

SB3865



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3865

Introduced 2/6/2026, by Sen. John F. Curran

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. Creates an income tax deduction in an amount equal to 25% of the amount of the federal tax credit received for a donation of apparently wholesome food. Effective immediately.

LRB104 18264 HLH 31703 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

23 (B) An amount equal to the amount of tax imposed by

1 this Act to the extent deducted from gross income in
2 the computation of adjusted gross income for the
3 taxable year;

4 (C) An amount equal to the amount received during
5 the taxable year as a recovery or refund of real
6 property taxes paid with respect to the taxpayer's
7 principal residence under the Revenue Act of 1939 and
8 for which a deduction was previously taken under
9 subparagraph (L) of this paragraph (2) prior to July
10 1, 1991, the retrospective application date of Article
11 4 of Public Act 87-17. In the case of multi-unit or
12 multi-use structures and farm dwellings, the taxes on
13 the taxpayer's principal residence shall be that
14 portion of the total taxes for the entire property
15 which is attributable to such principal residence;

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

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

1 Section 20 of the Medical Care Savings Account Act of
2 2000;

3 (D-10) For taxable years ending after December 31,
4 1997, an amount equal to any eligible remediation
5 costs that the individual deducted in computing
6 adjusted gross income and for which the individual
7 claims a credit under subsection (l) of Section 201;

8 (D-15) For taxable years 2001 through 2025, an
9 amount equal to the bonus depreciation deduction taken
10 on the taxpayer's federal income tax return for the
11 taxable year under subsection (k) of Section 168 of
12 the Internal Revenue Code; for taxable years 2026 and
13 thereafter, an amount equal to the bonus depreciation
14 deduction taken on the taxpayer's federal income tax
15 return for the taxable year under subsection (k) or
16 (n) of Section 168 of the Internal Revenue Code;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of apportionment under Section 304(f).

2 For taxable years ending on or after December 31,
3 2025, this paragraph shall not apply to the following:

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

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

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

19 (ii) 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 Nothing in this subsection shall preclude the

1 Director from making any other adjustment otherwise
2 allowed under Section 404 of this Act for any tax year
3 beginning after the effective date of this amendment
4 provided such adjustment is made pursuant to
5 regulation adopted by the Department and such
6 regulations provide methods and standards by which the
7 Department will utilize its authority under Section
8 404 of this Act;

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

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

1 similar types of intangible assets.

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

4 (i) any item of intangible expenses or costs
5 paid, accrued, or incurred, directly or
6 indirectly, from a transaction with 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 item; or

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

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

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

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

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

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

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

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

1 or

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

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

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

21 (D-20) For taxable years beginning on or after
22 January 1, 2002 and ending on or before December 31,
23 2006, in the case of a distribution from a qualified
24 tuition program under Section 529 of the Internal
25 Revenue Code, other than (i) a distribution from a
26 College Savings Pool created under Section 16.5 of the

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

24 For the purposes of this subparagraph (D-20), a
25 qualified tuition program has made reasonable efforts
26 if it makes disclosures (which may use the term

1 "in-state program" or "in-state plan" and need not
2 specifically refer to Illinois or its qualified
3 programs by name) (i) directly to prospective
4 participants in its offering materials or makes a
5 public disclosure, such as a website posting; and (ii)
6 where applicable, to intermediaries selling the
7 out-of-state program in the same manner that the
8 out-of-state program distributes its offering
9 materials;

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

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

25 (D-21.5) For taxable years beginning on or after
26 January 1, 2018, in the case of the transfer of moneys

1 from a qualified tuition program under Section 529 or
2 a qualified ABLE program under Section 529A of the
3 Internal Revenue Code that is administered by this
4 State to an ABLE account established under an
5 out-of-state ABLE account program, an amount equal to
6 the contribution component of the transferred amount
7 that was previously deducted from base income under
8 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
9 Section;

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

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

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

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

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

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

26 (E) For taxable years ending before December 31,

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

1 Illinois National Guard or, beginning with taxable
2 years ending on or after December 31, 2007, the
3 National Guard of any other state. The provisions of
4 this subparagraph (E) are exempt from the provisions
5 of Section 250;

