 1402 of the Internal Revenue Code and regulations
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

8 (I) An amount equal to all amounts included in
9 such total pursuant to the provisions of Section 111
10 of the Internal Revenue Code as a recovery of items
11 previously deducted from adjusted gross income in the
12 computation of taxable income;

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

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

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

4 (L) For taxable years ending after December 31,
5 1983, an amount equal to all social security benefits
6 and railroad retirement benefits included in such
7 total pursuant to Sections 72(r) and 86 of the
8 Internal Revenue Code;

9 (M) With the exception of any amounts subtracted
10 under subparagraph (N), an amount equal to the sum of
11 all amounts disallowed as deductions by (i) Sections
12 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
13 and all amounts of expenses allocable to interest and
14 disallowed as deductions by Section 265(a)(1) of the
15 Internal Revenue Code; and (ii) for taxable years
16 ending on or after August 13, 1999, Sections
17 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
18 Internal Revenue Code, plus, for taxable years ending
19 on or after December 31, 2011, Section 45G(e)(3) of
20 the Internal Revenue Code and, for taxable years
21 ending on or after December 31, 2008, any amount
22 included in gross income under Section 87 of the
23 Internal Revenue Code; the provisions of this
24 subparagraph are exempt from the provisions of Section
25 250;

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

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

9 (O) An amount equal to any contribution made to a
10 job training project established pursuant to the Tax
11 Increment Allocation Redevelopment Act;

12 (P) An amount equal to the amount of the deduction
13 used to compute the federal income tax credit for
14 restoration of substantial amounts held under claim of
15 right for the taxable year pursuant to Section 1341 of
16 the Internal Revenue Code or of any itemized deduction
17 taken from adjusted gross income in the computation of
18 taxable income for restoration of substantial amounts
19 held under claim of right for the taxable year;

20 (Q) An amount equal to any amounts included in
21 such total, received by the taxpayer as an
22 acceleration in the payment of life, endowment or
23 annuity benefits in advance of the time they would
24 otherwise be payable as an indemnity for a terminal
25 illness;

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

2 (S) An amount, to the extent included in adjusted
3 gross income, equal to the amount of a contribution
4 made in the taxable year on behalf of the taxpayer to a
5 medical care savings account established under the
6 Medical Care Savings Account Act or the Medical Care
7 Savings Account Act of 2000 to the extent the
8 contribution is accepted by the account administrator
9 as provided in that Act;

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

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

23 (V) Beginning with tax years ending on or after
24 December 31, 1995 and ending with tax years ending on
25 or before December 31, 2004, an amount equal to the
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder
2 in a Subchapter S corporation for health insurance or
3 long-term care insurance for that taxpayer or that
4 taxpayer's spouse or dependents, to the extent that
5 the amount paid for that health insurance or long-term
6 care insurance may be deducted under Section 213 of
7 the Internal Revenue Code, has not been deducted on
8 the federal income tax return of the taxpayer, and
9 does not exceed the taxable income attributable to
10 that taxpayer's income, self-employment income, or
11 Subchapter S corporation income; except that no
12 deduction shall be allowed under this item (V) if the
13 taxpayer is eligible to participate in any health
14 insurance or long-term care insurance plan of an
15 employer of the taxpayer or the taxpayer's spouse. The
16 amount of the health insurance and long-term care
17 insurance subtracted under this item (V) shall be
18 determined by multiplying total health insurance and
19 long-term care insurance premiums paid by the taxpayer
20 times a number that represents the fractional
21 percentage of eligible medical expenses under Section
22 213 of the Internal Revenue Code of 1986 not actually
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after
25 January 1, 1998, all amounts included in the
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth
2 IRA. This paragraph is exempt from the provisions of
3 Section 250;

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

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

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

1 of this subparagraph, contributions made by an
2 employer on behalf of an employee, or matching
3 contributions made by an employee, shall be treated as
4 made by the employee. This subparagraph (Y) is exempt
5 from the provisions of Section 250;

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

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

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

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied
3 by 0.429);

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

8 (iii) for property on which a bonus
9 depreciation deduction of 100% of the adjusted
10 basis was taken in a taxable year ending on or
11 after December 31, 2021, "x" equals the
12 depreciation deduction that would be allowed
13 on that property if the taxpayer had made the
14 election under Section 168(k)(7) or Section
15 168(n)(6) of the Internal Revenue Code to not
16 claim bonus depreciation on that property; and

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

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

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

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 required in any taxable year to make an addition
19 modification under subparagraph (D-15), then an amount
20 equal to that addition modification.

