AN ACT concerning revenue.

WHEREAS, the changes made by this Act are made under subsection (a) of Section 3 of Article IX of the Illinois Constitution. If there are future changes made to subsection (a) of Section 3 of Article IX of the Illinois Constitution, then it may result in evaluating the taxes on income imposed by this Act; therefore

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

ARTICLE 5. BUDGET ECONOMIC STABILIZATION FUND ACT

Section 5-1. Short title. This Act may be cited as the Budget Economic Stabilization Fund Act.

Section 5-5. Legislative intent.

The General Assembly finds that, in order to restore Illinois' fiscal health, retaining a share of above-trend State revenues for future needs and for reducing the need for new taxes or increasing any rate of tax or otherwise modifying the tax structure, including the elimination or modification of deductions, exclusions, or exemptions, is a priority.

Section 5-10. Definitions. As used in this Act:
"Above-trend revenues" means general funds revenue collections that exceed 2.4% of the prior fiscal year's general funds revenue collections.

"General funds" means the General Revenue Fund, the Common School Fund, the Education Assistance Fund, and the General Revenue Common School Special Account Fund.

"General funds revenue collections" means, for each fiscal year, all gross personal and corporate income taxes, other taxes, fees, and other revenues expected to be deposited into the State's general funds and recurring transfers into general funds from the State Lottery and gaming, but does not include other transfers and federal funds.

"Unpaid bills" means: pending vouchers approved for payment but not paid as of December 31st for each fiscal year by the Office of the Comptroller; pending transfers required by State statute that have been recorded but have not been paid from the General Revenue Fund, Common School Fund, or Education Assistance Fund; and all vouchers for invoices that have been certified as a proper bill, as defined by the State Prompt Payment Act, by the Departments of Healthcare and Family Services, Central Management Services, Human Services, Revenue, and Aging but not yet approved by the Comptroller as of December 31st of each fiscal year from the General Revenue Fund, Common School Fund, Education Assistance Fund, Health Insurance Fund, Income Tax Refund Fund, and Healthcare Provider Relief Fund.
Section 5-15. Certification of the backlog of bills. The amount of unpaid bills shall be reported by the Comptroller and the Departments of Healthcare and Family Services, Central Management Services, Human Services, Revenue, and Aging to the Governor's Office of Management and Budget no later than January 10th of each year. By January 15th of each year, the Governor's Office of Management and Budget shall notify the Comptroller, Treasurer, the Speaker and Minority Leader of the House, and the President and Minority Leader of the Senate of the total amount of unpaid bills as of the preceding December 31st.

Section 5-20. Payment of unpaid bills. If unpaid bills total more than $1,000,000,000, the Governor shall include in his or her budget for the next fiscal year an amount to pay unpaid bills equal to the lesser of (i) 50% of above-trend revenues that the Governor projects to be received by the State in the next fiscal year or (ii) the amount of above-trend revenues needed to reduce the unpaid bills to $1,000,000,000. This amount to pay off unpaid bills shall be included in the Governor's budget as an appropriation to the Bill Backlog Payment Fund from the General Revenue Fund. Nothing in this Act prohibits the Governor from including in his or her budget, or the General Assembly from appropriating, additional moneys for the payment of unpaid bills. If for any reason the
appropriations enacted are insufficient to meet the payment of unpaid bills required to be included in the Governor's budget under this Section, then there is hereby appropriated, on a continuing annual basis in each fiscal year, from the General Revenue Fund, the amounts necessary for this payment.

Section 5-25. Transfers into the Budget Economic Stabilization Fund.

(a) If unpaid bills total less than $1,000,000,000 the Governor shall include in his or her budget for the next fiscal year at least 50% of any above-trend revenues that the Governor projects to be received in the next fiscal year for deposit to the Budget Economic Stabilization Fund as an appropriation from the General Revenue Fund. Except as provided in subsection (b) of this Section, if for any reason the appropriations enacted are insufficient to make the deposit required by this Section, then this Section shall constitute a continuing appropriation from the General Revenue Fund of all amounts necessary for this deposit.