6 (F) An amount equal to all amounts included in
7 such total pursuant to the provisions of Sections
8 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
9 408 of the Internal Revenue Code, or included in such
10 total as distributions under the provisions of any
11 retirement or disability plan for employees of any
12 governmental agency or unit, or retirement payments to
13 retired partners, which payments are excluded in
14 computing net earnings from self employment by Section
15 1402 of the Internal Revenue Code and regulations
16 adopted pursuant thereto;

17 (G) The valuation limitation amount;

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

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

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

1 such total which were paid by a corporation which
2 conducts business operations in a River Edge
3 Redevelopment Zone or zones created under the River
4 Edge Redevelopment Zone Act, and conducts
5 substantially all of its operations in a River Edge
6 Redevelopment Zone or zones. This subparagraph (J) is
7 exempt from the provisions of Section 250;

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

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

22 (M) With the exception of any amounts subtracted
23 under subparagraph (N), an amount equal to the sum of
24 all amounts disallowed as deductions by (i) Sections
25 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
26 and all amounts of expenses allocable to interest and

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

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

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

25 (P) An amount equal to the amount of the deduction
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of
2 right for the taxable year pursuant to Section 1341 of
3 the Internal Revenue Code or of any itemized deduction
4 taken from adjusted gross income in the computation of
5 taxable income for restoration of substantial amounts
6 held under claim of right for the taxable year;

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

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

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

23 (T) An amount, to the extent included in adjusted
24 gross income, equal to the amount of interest earned
25 in the taxable year on a medical care savings account
26 established under the Medical Care Savings Account Act

1 or the Medical Care Savings Account Act of 2000 on
2 behalf of the taxpayer, other than interest added
3 pursuant to item (D-5) of this paragraph (2);

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

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

1 insurance or long-term care insurance plan of an
2 employer of the taxpayer or the taxpayer's spouse. The
3 amount of the health insurance and long-term care
4 insurance subtracted under this item (V) shall be
5 determined by multiplying total health insurance and
6 long-term care insurance premiums paid by the taxpayer
7 times a number that represents the fractional
8 percentage of eligible medical expenses under Section
9 213 of the Internal Revenue Code of 1986 not actually
10 deducted on the taxpayer's federal income tax return;

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

17 (X) 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 (Y) For taxable years beginning on or after
25 January 1, 2002 and ending on or before December 31,
26 2004, moneys contributed in the taxable year to a

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

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

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

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

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

10 (3) for taxable years ending after December
11 31, 2005:

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

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

21 (iii) for property on which a bonus
22 depreciation deduction of 100% of the adjusted
23 basis was taken in a taxable year ending on or
24 after December 31, 2021, "x" equals the
25 depreciation deduction that would be allowed
26 on that property if the taxpayer had made the

1 election under Section 168(k)(7) or Section
2 168(n)(6) of the Internal Revenue Code to not
3 claim bonus depreciation on that property; and

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

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

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

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which a
3 subtraction is allowed with respect to that property
4 under subparagraph (Z) and for which the taxpayer was
5 required in any taxable year to make an addition
6 modification under subparagraph (D-15), then an amount
7 equal to that addition modification.

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

11 This subparagraph (AA) is exempt from the
12 provisions of Section 250;

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

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

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

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

1 of Section 250;

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

23 (FF) An amount equal to any amount awarded to the
24 taxpayer during the taxable year by the Court of
25 Claims under subsection (c) of Section 8 of the Court
26 of Claims Act for time unjustly served in a State

1 prison. This subparagraph (FF) is exempt from the
2 provisions of Section 250;

3 (GG) For taxable years ending on or after December
4 31, 2011, in the case of a taxpayer who was required to
5 add back any insurance premiums under Section
6 203(a)(2)(D-19), such taxpayer may elect to subtract
7 that part of a reimbursement received from the
8 insurance company equal to the amount of the expense
9 or loss (including expenses incurred by the insurance
10 company) that would have been taken into account as a
11 deduction for federal income tax purposes if the
12 expense or loss had been uninsured. If a taxpayer
13 makes the election provided for by this subparagraph
14 (GG), the insurer to which the premiums were paid must
15 add back to income the amount subtracted by the
16 taxpayer pursuant to this subparagraph (GG). This
17 subparagraph (GG) is exempt from the provisions of
18 Section 250;