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

24 This subparagraph (AA) is exempt from the
25 provisions of Section 250;

26 (BB) Any amount included in adjusted gross income,

1 other than salary, received by a driver in a
2 ridesharing arrangement using a motor vehicle;

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

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

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

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

1 included in the unitary business group because he or
2 she is ordinarily required to apportion business
3 income under different subsections of Section 304, but
4 not to exceed the addition modification required to be
5 made for the same taxable year under Section
6 203(a)(2)(D-18) for intangible expenses and costs
7 paid, accrued, or incurred, directly or indirectly, to
8 the same foreign person. This subparagraph (EE) is
9 exempt from the provisions of Section 250;

10 (FF) An amount equal to any amount awarded to the
11 taxpayer during the taxable year by the Court of
12 Claims under subsection (c) of Section 8 of the Court
13 of Claims Act for time unjustly served in a State
14 prison. This subparagraph (FF) is exempt from the
15 provisions of Section 250;

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

1 (GG), the insurer to which the premiums were paid must
2 add back to income the amount subtracted by the
3 taxpayer pursuant to this subparagraph (GG). This
4 subparagraph (GG) is exempt from the provisions of
5 Section 250;

6 (HH) For taxable years beginning on or after
7 January 1, 2018 and prior to January 1, 2028, a maximum
8 of \$10,000 contributed in the taxable year to a
9 qualified ABLE account under Section 16.6 of the State
10 Treasurer Act, except that amounts excluded from gross
11 income under Section 529(c)(3)(C)(i) or Section
12 529A(c)(1)(C) of the Internal Revenue Code shall not
13 be considered moneys contributed under this
14 subparagraph (HH). For purposes of this subparagraph
15 (HH), contributions made by an employer on behalf of
16 an employee, or matching contributions made by an
17 employee, shall be treated as made by the employee;

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

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

14 (KK) To the extent includible in gross income for
15 federal income tax purposes, any amount awarded or
16 paid to the taxpayer as a result of a judgment or
17 settlement for fertility fraud as provided in Section
18 15 of the Illinois Fertility Fraud Act, donor
19 fertility fraud as provided in Section 20 of the
20 Illinois Fertility Fraud Act, or similar action in
21 another state;

22 (LL) For taxable years beginning on or after
23 January 1, 2026, if the taxpayer is a qualified
24 worker, as defined in the Workforce Development
25 through Charitable Loan Repayment Act, an amount equal
26 to the amount included in the taxpayer's federal

1 adjusted gross income that is attributable to student
2 loan repayment assistance received by the taxpayer
3 during the taxable year from a qualified community
4 foundation under the provisions of the Workforce
5 Development through Charitable Loan Repayment Act.

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

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

18 (b) Corporations.

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

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

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

1 to the taxpayer as interest and all distributions
2 received from regulated investment companies during
3 the taxable year to the extent excluded from gross
4 income in the computation of taxable income;

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

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

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

23 (E) For taxable years in which a net operating
24 loss carryback or carryforward from a taxable year
25 ending prior to December 31, 1986 is an element of
26 taxable income under paragraph (1) of subsection (e)

1 or subparagraph (E) of paragraph (2) of subsection
2 (e), the amount by which addition modifications other
3 than those provided by this subparagraph (E) exceeded
4 subtraction modifications in such earlier taxable
5 year, with the following limitations applied in the
6 order that they are listed:

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

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

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

1 (E-5) For taxable years ending after December 31,
2 1997, an amount equal to any eligible remediation
3 costs that the corporation deducted in computing
4 adjusted gross income and for which the corporation
5 claims a credit under subsection (l) of Section 201;

6 (E-10) For taxable years 2001 through 2025, an
7 amount equal to the bonus depreciation deduction taken
8 on the taxpayer's federal income tax return for the
9 taxable year under subsection (k) of Section 168 of
10 the Internal Revenue Code; for taxable years 2026 and
11 thereafter, an amount equal to the bonus depreciation
12 deduction taken on the taxpayer's federal income tax
13 return for the taxable year under subsection (k) or
14 (n) of Section 168 of the Internal Revenue Code;

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

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 (T) and for which the taxpayer was
26 allowed in any taxable year to make a subtraction

1 modification under subparagraph (T), then an amount
2 equal to that subtraction modification.