(b) If the balance of the Budget Economic Stabilization Fund at the beginning of the next fiscal year is projected by the Governor to exceed 5% of the general funds revenue collections estimated for the next fiscal year, transfers into the Budget Economic Stabilization Fund are not required for that fiscal year.
Section 5-30. Withdrawal from Budget Economic Stabilization Fund.

(a) Upon the direction of the Governor at any time within a fiscal year and within the limitations set forth in this Section, the Comptroller and the Treasurer shall transfer the amounts designated by the Governor from the Budget Economic Stabilization Fund to general funds as specified by the Governor. The transfer shall be made as soon as practicable on or after the 30th day after the Governor has provided written notice of his or her direction to transfer to the Clerk of the House of Representatives, the Secretary of the Senate, and the Index Department of the Office of the Secretary of State, with copies of the notice provided to the Comptroller and Treasurer. The notice shall be published on the website of the Governor's Office of Management and Budget. The amount directed to be transferred may not exceed the limits set forth in subsection (c) of this Section. The Governor may direct a transfer from the Budget Economic Stabilization Fund to any of the general funds only if: he or she estimates that general funds revenue collections for the current fiscal year will be less than the general funds revenue collections as estimated at the time of enactment of appropriations for the current fiscal year; the transfer is necessary to provide for the health, safety, and welfare of the people of the State of Illinois; and the funds transferred are to be spent within previously enacted appropriations.
(b) In addition to transfers directed by the Governor within a fiscal year, transfers or appropriations from the Budget Economic Stabilization Fund for the current or next fiscal year may be made by vote of the General Assembly if:

(1) the General Assembly projects that general funds revenue collections for the current or next fiscal year are less than the general funds revenue collections as estimated at the time of enactment of appropriations for the current fiscal year for the preceding year;

(2) the General Assembly finds that general funds revenue collections have remained stagnant or dropped during 2 consecutive fiscal quarters within the preceding 12 months as compared to the corresponding 2 fiscal quarters of the prior fiscal year; or

(3) that the State Coincident Index for the State of Illinois has remained stagnant or dropped over 2 consecutive quarters within the preceding 12 months, as published in the Federal Reserve Bank of Philadelphia's publication entitled "State Coincident Indexes" or its successor publication.

(c) Transfers or appropriations from the Budget Economic Stabilization Fund may not, during any fiscal year, exceed the lesser of:

(1) 50% of the Budget Economic Stabilization Fund's balance;

(2) in the case of appropriation enacted by the General
Assembly, 50% of the difference between (i) general funds revenue collections, as projected by the Commission on Government Forecasting and Accountability to be received in the next fiscal year, and (ii) a revised general fund revenue collections projection for the current fiscal year presented to the General Assembly by the Commission on Government Forecasting and Accountability; or

(3) in the case of transfers to be directed by the Governor within a fiscal year, 50% of the difference between (i) general funds revenue collections, to be received in the next fiscal year as projected by the Governor, and (ii) a revised general fund revenue collections projection for the current fiscal year as projected by the Governor.

Section 5-35. Fund creation.

(a) There is created the Budget Economic Stabilization Fund as a special fund in the State Treasury consisting of moneys appropriated or transferred to that Fund as provided in Section 5-30 of this Act and as otherwise provided by law. All earnings on Budget Economic Stabilization Fund investments shall be deposited into that Fund.

(b) There is created the Bill Backlog Payment Fund as a special fund in the State Treasury consisting of moneys appropriated or transferred to that Fund as provided in Section 25 of this Act and as otherwise provided by law. All earnings
on Bill Backlog Payment Fund investments shall be deposited into that Fund.

ARTICLE 10. VIDEO SERVICE TAX MODERNIZATION

Section 10-1. Short title. This Act may be cited as the Video Service Tax Modernization Act.

Section 10-5. Application. This Act applies to the provision of direct-to-home satellite service, direct broadcast satellite service, and digital audio-visual works on or after the effective date of this Act.

This Act does not apply to: (1) satellite radio service or subscription radio service whereby a digital radio signal is broadcast without any corresponding or related video programming or services; or (2) a satellite television transmission of simulcast horse races broadcast from or received at locations operated by an organization licensee, an inter-track wagering licensee, or an inter-track wagering location licensee licensed under the Illinois Horse Racing Act of 1975.