19 (HH) For taxable years beginning on or after
20 January 1, 2018 and prior to January 1, 2028, a maximum
21 of \$10,000 contributed in the taxable year to a
22 qualified ABLE account under Section 16.6 of the State
23 Treasurer Act, except that amounts excluded from gross
24 income under Section 529(c)(3)(C)(i) or Section
25 529A(c)(1)(C) of the Internal Revenue Code shall not
26 be considered moneys contributed under this

1 subparagraph (HH). For purposes of this subparagraph
2 (HH), contributions made by an employer on behalf of
3 an employee, or matching contributions made by an
4 employee, shall be treated as made by the employee;

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

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

1 (KK) To the extent includible in gross income for
2 federal income tax purposes, any amount awarded or
3 paid to the taxpayer as a result of a judgment or
4 settlement for fertility fraud as provided in Section
5 15 of the Illinois Fertility Fraud Act, donor
6 fertility fraud as provided in Section 20 of the
7 Illinois Fertility Fraud Act, or similar action in
8 another state;

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

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

21 (MM) For taxable years beginning on or after
22 January 1, 2025, if the taxpayer is an eligible
23 resident as defined in the Medical Debt Relief Act, an
24 amount equal to the amount included in the taxpayer's
25 federal adjusted gross income that is attributable to
26 medical debt relief received by the taxpayer during

1 the taxable year from a nonprofit medical debt relief
2 coordinator under the provisions of the Medical Debt
3 Relief Act. This subparagraph (MM) is exempt from the
4 provisions of Section 250; and -

5 (NN) An amount equal to 25% of the amount of the
6 tax credit received under Section 170 of the Internal
7 Revenue Code for a donation of apparently wholesome
8 food; this subparagraph (NN) is exempt from the
9 provisions of Section 250.

10 (b) Corporations.

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

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

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

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

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

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

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

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

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

7 (ii) 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 not exceed the amount of
11 such carryback or carryforward;

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

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

24 (E-10) For taxable years 2001 through 2025, an
25 amount equal to the bonus depreciation deduction taken
26 on the taxpayer's federal income tax return for the

1 taxable year under subsection (k) of Section 168 of
2 the Internal Revenue Code; for taxable years 2026 and
3 thereafter, an amount equal to the bonus depreciation
4 deduction taken on the taxpayer's federal income tax
5 return for the taxable year under subsection (k) or
6 (n) of Section 168 of the Internal Revenue Code;

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

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

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

24 (E-12) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

1 indirectly, (i) for taxable years ending on or after
2 December 31, 2004, to a foreign person who would be a
3 member of the same unitary business group but for the
4 fact the foreign person's business activity outside
5 the United States is 80% or more of the foreign
6 person's total business activity and (ii) for taxable
7 years ending on or after December 31, 2008, to a person
8 who would be a member of the same unitary business
9 group but for the fact that the person is prohibited
10 under Section 1501(a)(27) from being included in the
11 unitary business group because he or she is ordinarily
12 required to apportion business income under different
13 subsections of Section 304. The addition modification
14 required by this subparagraph shall be reduced to the
15 extent that dividends were included in base income of
16 the unitary group for the same taxable year and
17 received by the taxpayer or by a member of the
18 taxpayer's unitary business group (including amounts
19 included in gross income pursuant to Sections 951
20 through 964 of the Internal Revenue Code and amounts
21 included in gross income under Section 78 of the
22 Internal Revenue Code) with respect to the stock of
23 the same person to whom the interest was paid,
24 accrued, or incurred. For taxable years ending on and
25 after December 31, 2025, for purposes of applying this
26 paragraph in the case of a taxpayer to which Section

1 163(j) of the Internal Revenue Code applies for the
2 taxable year, the reduction in the amount of interest
3 for which a deduction is allowed by reason of Section
4 163(j) shall be treated as allocable first to persons
5 who are not foreign persons referred to in this
6 paragraph and then to such foreign persons.