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

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

1 included in gross income pursuant to Sections 951
2 through 964 of the Internal Revenue Code and amounts
3 included in gross income under Section 78 of the
4 Internal Revenue Code) with respect to the stock of
5 the same person to whom the interest was paid,
6 accrued, or incurred. For taxable years ending on and
7 after December 31, 2025, for purposes of applying this
8 paragraph in the case of a taxpayer to which Section
9 163(j) of the Internal Revenue Code applies for the
10 taxable year, the reduction in the amount of interest
11 for which a deduction is allowed by reason of Section
12 163(j) shall be treated as allocable first to persons
13 who are not foreign persons referred to in this
14 paragraph and then to such foreign persons.

15 For taxable years ending before December 31, 2025,
16 this paragraph shall not apply to the following:

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

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

1 following:

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

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

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

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

26 For taxable years ending on or after December 31,

1 2025, this paragraph shall not apply to the following:

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

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment otherwise
26 allowed under Section 404 of this Act for any tax year

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

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

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

26 For taxable years ending before December 31, 2025,

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

8 For taxable years ending on or after December 31,
9 2025, this paragraph shall not apply to the following:

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

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

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

26 (ii) any item of intangible expense or cost

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

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

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

19 (E-15) For taxable years beginning after December
20 31, 2008, any deduction for dividends paid by a
21 captive real estate investment trust that is allowed
22 to a real estate investment trust under Section
23 857(b)(2)(B) of the Internal Revenue Code for
24 dividends paid;

25 (E-16) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this
2 Act;

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

7 (E-18) for taxable years beginning after December
8 31, 2018, an amount equal to the deduction allowed
9 under Section 250(a)(1)(A) of the Internal Revenue
10 Code for the taxable year;

11 (E-19) for taxable years ending on or after June
12 30, 2021, an amount equal to the deduction allowed
13 under Section 250(a)(1)(B)(i) of the Internal Revenue
14 Code for the taxable year;

15 (E-20) for taxable years ending on or after June
16 30, 2021, an amount equal to the deduction allowed
17 under Sections 243(e) and 245A(a) of the Internal
18 Revenue Code for the taxable year;

19 (E-21) 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 (E-22) For taxable years ending on or after
26 December 31, 2026, an amount required to be included

1 under the Extremely High Wealth Mark-to-Market Tax
2 Act.

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

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

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

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

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

1 amounts disallowed as deductions by Section 45G(e) (3)
2 of the Internal Revenue Code and, for taxable years
3 ending on or after December 31, 2008, any amount
4 included in gross income under Section 87 of the
5 Internal Revenue Code and the policyholders' share of
6 tax-exempt interest of a life insurance company under
7 Section 807(a) (2) (B) of the Internal Revenue Code (in
8 the case of a life insurance company with gross income
9 from a decrease in reserves for the tax year) or
10 Section 807(b) (1) (B) of the Internal Revenue Code (in
11 the case of a life insurance company allowed a
12 deduction for an increase in reserves for the tax
13 year); the provisions of this subparagraph are exempt
14 from the provisions of Section 250;

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

24 (K) An amount equal to those dividends included in
25 such total which were paid by a corporation which
26 conducts business operations in a River Edge