Section 10-10. Definitions. As used in this Act:

"Department" means the Department of Revenue.

"Digital audio-visual works" means a series of related images that, when shown in succession, impart an impression of
motion, together with accompanying sounds, if any, sold to an end user with rights of less than permanent use. "Digital audio-visual works" does not include cable service provided by a cable operator, as those terms are defined in 47 U.S.C. 522, and does not include video service provided by a holder, as those terms are defined in Article 21 of the Public Utilities Act.

"Direct broadcast satellite service" means video services transmitted or broadcast by satellite directly to the subscriber's premises with the use of or accompanied by ground receiving or distribution equipment, including, but not limited to, infrastructure to provide Internet access used in the transmission or broadcast of such video services, at the subscriber's premises, but not in the uplink process to the satellite, and includes, but is not limited to, the retransmission of local broadcast television, the provision of premium channels, other recurring monthly services, service and pay-per-view, video-on-demand, and other event-based services.

"Direct-to-home satellite service" has the meaning given to that term in Public Law No. 104-104, Title VI, Section 602(a), February 8, 1996, 110 Stat. 144 (reprinted at 47 U.S.C. 152).

"End user" means any person other than a person who receives by contract a product transferred electronically for further commercial broadcast, rebroadcast, transmission,
retransmission, licensing, relicensing, distribution, redistribution, or exhibition of the product, in whole or in part, to another person or persons.

"Gross revenue" means all consideration of any kind or nature received by a provider, or an affiliate of the provider, in connection with the provision of direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works to subscribers. "Gross revenue" does not include:

1. charges for the rental of equipment related to the provision of direct-to-home satellite service, direct broadcast satellite service, or digital audiovisual works;
2. activation, installation, repair, or maintenance charges or similar service charges related to the provision of direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works;
3. service order charges, service termination charges, or any other administrative charges related to the provision of direct-to-home satellite service, direct broadcast satellite service, or digital audiovisual works;
4. revenue not actually received, regardless of whether it is billed, including, but not limited to, bad debts;
5. revenue received by an affiliate or other person in exchange for supplying goods and services used by a provider;
(6) the amount of any refunds, rebates, or discounts made to subscribers, advertisers, or other persons;
(7) revenue from any service that is subject to tax under the Service Occupation Tax Act, Retailers' Occupation Tax Act, Service Use Tax Act, or Use Tax Act;
(8) the tax imposed by this Act or any other tax of general applicability imposed on a provider or a purchaser of direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works by a federal, State, or local governmental entity and required to be collected by a person and remitted to the taxing entity;
(9) late payment fees collected from subscribers;
(10) charges, other than those charges specifically described in this Act, that are aggregated or bundled with such specifically-described charges on a subscriber's bill, if the provider can reasonably identify the charges in its books and records kept in the regular course of business;
(11) revenue from advertising services; or
(12) charges that may not be taxed pursuant to the federal Internet Tax Freedom Act.

"Permanent" means perpetual or for an indefinite or unspecified length of time.

"Person" means a natural individual, firm, trust, estate, partnership, association, joint stock company, joint venture,
corporation, or limited liability company, or a receiver, trustee, guardian, or other representative appointed by order of any court, and includes the federal and State governments, including State universities created by statute, and municipalities, counties, and other political subdivisions of this State.

"Premises" means a residence or place of business of a subscriber in this State.

"Provider" means a person who transmits, broadcasts, sells, or distributes direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works to subscribers in the State.

"Subscriber" means a member of the general public who receives direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works from a provider and does not further distribute the service in the ordinary course of business.

Section 10-15. Imposition of tax.

(a) A tax is imposed upon the act or privilege of providing direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works to a subscriber in this State by any provider at the rate of 5% of the provider's gross revenues derived from or attributable to that subscriber.

(b) For purposes of the tax imposed by subsection (a), a subscriber is in this State if the subscriber's street address
representative of where the subscriber's use or access of the
direct-to-home satellite service, direct broadcast satellite
service, or digital audio visual work primarily occurs, which
must be the street address of the subscriber based on such
other information kept by the provider in the regular course of
its business.