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

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

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

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

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

1 pursuant to a contract or agreement that
2 reflects an arm's-length interest rate and
3 terms; or

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

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

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

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

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

1 to a person that is not a related member, and

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

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

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

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

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

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

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

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

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

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

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

17 (iii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, from a transaction with a person if
20 the taxpayer establishes by clear and convincing
21 evidence, that the adjustments are unreasonable;
22 or if the taxpayer and the Director agree in
23 writing to the application or use of an
24 alternative method of apportionment under Section
25 304(f);

26 For taxable years ending on or after December 31,

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

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

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

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

18 (ii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a person if
21 the taxpayer establishes by clear and convincing
22 evidence, that the adjustments are unreasonable;
23 or if the taxpayer and the Director agree in
24 writing to the application or use of an
25 alternative method of apportionment under Section
26 304(f).

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

10 (E-14) For taxable years ending on or after
11 December 31, 2008, an amount equal to the amount of
12 insurance premium expenses and costs otherwise allowed
13 as a deduction in computing base income, and that were
14 paid, accrued, or incurred, directly or indirectly, 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. The
21 addition modification required by this subparagraph
22 shall be reduced to the extent that dividends were
23 included in base income of the unitary group for the
24 same taxable year and received by the taxpayer or by a
25 member of the taxpayer's unitary business group
26 (including amounts included in gross income under

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

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

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

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

25 (E-18) for taxable years beginning after December
26 31, 2018, an amount equal to the deduction allowed

1 under Section 250(a)(1)(A) of the Internal Revenue
2 Code for the taxable year;

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

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

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

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

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

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

24 (H) In the case of a regulated investment company,
25 an amount equal to the amount of exempt interest
26 dividends as defined in subsection (b)(5) of Section

1 852 of the Internal Revenue Code, paid to shareholders
2 for the taxable year;

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

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

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

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

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

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

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

26 (M-1) For any taxpayer that is a financial

1 organization within the meaning of Section 304(c) of
2 this Act, an amount included in such total as interest
3 income from a loan or loans made by such taxpayer to a
4 borrower, to the extent that such a loan is secured by
5 property which is eligible for the High Impact
6 Business Investment Credit. To determine the portion
7 of a loan or loans that is secured by property eligible
8 for a Section 201(h) investment credit to the
9 borrower, the entire principal amount of the loan or
10 loans between the taxpayer and the borrower should be
11 divided into the basis of the Section 201(h)
12 investment credit property which secures the loan or
13 loans, using for this purpose the original basis of
14 such property on the date that it was placed in service
15 in a federally designated Foreign Trade Zone or
16 Sub-Zone located in Illinois. No taxpayer that is
17 eligible for the deduction provided in subparagraph
18 (M) of paragraph (2) of this subsection shall be
19 eligible for the deduction provided under this
20 subparagraph (M-1). The subtraction modification
21 available to taxpayers in any year under this
22 subsection shall be that portion of the total interest
23 paid by the borrower with respect to such loan
24 attributable to the eligible property as calculated
25 under the previous sentence;

26 (N) Two times any contribution made during the

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

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

1 years ending on or after December 31, 2008, dividends
2 received from a captive real estate investment trust;
3 plus (ii) 100% of the amount by which dividends,
4 included in taxable income and received, including,
5 for taxable years ending on or after December 31,
6 1988, dividends received or deemed received or paid or
7 deemed paid under Sections 951 through 964 of the
8 Internal Revenue Code and including, for taxable years
9 ending on or after December 31, 2008, dividends
10 received from a captive real estate investment trust,
11 from any such corporation specified in clause (i) that
12 would but for the provisions of Section 1504(b)(3) of
13 the Internal Revenue Code be treated as a member of the
14 affiliated group which includes the dividend
15 recipient, exceed the amount of the modification
16 provided under subparagraph (G) of paragraph (2) of
17 this subsection (b) which is related to such
18 dividends. For taxable years ending on or after June
19 30, 2021, (i) for purposes of this subparagraph, the
20 term "dividend" does not include any amount treated as
21 a dividend under Section 1248 of the Internal Revenue
22 Code, and (ii) this subparagraph shall not apply to
23 dividends for which a deduction is allowed under
24 Section 245(a) of the Internal Revenue Code. For
25 taxable years ending on or after December 31, 2025,
26 50% of the amount of global intangible low-taxed