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

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

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

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

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

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

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

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

1 for taxable years ending after December 31, 1992, of
2 the amount by which dividends included in taxable
3 income and received from a corporation that is not
4 created or organized under the laws of the United
5 States or any state or political subdivision thereof,
6 including, for taxable years ending on or after
7 December 31, 1988, dividends received or deemed
8 received or paid or deemed paid under Sections 951
9 through 965 of the Internal Revenue Code, exceed the
10 amount of the modification provided under subparagraph
11 (G) of paragraph (2) of this subsection (b) which is
12 related to such dividends, and including, for taxable
13 years ending on or after December 31, 2008, dividends
14 received from a captive real estate investment trust;
15 plus (ii) 100% of the amount by which dividends,
16 included in taxable income and received, including,
17 for taxable years ending on or after December 31,
18 1988, dividends received or deemed received or paid or
19 deemed paid under Sections 951 through 964 of the
20 Internal Revenue Code and including, for taxable years
21 ending on or after December 31, 2008, dividends
22 received from a captive real estate investment trust,
23 from any such corporation specified in clause (i) that
24 would but for the provisions of Section 1504(b)(3) of
25 the Internal Revenue Code be treated as a member of the
26 affiliated group which includes the dividend

1 recipient, exceed the amount of the modification
2 provided under subparagraph (G) of paragraph (2) of
3 this subsection (b) which is related to such
4 dividends. For taxable years ending on or after June
5 30, 2021, (i) for purposes of this subparagraph, the
6 term "dividend" does not include any amount treated as
7 a dividend under Section 1248 of the Internal Revenue
8 Code, and (ii) this subparagraph shall not apply to
9 dividends for which a deduction is allowed under
10 Section 245(a) of the Internal Revenue Code. For
11 taxable years ending on or after December 31, 2025,
12 50% of the amount of global intangible low-taxed
13 income or net controlled foreign corporation (CFC)
14 tested income received or deemed received or paid or
15 deemed paid under Sections 951 through 965 of the
16 Internal Revenue Code. This subparagraph (O) is exempt
17 from the provisions of Section 250 of this Act;

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

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

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

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

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

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

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

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

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

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

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

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

25 (iii) for property on which a bonus
26 depreciation deduction of 100% of the adjusted

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

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

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

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

1 otherwise disposes of property for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (E-10), then an amount
4 equal to that addition modification.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which a
7 subtraction is allowed with respect to that property
8 under subparagraph (T) and for which the taxpayer was
9 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 The taxpayer is allowed to take the deduction
13 under this subparagraph only once with respect to any
14 one piece of property.

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

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

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

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

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

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

1 made for the same taxable year under Section
2 203(b)(2)(E-13) for intangible expenses and costs
3 paid, accrued, or incurred, directly or indirectly, to
4 the same foreign person. This subparagraph (X) is
5 exempt from the provisions of Section 250;

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

22 (Z) The difference between the nondeductible
23 controlled foreign corporation dividends under Section
24 965(e)(3) of the Internal Revenue Code over the
25 taxable income of the taxpayer, computed without
26 regard to Section 965(e)(2)(A) of the Internal Revenue

1 Code, and without regard to any net operating loss
2 deduction. This subparagraph (Z) is exempt from the
3 provisions of Section 250; and

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

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

25 (c) Trusts and estates.

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

4 (2) Modifications. Subject to the provisions of
5 paragraph (3), the taxable income referred to in paragraph
6 (1) shall be modified by adding thereto the sum of the
7 following amounts:

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

12 (B) In the case of (i) an estate, \$600; (ii) a
13 trust which, under its governing instrument, is
14 required to distribute all of its income currently,
15 \$300; and (iii) any other trust, \$100, but in each such
16 case, only to the extent such amount was deducted in
17 the computation of taxable income;

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

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 taxable year, with
8 the following limitations applied in the order that
9 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 (F) For taxable years ending on or after January
5 1, 1989, an amount equal to the tax deducted pursuant
6 to Section 164 of the Internal Revenue Code if the
7 trust or estate is claiming the same tax for purposes
8 of the Illinois foreign tax credit under Section 601
9 of this Act;

10 (G) 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 taxable income;

14 (G-5) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation
16 costs that the trust or estate deducted in computing
17 adjusted gross income and for which the trust or
18 estate claims a credit under subsection (l) of Section
19 201;

20 (G-10) For taxable years 2001 through 2025, an
21 amount equal to the bonus depreciation deduction taken
22 on the taxpayer's federal income tax return for the
23 taxable year under subsection (k) of Section 168 of
24 the Internal Revenue Code; for taxable years 2026 and
25 thereafter, an amount equal to the bonus depreciation
26 deduction taken on the taxpayer's federal income tax

1 return for the taxable year under subsection (k) or
2 (n) of Section 168 of the Internal Revenue Code; and

3 (G-11) 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 (G-10), then
7 an amount equal to the aggregate amount of the
8 deductions taken in all taxable years under
9 subparagraph (R) with respect to that property.