(c) The tax imposed by subsection (a) may be passed through
to, and collected from, the provider's subscribers in Illinois.
To the extent allowed under federal or State law, a provider
may identify as a separate line item on each regular bill
issued to a subscriber the amount of the total bill assessed as
a tax under this Act.

(d) To prevent actual multi-state taxation upon the act or
privilege that is subject to taxation under this Act, any
taxpayer, upon proof that that taxpayer has paid a tax in
another state on such event, shall be allowed a credit against
the tax imposed in this Act to the extent of the amount of such
tax properly due and paid in such other state. However, such
tax is not imposed on the act or privilege to the extent such
act or privilege may not, under the Constitution and statutes
of the United States, be made the subject of taxation by the
State.

Section 10-20. Remittances.

(a) On or before the twentieth day of each calendar month,
every provider of direct-to-home satellite service, direct
broadcast satellite service, or digital audio-visual works that provides such service or services to a subscriber in this State during the preceding calendar month shall file a return with the Department, in a form prescribed by the Department, stating:

(1) the name of the provider;

(2) the address of the provider's principal place of business;

(3) the total amount of gross revenues received by the provider during the preceding calendar month, quarter, or year, as the case may be, from the provision of direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works during that preceding calendar month, quarter, or year and upon the basis of which the tax is imposed;

(4) the amount of tax due;

(5) the signature of the taxpayer; and

(6) such other reasonable information as the Department may require.

(b) If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department is received by the taxpayer, then the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

(c) If the provider is otherwise required to file a monthly return, and if the provider's average monthly tax liability to
the Department under this Act does not exceed $200, the
Department may authorize the provider's returns to be filed on
a quarter annual basis, with the return for January, February,
and March of a given year being due by April 20 of that year;
with the return for April, May, and June of a given year being
due by July 20 of that year; with the return for July, August,
and September of a given year being due by October 20 of that
year, and with the return for October, November, and December
of a given year being due by January 20 of the following year.

(d) If the provider is otherwise required to file a monthly
or quarterly return, and if the provider's average monthly tax
liability with the Department under this Act does not exceed
$50, the Department may authorize the provider's returns to be
filed on an annual basis, with the return for a given year
being due by January 20 of the following year.

(e) Those quarterly and annual returns shall be subject to
the same requirements as to form and substance as monthly
returns.

(f) A taxpayer who has an annual tax liability in the
amount set forth in subsection (b) of Section 2505-210 of the
Department of Revenue Law shall make all payments required by
rules of the Department by electronic funds transfer.

Any taxpayer not required to make payments by electronic
funds transfer may make payments by electronic funds transfer
with the permission of the Department.

All taxpayers required to make payments by electronic funds
transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

Section 10-25. Records.

(a) A provider on whom the tax is imposed by this Act shall maintain the necessary records, and any other information required by the Department, to determine the amount of the tax that the provider is required to remit and any credit that the provider is entitled to claim under this Act.

(b) The records shall be open at all times to inspection by the Department.

Section 10-30. Rules. The Department is authorized to adopt and enforce any reasonable rules and to prescribe such forms relating to the administration and enforcement of this Act as it may deem appropriate.

Section 10-35. Incorporation of Retailers' Occupation Tax Act and Uniform Penalty and Interest Act. All of the provisions of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, and 5j of the Retailers' Occupation Tax Act, which are not inconsistent with this Act, and the Uniform Penalty and Interest Act, shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein. References in those incorporated Sections to taxpayers and to
persons engaged in the business of selling tangible personal
property at retail mean providers of direct-to-home satellite
service, direct broadcast satellite service, or digital
audio-visual works when used in this Act.

ARTICLE 15. ENTERTAINMENT TAX FAIRNESS ACT

Section 15-1. Short title. This Act may be cited as the
Entertainment Tax Fairness Act.

Section 15-5. Application. This Act applies to all
subscribers of entertainment in this State for the privilege to
witness, view, or otherwise enjoy the entertainment.