1 income or net controlled foreign corporation (CFC)
2 tested income received or deemed received or paid or
3 deemed paid under Sections 951 through 965 of the
4 Internal Revenue Code. This subparagraph (O) is exempt
5 from the provisions of Section 250 of this Act;

6 (P) An amount equal to any contribution made to a
7 job training project established pursuant to the Tax
8 Increment Allocation Redevelopment Act;

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

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

1 (S) For taxable years ending on or after December
2 31, 1997, in the case of a Subchapter S corporation, an
3 amount equal to all amounts of income allocable to a
4 shareholder subject to the Personal Property Tax
5 Replacement Income Tax imposed by subsections (c) and
6 (d) of Section 201 of this Act, including amounts
7 allocable to organizations exempt from federal income
8 tax by reason of Section 501(a) of the Internal
9 Revenue Code. This subparagraph (S) is exempt from the
10 provisions of Section 250;

11 (T) For taxable years 2001 and thereafter, for the
12 taxable year in which the bonus depreciation deduction
13 is taken on the taxpayer's federal income tax return
14 under subsection (k) or (n) of Section 168 of the
15 Internal Revenue Code and for each applicable taxable
16 year thereafter, an amount equal to "x", where:

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

24 (2) for taxable years ending on or before
25 December 31, 2005, "x" equals "y" multiplied by 30
26 and then divided by 70 (or "y" multiplied by

1 0.429); and

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

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

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

13 (iii) for property on which a bonus
14 depreciation deduction of 100% of the adjusted
15 basis was taken in a taxable year ending on or
16 after December 31, 2021, "x" equals the
17 depreciation deduction that would be allowed
18 on that property if the taxpayer had made the
19 election under Section 168(k)(7) or Section
20 168(n)(6) of the Internal Revenue Code to not
21 claim bonus depreciation on that property; and

22 (iv) for property on which a bonus
23 depreciation deduction of a percentage other
24 than 30%, 50% or 100% of the adjusted basis
25 was taken in a taxable year ending on or after
26 December 31, 2021, "x" equals "y" multiplied

1 by 100 times the percentage bonus depreciation
2 on the property (that is, $100(\text{bonus}\%)$) and
3 then divided by 100 times 1 minus the
4 percentage bonus depreciation on the property
5 (that is, $100(1-\text{bonus}\%)$).

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

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

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which a
21 subtraction is allowed with respect to that property
22 under subparagraph (T) and for which the taxpayer was
23 required in any taxable year to make an addition
24 modification under subparagraph (E-10), then an amount
25 equal to that addition modification.

26 The taxpayer is allowed to take the deduction

1 under this subparagraph only once with respect to any
2 one piece of property.

3 This subparagraph (U) is exempt from the
4 provisions of Section 250;

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

1 203(d) (2) (D-9), but not to exceed the amount of that
2 addition modification. This subparagraph (V) is exempt
3 from the provisions of Section 250;

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

25 (X) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

1 of the deductions allocable thereto) with respect to
2 transactions with (i) a foreign person who would be a
3 member of the taxpayer's unitary business group but
4 for the fact that the foreign person's business
5 activity outside the United States is 80% or more of
6 that person's total business activity and (ii) for
7 taxable years ending on or after December 31, 2008, 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, but
14 not to exceed the addition modification required to be
15 made for the same taxable year under Section
16 203(b)(2)(E-13) for intangible expenses and costs
17 paid, accrued, or incurred, directly or indirectly, to
18 the same foreign person. This subparagraph (X) is
19 exempt from the provisions of Section 250;

20 (Y) For taxable years ending on or after December
21 31, 2011, in the case of a taxpayer who was required to
22 add back any insurance premiums under Section
23 203(b)(2)(E-14), such taxpayer may elect to subtract
24 that part of a reimbursement received from the
25 insurance company equal to the amount of the expense
26 or loss (including expenses incurred by the insurance