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

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

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

1 outside the United States is 80% or more of the foreign
2 person's total business activity and (ii) for taxable
3 years ending on or after December 31, 2008, to a person
4 who would be a member of the same unitary business
5 group but for the fact that the person is prohibited
6 under Section 1501(a)(27) from being included in the
7 unitary business group because he or she is ordinarily
8 required to apportion business income under different
9 subsections of Section 304. The addition modification
10 required by this subparagraph shall be reduced to the
11 extent that dividends were included in base income of
12 the unitary group for the same taxable year and
13 received by the taxpayer or by a member of the
14 taxpayer's unitary business group (including amounts
15 included in gross income pursuant to Sections 951
16 through 964 of the Internal Revenue Code and amounts
17 included in gross income under Section 78 of the
18 Internal Revenue Code) with respect to the stock of
19 the same person to whom the interest was paid,
20 accrued, or incurred. For taxable years ending on and
21 after December 31, 2025, for purposes of applying this
22 paragraph in the case of a taxpayer to which Section
23 163(j) of the Internal Revenue Code applies for the
24 taxable year, the reduction in the amount of interest
25 for which a deduction is allowed by reason of Section
26 163(j) shall be treated as allocable first to persons

1 who are not foreign persons referred to in this
2 paragraph and then to such foreign persons.

3 For taxable years ending before December 31, 2025,
4 this paragraph shall not apply to the following:

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

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

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

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

26 (iii) the taxpayer can establish, based on

1 clear and convincing evidence, that the interest
2 paid, accrued, or incurred relates to a contract
3 or agreement entered into at arm's-length rates
4 and terms and the principal purpose for the
5 payment is not federal or Illinois tax avoidance;
6 or

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

14 For taxable years ending on or after December 31,
15 2025, this paragraph shall not apply to the following:

16 (i) an item of interest paid, accrued, or
17 incurred, directly or indirectly, to a person 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 (ii) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a person if
7 the taxpayer establishes by clear and convincing
8 evidence that the adjustments are unreasonable; or
9 if the taxpayer and the Director agree in writing
10 to the application or use of an alternative method
11 of apportionment under Section 304(f).

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

21 (G-13) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

1 unitary business group but for the fact that the
2 foreign person's business activity outside the United
3 States is 80% or more of that person's total business
4 activity and (ii) for taxable years ending on or after
5 December 31, 2008, to a person who would be a member of
6 the same unitary business group but for the fact that
7 the person is prohibited under Section 1501(a)(27)
8 from being included in the unitary business group
9 because he or she is ordinarily required to apportion
10 business income under different subsections of Section
11 304. The addition modification required by this
12 subparagraph shall be reduced to the extent that
13 dividends were included in base income of the unitary
14 group for the same taxable year and received by the
15 taxpayer or by a member of the taxpayer's unitary
16 business group (including amounts included in gross
17 income pursuant to Sections 951 through 964 of the
18 Internal Revenue Code and amounts included in gross
19 income under Section 78 of the Internal Revenue Code)
20 with respect to the stock of the same person to whom
21 the intangible expenses and costs were directly or
22 indirectly paid, incurred, or accrued. The preceding
23 sentence shall not apply to the extent that the same
24 dividends caused a reduction to the addition
25 modification required under Section 203(c)(2)(G-12) of
26 this Act. As used in this subparagraph, the term

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

14 For taxable years ending before December 31, 2025,
15 this paragraph shall not apply to the following:

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

23 (ii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, if the taxpayer can establish, based
26 on a preponderance of the evidence, both of the

1 following:

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

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

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

22 For taxable years ending on or after December 31,
23 2025, this paragraph shall not apply to the following:

24 (i) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, if the taxpayer can establish, based

1 on a preponderance of the evidence, both of the
2 following:

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

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

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

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

1 provided such adjustment is made pursuant to
2 regulation adopted by the Department and such
3 regulations provide methods and standards by which the
4 Department will utilize its authority under Section
5 404 of this Act;