This Act does not apply to: (1) satellite radio service or
subscription radio service whereby a digital radio signal is
broadcast without any corresponding or related video
programming or services; or (2) a satellite television
transmission of simulcast horse races broadcast from or
received at locations operated by an organization licensee, an
inter-track wagering licensee, or an inter-track wagering
location licensee licensed under the Illinois Horse Racing Act
of 1975.

Section 15-10. Definitions. As used in this Act:
"Cable service" has the meaning given to that term in item
"Department" means the Department of Revenue.

"Digital audio-visual works service" means the transmission of a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds, if any, sold to an end user with rights of less than permanent use. "Digital audio-visual works service" does not include cable service or video service.

"Direct broadcast satellite service" means video services transmitted or broadcast by satellite directly to the subscriber's premises with the use of or accompanied by ground receiving or distribution equipment, including, but not limited to, infrastructure to provide Internet access used in the transmission or broadcast of such video services, at the subscriber's premises, but not in the uplink process to the satellite, and includes, but is not limited to, the retransmission of local broadcast television, the provision of premium channels, other recurring monthly services, service and pay-per-view, video-on-demand, and other event-based services.

"Direct-to-home satellite service" has the meaning given to that term in Public Law No. 104-104, Title VI, Section 602(a), February 8, 1996, 110 Stat. 144 (reprinted at 47 U.S.C. 152).

"End user" means any person other than a person who receives by contract a product transferred electronically for further commercial broadcast, rebroadcast, transmission,
retransmission, licensing, relicensing, distribution, redistribution, or exhibition of the product, in whole or in part, to another person or persons.

"Entertainment" means any paid video programming whether transmitted by cable service, direct-to-home satellite service, direct broadcast satellite service, digital audio-visual works service, or video service to a subscriber in this State.

"Permanent" means perpetual or for an indefinite or unspecified length of time.

"Provider" means a person who transmits, broadcasts, sells, or distributes cable service, direct-to-home satellite service, direct broadcast satellite service, digital audio-visual works service, or video service to subscribers in the State.

"Subscriber" means a member of the general public who receives cable service, direct-to-home satellite service, direct broadcast satellite service, or digital audio-visual works service, or video service from a provider and does not further distribute the service in the ordinary course of business.

"Video service" has the meaning given to that term in the Cable and Video Competition Law of 2007 of the Public Utilities Act.
(a) A tax is imposed upon the subscribers of entertainment in this State at the rate of 1% of the charges paid for the privilege to witness, view, or otherwise enjoy the entertainment.

(b) For purposes of the tax imposed by subsection (a), a subscriber is in this State if the subscriber's street address is representative of where the subscriber's use or access of the entertainment primarily occurs, which must be the street address of the subscriber based on such other information kept by the provider in the regular course of its business.

(c) The provider of the entertainment shall collect and secure from each subscriber the tax imposed by this Act and remit the tax to the Department as set forth in Section 15-20 of this Act.

Section 15-20. Remittances.

(a) On or before the twentieth day of each calendar month, every provider shall file a return with the Department, in a form prescribed by the Department, stating:

(1) the name of the provider;

(2) the address of the provider's principal place of business;

(3) the total amount of tax revenues collected by the provider under this Act during the preceding calendar month, quarter, or year, as the case may be, during that preceding calendar month, quarter, or year and upon the
basis of which the tax is imposed;

(4) the amount of tax due;

(5) the signature of the provider; and

(6) such other reasonable information as the
Department may require.

(b) If a provider fails to sign a return within 30 days
after the proper notice and demand for signature by the
Department is received by the provider, then the return shall
be considered valid and any amount shown to be due on the
return shall be deemed assessed.

(c) If the provider is otherwise required to file a monthly
return, and if the amount collected by the provider under this
Act does not exceed $200, the Department may authorize the
provider's returns to be filed on a quarter annual basis, with
the return for January, February, and March of a given year
being due by April 20 of that year; with the return for April,
May, and June of a given year being due by July 20 of that year;
with the return for July, August, and September of a given year
being due by October 20 of that year, and with the return for
October, November, and December of a given year being due by
January 20 of the following year.