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

10 (Z) The difference between the nondeductible
11 controlled foreign corporation dividends under Section
12 965(e)(3) of the Internal Revenue Code over the
13 taxable income of the taxpayer, computed without
14 regard to Section 965(e)(2)(A) of the Internal Revenue
15 Code, and without regard to any net operating loss
16 deduction. This subparagraph (Z) is exempt from the
17 provisions of Section 250; ~~and~~

18 (AA) For taxable years beginning on or after
19 January 1, 2023, for any cannabis establishment
20 operating in this State and licensed under the
21 Cannabis Regulation and Tax Act or any cannabis
22 cultivation center or medical cannabis dispensing
23 organization operating in this State and licensed
24 under the Compassionate Use of Medical Cannabis
25 Program Act, an amount equal to the deductions that
26 were disallowed under Section 280E of the Internal

1 Revenue Code for the taxable year and that would not be
2 added back under this subsection. The provisions of
3 this subparagraph (AA) are exempt from the provisions
4 of Section 250; and -

5 (BB) An amount equal to 25% of the amount of the
6 tax credit received under Section 170 of the Internal
7 Revenue Code for a donation of apparently wholesome
8 food; this subparagraph (BB) is exempt from the
9 provisions of Section 250.

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

18 (c) Trusts and estates.

19 (1) In general. In the case of a trust or estate, 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. Subject to the provisions of
23 paragraph (3), the taxable income referred to in paragraph
24 (1) shall be modified by adding thereto the sum of the
25 following amounts:

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

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

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

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

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

1 the following limitations applied in the order that
2 they are listed:

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

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

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

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

1 of the Illinois foreign tax credit under Section 601
2 of this Act;

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

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

13 (G-10) For taxable years 2001 through 2025, an
14 amount equal to the bonus depreciation deduction taken
15 on the taxpayer's federal income tax return for the
16 taxable year under subsection (k) of Section 168 of
17 the Internal Revenue Code; for taxable years 2026 and
18 thereafter, an amount equal to the bonus depreciation
19 deduction taken on the taxpayer's federal income tax
20 return for the taxable year under subsection (k) or
21 (n) of Section 168 of the Internal Revenue Code; and

22 (G-11) If the taxpayer sells, transfers, abandons,
23 or otherwise disposes of property for which the
24 taxpayer was required in any taxable year to make an
25 addition modification under subparagraph (G-10), then
26 an amount equal to the aggregate amount of the

1 deductions taken in all taxable years under
2 subparagraph (R) with respect to that property.

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 (R) and for which the taxpayer was
7 allowed in any taxable year to make a subtraction
8 modification under subparagraph (R), then an amount
9 equal to that subtraction modification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (ii) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

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

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

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

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

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

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

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

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

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

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

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

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

15 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 expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, if the taxpayer can establish, based
20 on a preponderance of the evidence, both of the
21 following:

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

26 (b) the transaction giving rise to the

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

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

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

25 (G-14) For taxable years ending on or after
26 December 31, 2008, an amount equal to the amount of

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

26 (G-15) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,
2 determined without regard to Section 218(c) of this
3 Act;

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

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

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

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

1 (I) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

26 (2) for taxable years ending on or before

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

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

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

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

15 (iii) for property on which a bonus
16 depreciation deduction of 100% of the adjusted
17 basis was taken in a taxable year ending on or
18 after December 31, 2021, "x" equals the
19 depreciation deduction that would be allowed
20 on that property if the taxpayer had made the
21 election under Section 168(k)(7) or Section
22 168(n)(6) of the Internal Revenue Code to not
23 claim bonus depreciation on that property; and

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

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

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

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

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which a
23 subtraction is allowed with respect to that property
24 under subparagraph (R) and for which the taxpayer was
25 required in any taxable year to make an addition
26 modification under subparagraph (G-10), then an amount

1 equal to that addition modification.