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

1 were directly or indirectly paid, incurred, or
2 accrued. The preceding sentence does not apply to the
3 extent that the same dividends caused a reduction to
4 the addition modification required under Section
5 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
6 Act;

7 (G-15) An amount equal to the credit allowable to
8 the taxpayer under Section 218(a) of this Act,
9 determined without regard to Section 218(c) of this
10 Act;

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

15 (G-17) the amount that is claimed as a federal
16 deduction when computing the taxpayer's federal
17 taxable income for the taxable year and that is
18 attributable to an endowment gift for which the
19 taxpayer receives a credit under the Illinois Gives
20 Tax Credit Act;

21 (G-18) For taxable years ending on or after
22 December 31, 2026, an amount required to be included
23 under the Extremely High Wealth Mark-to-Market Tax
24 Act.

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

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

12 (I) The valuation limitation amount;

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

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

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

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

26 (N) An amount equal to any contribution made to a

1 job training project established pursuant to the Tax
2 Increment Allocation Redevelopment Act;

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

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

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

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

24 (R) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) or (n) of Section 168 of the
2 Internal Revenue Code and for each applicable taxable
3 year thereafter, an amount equal to "x", where:

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

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

15 (3) for taxable years ending after December
16 31, 2005:

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

22 (ii) for property on which a bonus
23 depreciation deduction of 50% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 1.0;

26 (iii) for property on which a bonus

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

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

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

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

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

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

16 This subparagraph (S) is exempt from the
17 provisions of Section 250;

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

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

9 (U) An amount equal to the interest income taken
10 into account for the taxable year (net of the
11 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 the foreign person's business activity
15 outside the United States is 80% or more of that
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, but not to exceed the
24 addition modification required to be made for the same
25 taxable year under Section 203(c)(2)(G-12) for
26 interest paid, accrued, or incurred, directly or

1 indirectly, to the same person. This subparagraph (U)
2 is exempt from the provisions of Section 250;

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

24 (W) in the case of an estate, an amount equal to
25 all amounts included in such total pursuant to the
26 provisions of Section 111 of the Internal Revenue Code

1 as a recovery of items previously deducted by the
2 decedent from adjusted gross income in the computation
3 of taxable income. This subparagraph (W) is exempt
4 from Section 250;

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

10 (Y) 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(c)(2)(G-14), 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 (Y), 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 (Y). This
24 subparagraph (Y) is exempt from the provisions of
25 Section 250;

26 (Z) For taxable years beginning after December 31,

1 2018, the amount of excess business loss of the
2 taxpayer disallowed as a deduction by Section
3 461(1)(1)(B) of the Internal Revenue Code; and

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

17 (3) Limitation. The amount of any modification
18 otherwise required under this subsection shall, under
19 regulations prescribed by the Department, be adjusted by
20 any amounts included therein which were properly paid,
21 credited, or required to be distributed, or permanently
22 set aside for charitable purposes pursuant to Internal
23 Revenue Code Section 642(c) during the taxable year.

24 (d) Partnerships.

25 (1) In general. In the case of a partnership, base

1 income means an amount equal to the taxpayer's taxable
2 income for the taxable year as modified by paragraph (2).

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

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

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

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

17 (D) 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 (D-5) For taxable years 2001 through 2025, an
22 amount equal to the bonus depreciation deduction taken
23 on the taxpayer's federal income tax return for the
24 taxable year under subsection (k) of Section 168 of
25 the Internal Revenue Code; for taxable years 2026 and
26 thereafter, an amount equal to the bonus depreciation

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

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

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

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

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

1 fact the foreign person's business activity outside
2 the United States is 80% or more of the foreign
3 person's total business activity and (ii) for taxable
4 years ending on or after December 31, 2008, to a person
5 who would be a member of the same unitary business
6 group but for the fact that the person is prohibited
7 under Section 1501(a)(27) from being included in the
8 unitary business group because he or she is ordinarily
9 required to apportion business income under different
10 subsections of Section 304. The addition modification
11 required by this subparagraph shall be reduced to the
12 extent that dividends were included in base income of
13 the unitary group for the same taxable year and
14 received by the taxpayer or by a member of the
15 taxpayer's unitary business group (including amounts
16 included in gross income pursuant to Sections 951
17 through 964 of the Internal Revenue Code and amounts
18 included in gross income under Section 78 of the
19 Internal Revenue Code) with respect to the stock of
20 the same person to whom the interest was paid,
21 accrued, or incurred. For taxable years ending on and
22 after December 31, 2025, for purposes of applying this
23 paragraph in the case of a taxpayer to which Section
24 163(j) of the Internal Revenue Code applies for the
25 taxable year, the reduction in the amount of interest
26 for which a deduction is allowed by reason of Section