(d) If the provider is otherwise required to file a monthly
or quarterly return, and if the amount collected by the
provider under this Act does not exceed $50, the Department may
authorize the provider's returns to be filed on an annual
basis, with the return for a given year being due by January 20
(e) Those quarterly and annual returns shall be subject to the same requirements as to form and substance as monthly returns.

(f) A provider responsible for collecting and remitting the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Any provider not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All providers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

Section 15-25. Records.

(a) A provider subject to this Act shall maintain the necessary records, and any other information required by the Department, to determine the amount of the tax that the provider is required to collect and remit and any credit that the provider is entitled to claim under this Act.

(b) The records shall be open at all times to inspection by the Department.

Section 15-30. Rules. The Department is authorized to adopt
and enforce any reasonable rules and to prescribe such forms
relating to the administration and enforcement of this Act as
it may deem appropriate.

Section 15-35. Incorporation of Retailers' Occupation Tax
Act and Uniform Penalty and Interest Act. All of the provisions
of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, and 5j of the
Retailers' Occupation Tax Act, which are not inconsistent with
this Act, and the Uniform Penalty and Interest Act, shall
apply, as far as practicable, to the subject matter of this Act
to the same extent as if such provisions were included herein.
References in those incorporated Sections to taxpayers and to
persons engaged in the business of selling tangible personal
property at retail mean providers of direct-to-home satellite
service, direct broadcast satellite service, or digital
audio-visual works service when used in this Act.

ARTICLE 30. AMENDATORY PROVISIONS

Section 30-5. The State Finance Act is amended by changing
Section 6z-51 and by adding Sections 5.878 and 5.879 as
follows:

(30 ILCS 105/5.878 new)

Sec. 5.878. The Budget Economic Stabilization Fund.
Sec. 5.879. The Bill Backlog Payment Fund.

(30 ILCS 105/6z-51)
Sec. 6z-51. Budget Stabilization Fund.

(a) The Budget Stabilization Fund, a special fund in the State Treasury, shall consist of moneys appropriated or transferred to that Fund, as provided in Section 6z-43 and as otherwise provided by law. All earnings on Budget Stabilization Fund investments shall be deposited into that Fund.

(b) Until an initial transfer has been made to the Budget Economic Stabilization Fund under Section 5-30 of the Budget Economic Stabilization Fund Act, the State Comptroller may direct the State Treasurer to transfer moneys from the Budget Stabilization Fund to the General Revenue Fund in order to meet cash flow deficits resulting from timing variations between disbursements and the receipt of funds within a fiscal year. Any moneys so borrowed in any fiscal year other than Fiscal Year 2011 shall be repaid by June 30 of the fiscal year in which they were borrowed. Any moneys so borrowed in Fiscal Year 2011 shall be repaid no later than July 15, 2011.

(c) During Fiscal Year 2017 only, amounts may be expended from the Budget Stabilization Fund only pursuant to specific authorization by appropriation. Any moneys expended pursuant to appropriation shall not be subject to repayment.

(Source: P.A. 99-523, eff. 6-30-16.)
Section 30-10. The Illinois Income Tax Act is amended by changing Sections 201, 203, 204, 208, 212, 222, 804, 901, and 1501 and by adding Section 225 as follows:

(35 ILCS 5/201) (from Ch. 120, par. 2-201)
Sec. 201. Tax Imposed.
(a) In general. A tax measured by net income is hereby imposed on every individual, corporation, trust and estate for each taxable year ending after July 31, 1969 on the privilege of earning or receiving income in or as a resident of this State. Such tax shall be in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.
(b) Rates. The tax imposed by subsection (a) of this Section shall be determined as follows, except as adjusted by subsection (d-1):

(1) In the case of an individual, trust or estate, for taxable years ending prior to July 1, 1989, an amount equal to 2 1/2% of the taxpayer's net income for the taxable year.

(2) In the case of an individual, trust or estate, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 2 1/2% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii)
3% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.

(3) In the case of an individual, trust or estate, for taxable years beginning after June 30, 1989, and ending prior to January 1, 2011, an amount equal to 3% of the taxpayer's net income for the taxable year.