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

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

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

24 (U) An amount equal to the interest income taken
25 into account for the taxable year (net of the
26 deductions allocable thereto) with respect to

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

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

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

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

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

25 (Y) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

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

15 (Z) For taxable years beginning after December 31,
16 2018, the amount of excess business loss of the
17 taxpayer disallowed as a deduction by Section
18 461(1)(1)(B) of the Internal Revenue Code; ~~and~~

19 (AA) For taxable years beginning on or after
20 January 1, 2023, for any cannabis establishment
21 operating in this State and licensed under the
22 Cannabis Regulation and Tax Act or any cannabis
23 cultivation center or medical cannabis dispensing
24 organization operating in this State and licensed
25 under the Compassionate Use of Medical Cannabis
26 Program Act, an amount equal to the deductions that

1 were disallowed under Section 280E of the Internal
2 Revenue Code for the taxable year and that would not be
3 added back under this subsection. The provisions of
4 this subparagraph (AA) are exempt from the provisions
5 of Section 250; and -

6 (BB) An amount equal to 25% of the amount of the
7 tax credit received under Section 170 of the Internal
8 Revenue Code for a donation of apparently wholesome
9 food; this subparagraph (BB) is exempt from the
10 provisions of Section 250.

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

18 (d) Partnerships.

19 (1) In general. In the case of a partnership, 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 or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of taxable income;

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

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

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

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

24 (D-6) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (D-5), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (O) with respect to that property.

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

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

15 (D-7) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact the foreign person's business activity outside
22 the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

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

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

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

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

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

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

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

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

1 or

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

9 For taxable years ending on or after December 31,
10 2025, this paragraph shall not apply to the following:

11 (i) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a person 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 (ii) an item of interest paid, accrued, or

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

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

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

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

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

9 For taxable years ending on or after December 31,
10 2025, this paragraph shall not apply to the following:

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

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

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

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

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

17 For taxable years ending on or after December 31,
18 2025, this paragraph shall not apply to the following:

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

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

1 not a related member, and

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

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

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

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

1 (D-10) An amount equal to the credit allowable to
2 the taxpayer under Section 218(a) of this Act,
3 determined without regard to Section 218(c) of this
4 Act;

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

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

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

17 (E) The valuation limitation amount;

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

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

1 statute of this State that exempts income derived from
2 bonds or other obligations from the tax imposed under
3 this Act, the amount exempted shall be the interest
4 net of bond premium amortization;

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

13 (I) An amount equal to all amounts of income
14 distributable to an entity subject to the Personal
15 Property Tax Replacement Income Tax imposed by
16 subsections (c) and (d) of Section 201 of this Act
17 including amounts distributable to organizations
18 exempt from federal income tax by reason of Section
19 501(a) of the Internal Revenue Code; this subparagraph
20 (I) is exempt from the provisions of Section 250;

21 (J) With the exception of any amounts subtracted
22 under subparagraph (G), an amount equal to the sum of
23 all amounts disallowed as deductions by (i) Sections
24 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
25 and all amounts of expenses allocable to interest and
26 disallowed as deductions by Section 265(a) (1) of the

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

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

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

23 (M) An amount equal to those dividends included in
24 such total that were paid by a corporation that
25 conducts business operations in a federally designated
26 Foreign Trade Zone or Sub-Zone and that is designated

1 a High Impact Business located in Illinois; provided
2 that dividends eligible for the deduction provided in
3 subparagraph (K) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (M);

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

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

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

24 (2) for taxable years ending on or before
25 December 31, 2005, "x" equals "y" multiplied by 30
26 and then divided by 70 (or "y" multiplied by

1 0.429); and

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

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

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

13 (iii) for property on which a bonus
14 depreciation deduction of 100% of the adjusted
15 basis was taken in a taxable year ending on or
16 after December 31, 2021, "x" equals the
17 depreciation deduction that would be allowed
18 on that property if the taxpayer had made the
19 election under Section 168(k)(7) or Section
20 168(n)(6) of the Internal Revenue Code to not
21 claim bonus depreciation on that property; and

22 (iv) for property on which a bonus
23 depreciation deduction of a percentage other
24 than 30%, 50% or 100% of the adjusted basis
25 was taken in a taxable year ending on or after
26 December 31, 2021, "x" equals "y" multiplied

1 by 100 times the percentage bonus depreciation
2 on the property (that is, $100(\text{bonus}\%)$) and
3 then divided by 100 times 1 minus the
4 percentage bonus depreciation on the property
5 (that is, $100(1-\text{bonus}\%)$).