1 163(j) shall be treated as allocable first to persons
2 who are not foreign persons referred to in this
3 paragraph and then to such foreign persons.

4 For taxable years ending before December 31, 2025,
5 this paragraph shall not apply to the following:

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

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

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

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

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

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

15 For taxable years ending on or after December 31,
16 2025, this paragraph shall not apply to the following:

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

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

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

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

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

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

22 (D-8) An amount equal to the amount of intangible
23 expenses and costs otherwise allowed as a deduction in
24 computing base income, and that were paid, accrued, or
25 incurred, directly or indirectly, (i) for taxable
26 years ending on or after December 31, 2004, to a

1 foreign person who would be a member of the same
2 unitary business group but for the fact that the
3 foreign person's business activity outside the United
4 States is 80% or more of that person's total business
5 activity and (ii) for taxable years ending on or after
6 December 31, 2008, to a person who would be a member of
7 the same unitary business group but for the fact that
8 the person is prohibited under Section 1501(a)(27)
9 from being included in the unitary business group
10 because he or she is ordinarily required to apportion
11 business income under different subsections of Section
12 304. The addition modification required by this
13 subparagraph shall be reduced to the extent that
14 dividends were included in base income of the unitary
15 group for the same taxable year and received by the
16 taxpayer or by a member of the taxpayer's unitary
17 business group (including amounts included in gross
18 income pursuant to Sections 951 through 964 of the
19 Internal Revenue Code and amounts included in gross
20 income under Section 78 of the Internal Revenue Code)
21 with respect to the stock of the same person to whom
22 the intangible expenses and costs were directly or
23 indirectly paid, incurred or accrued. The preceding
24 sentence shall not apply to the extent that the same
25 dividends caused a reduction to the addition
26 modification required under Section 203(d)(2)(D-7) of

1 this Act. As used in this subparagraph, the term
2 "intangible expenses and costs" includes (1) expenses,
3 losses, and costs for, or related to, the direct or
4 indirect acquisition, use, maintenance or management,
5 ownership, sale, exchange, or any other disposition of
6 intangible property; (2) losses incurred, directly or
7 indirectly, from factoring transactions or discounting
8 transactions; (3) royalty, patent, technical, and
9 copyright fees; (4) licensing fees; and (5) other
10 similar expenses and costs. For purposes of this
11 subparagraph, "intangible property" includes patents,
12 patent applications, trade names, trademarks, service
13 marks, copyrights, mask works, trade secrets, and
14 similar types of intangible assets;

15 For taxable years ending on or after December 31,
16 2025, this paragraph shall not apply to the following:

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

24 (ii) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, if the taxpayer can establish, based

1 on a preponderance of the evidence, both of the
2 following:

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

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

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

23 For taxable years ending on or after December 31,
24 2025, this paragraph shall not apply to the following:

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

1 indirectly, if the taxpayer can establish, based
2 on a preponderance of the evidence, both of the
3 following:

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment otherwise
26 allowed under Section 404 of this Act for any tax year

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

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

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

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

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

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

21 (D-13) For taxable years ending on or after
22 December 31, 2026, an amount required to be included
23 under the Extremely High Wealth Mark-to-Market Tax
24 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) or (n) of Section 168 of the
25 Internal Revenue Code and for each applicable taxable
26 year 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) or (n) of
6 Section 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) or Section
4 168(n)(6) of the Internal Revenue Code to not
5 claim bonus 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) or (n) of Section 168 of the Internal Revenue Code.
22 This 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. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;
15 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,
16 Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.
17 7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,
18 eff. 8-15-25; 104-453, eff. 12-12-25.)

19 Section 999. Effective date. This Act takes effect upon
20 becoming law.