(4) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2011, and ending after December 31, 2010, an amount equal to the sum of (i) 3% of the taxpayer's net income for the period prior to January 1, 2011, as calculated under Section 202.5, and (ii) 5% of the taxpayer's net income for the period after December 31, 2010, as calculated under Section 202.5.

(5) In the case of an individual, trust, or estate, for taxable years beginning on or after January 1, 2011, and ending prior to January 1, 2015, an amount equal to 5% of the taxpayer's net income for the taxable year.

(5.1) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2015, and ending after December 31, 2014, an amount equal to the sum of (i) 5% of the taxpayer's net income for the period prior to January 1, 2015, as calculated under Section 202.5, and (ii) 3.75% of the taxpayer's net income for the period after December 31, 2014, as calculated under Section 202.5.

(5.2) In the case of an individual, trust, or estate, for taxable years beginning on or after January 1, 2015,
and ending prior to January 1, 2017 January 1, 2025, an amount equal to 3.75% of the taxpayer's net income for the taxable year.

(5.3) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2017 January 1, 2025, and ending after December 31, 2016 December 31, 2024, an amount equal to the sum of (i) 3.75% of the taxpayer's net income for the period prior to January 1, 2017 January 1, 2025, as calculated under Section 202.5, and (ii) 4.95% 3.25% of the taxpayer's net income for the period after December 31, 2016 December 31, 2024, as calculated under Section 202.5.

(5.4) In the case of an individual, trust, or estate, for taxable years beginning on or after January 1, 2017 January 1, 2025, an amount equal to 4.95% 3.25% of the taxpayer's net income for the taxable year.

(6) In the case of a corporation, for taxable years ending prior to July 1, 1989, an amount equal to 4% of the taxpayer's net income for the taxable year.

(7) In the case of a corporation, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 4% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii) 4.8% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.
(8) In the case of a corporation, for taxable years beginning after June 30, 1989, and ending prior to January 1, 2011, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

(9) In the case of a corporation, for taxable years beginning prior to January 1, 2011, and ending after December 31, 2010, an amount equal to the sum of (i) 4.8% of the taxpayer's net income for the period prior to January 1, 2011, as calculated under Section 202.5, and (ii) 7% of the taxpayer's net income for the period after December 31, 2010, as calculated under Section 202.5.

(10) In the case of a corporation, for taxable years beginning on or after January 1, 2011, and ending prior to January 1, 2015, an amount equal to 7% of the taxpayer's net income for the taxable year.

(11) In the case of a corporation, for taxable years beginning prior to January 1, 2015, and ending after December 31, 2014, an amount equal to the sum of (i) 7% of the taxpayer's net income for the period prior to January 1, 2015, as calculated under Section 202.5, and (ii) 5.25% of the taxpayer's net income for the period after December 31, 2014, as calculated under Section 202.5.

(12) In the case of a corporation, for taxable years beginning on or after January 1, 2015, and ending prior to January 1, 2025, an amount equal to 5.25% of the taxpayer's net income for the taxable year.
In the case of a corporation, for taxable years beginning prior to January 1, 2017 and ending after December 31, 2016, an amount equal to the sum of (i) 5.25% of the taxpayer's net income for the period prior to January 1, 2017, as calculated under Section 202.5, and (ii) 7% of the taxpayer's net income for the period after December 31, 2016, as calculated under Section 202.5.

In the case of a corporation, for taxable years beginning on or after January 1, 2017, an amount equal to 7% of the taxpayer's net income for the taxable year.

The rates under this subsection (b) are subject to the provisions of Section 201.5.

(c) Personal Property Tax Replacement Income Tax. Beginning on July 1, 1979 and thereafter, in addition to such income tax, there is also hereby imposed the Personal Property Tax Replacement Income Tax measured by net income on every corporation (including Subchapter S corporations), partnership and trust, for each taxable year ending after June 30, 1979. Such taxes are imposed on the privilege of earning or receiving income in or as a resident of this State. The Personal Property Tax Replacement Income Tax shall be in addition to the income tax imposed by subsections (a) and (b) of this Section and in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political
subdivision thereof.