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

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

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

26 The taxpayer is allowed to take the deduction

1 under this subparagraph only once with respect to any
2 one piece of property.

3 This subparagraph (P) is exempt from the
4 provisions of Section 250;

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

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

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

16 (S) An amount equal to the income from intangible
17 property taken into account for the taxable year (net
18 of the 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(d)(2)(D-8) for intangible expenses and costs paid,
8 accrued, or incurred, directly or indirectly, to the
9 same person. This subparagraph (S) is exempt from
10 Section 250;

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

1 (U) 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 (U) are exempt from the provisions
13 of Section 250; and -

14 (V) An amount equal to 25% of the amount of the tax
15 credit received under Section 170 of the Internal
16 Revenue Code for a donation of apparently wholesome
17 food; this subparagraph (V) is exempt from the
18 provisions of Section 250.

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

20 (1) In general. Subject to the provisions of paragraph
21 (2) and subsection (b)(3), for purposes of this Section
22 and Section 803(e), a taxpayer's gross income, adjusted
23 gross income, or taxable income for the taxable year shall
24 mean the amount of gross income, adjusted gross income or
25 taxable income properly reportable for federal income tax

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

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

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

11 (B) Certain other insurance companies. In the case
12 of mutual insurance companies subject to the tax
13 imposed by Section 831 of the Internal Revenue Code,
14 insurance company taxable income;

15 (C) Regulated investment companies. In the case of
16 a regulated investment company subject to the tax
17 imposed by Section 852 of the Internal Revenue Code,
18 investment company taxable income;

19 (D) Real estate investment trusts. In the case of
20 a real estate investment trust subject to the tax
21 imposed by Section 857 of the Internal Revenue Code,
22 real estate investment trust taxable income;

23 (E) Consolidated corporations. In the case of a
24 corporation which is a member of an affiliated group
25 of corporations filing a consolidated income tax
26 return for the taxable year for federal income tax

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

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

1 effective for all taxable years with original returns
2 due on or after the date of the election. In addition,
3 the cooperative may file an amended return or returns,
4 as allowed under this Act, to provide that the
5 election shall be effective for losses incurred or
6 carried forward for taxable years occurring prior to
7 the date of the election. Once made, the election may
8 only be revoked upon approval of the Director. The
9 Department shall adopt rules setting forth
10 requirements for documenting the elections and any
11 resulting Illinois net loss and the standards to be
12 used by the Director in evaluating requests to revoke
13 elections. Public Act 96-932 is declaratory of
14 existing law;

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

1 applied instead the prior federal Subchapter S rules
2 as in effect on July 1, 1982, the taxable income of
3 such corporation determined in accordance with the
4 federal Subchapter S rules as in effect on July 1,
5 1982; and

6 (H) Partnerships. In the case of a partnership,
7 taxable income determined in accordance with Section
8 703 of the Internal Revenue Code, except that taxable
9 income shall take into account those items which are
10 required by Section 703(a)(1) to be separately stated
11 but which would be taken into account by an individual
12 in calculating his taxable income.

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

1 fractions computed for the business under Section 304 of
2 this Act for the taxable year and for the 2 immediately
3 preceding taxable years.

4 (f) Valuation limitation amount.

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

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

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

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

23 (A) If the fair market value of property referred
24 to in paragraph (1) was readily ascertainable on
25 August 1, 1969, the pre-August 1, 1969 appreciation

1 amount for such property is the lesser of (i) the
2 excess of such fair market value over the taxpayer's
3 basis (for determining gain) for such property on that
4 date (determined under the Internal Revenue Code as in
5 effect on that date), or (ii) the total gain realized
6 and reportable for federal income tax purposes in
7 respect of the sale, exchange or other disposition of
8 such property.

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

20 (C) The Department shall prescribe such
21 regulations as may be necessary to carry out the
22 purposes of this paragraph.

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

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

10 (Source: P.A. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;
11 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,
12 Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.
13 7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,
14 eff. 8-15-25; 104-453, eff. 12-12-25.)

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