(d) Additional Personal Property Tax Replacement Income Tax Rates. The personal property tax replacement income tax imposed by this subsection and subsection (c) of this Section in the case of a corporation, other than a Subchapter S corporation and except as adjusted by subsection (d-1), shall be an additional amount equal to 2.85% of such taxpayer's net income for the taxable year, except that beginning on January 1, 1981, and thereafter, the rate of 2.85% specified in this subsection shall be reduced to 2.5%, and in the case of a partnership, trust or a Subchapter S corporation shall be an additional amount equal to 1.5% of such taxpayer's net income for the taxable year.

(d-1) Rate reduction for certain foreign insurers. In the case of a foreign insurer, as defined by Section 35A-5 of the Illinois Insurance Code, whose state or country of domicile imposes on insurers domiciled in Illinois a retaliatory tax (excluding any insurer whose premiums from reinsurance assumed are 50% or more of its total insurance premiums as determined under paragraph (2) of subsection (b) of Section 304, except that for purposes of this determination premiums from reinsurance do not include premiums from inter-affiliate reinsurance arrangements), beginning with taxable years ending on or after December 31, 1999, the sum of the rates of tax imposed by subsections (b) and (d) shall be reduced (but not increased) to the rate at which the total amount of tax imposed
under this Act, net of all credits allowed under this Act, shall equal (i) the total amount of tax that would be imposed on the foreign insurer's net income allocable to Illinois for the taxable year by such foreign insurer's state or country of domicile if that net income were subject to all income taxes and taxes measured by net income imposed by such foreign insurer's state or country of domicile, net of all credits allowed or (ii) a rate of zero if no such tax is imposed on such income by the foreign insurer's state of domicile. For the purposes of this subsection (d-1), an inter-affiliate includes a mutual insurer under common management.

(1) For the purposes of subsection (d-1), in no event shall the sum of the rates of tax imposed by subsections (b) and (d) be reduced below the rate at which the sum of:

(A) the total amount of tax imposed on such foreign insurer under this Act for a taxable year, net of all credits allowed under this Act, plus

(B) the privilege tax imposed by Section 409 of the Illinois Insurance Code, the fire insurance company tax imposed by Section 12 of the Fire Investigation Act, and the fire department taxes imposed under Section 11-10-1 of the Illinois Municipal Code, equals 1.25% for taxable years ending prior to December 31, 2003, or 1.75% for taxable years ending on or after December 31, 2003, of the net taxable premiums written for the taxable year, as described by subsection (1) of Section
409 of the Illinois Insurance Code. This paragraph will in no event increase the rates imposed under subsections (b) and (d).

(2) Any reduction in the rates of tax imposed by this subsection shall be applied first against the rates imposed by subsection (b) and only after the tax imposed by subsection (a) net of all credits allowed under this Section other than the credit allowed under subsection (i) has been reduced to zero, against the rates imposed by subsection (d).

This subsection (d-1) is exempt from the provisions of Section 250.

(e) Investment credit. A taxpayer shall be allowed a credit against the Personal Property Tax Replacement Income Tax for investment in qualified property.

(1) A taxpayer shall be allowed a credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1984. There shall be allowed an additional credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1986, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security.
Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. The provisions added to this Section by Public Act 85-1200 (and restored by Public Act 87-895) shall be construed as declaratory of existing law and not as a new enactment. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is .5% and the denominator of which is 1%, but shall not exceed .5%. The investment credit shall not be allowed to the extent that it would reduce a taxpayer's liability in any tax year below zero, nor may any credit for qualified property be allowed for any year other than the year in which the property was placed in service in Illinois. For tax years ending on or after December 31, 1987, and on or before December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years if the taxpayer (i) makes investments which cause the creation of a minimum of 2,000 full-time
equivalent jobs in Illinois, (ii) is located in an enterprise zone established pursuant to the Illinois Enterprise Zone Act and (iii) is certified by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) shall notify the Department of Revenue of all such certifications immediately. For tax years ending after December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

(2) The term "qualified property" means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings and signs that are real property, but not including land or
improvements to real property that are not a structural component of a building such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (e);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code;

(D) is used in Illinois by a taxpayer who is primarily engaged in manufacturing, or in mining coal or fluorite, or in retailing, or was placed in service on or after July 1, 2006 in a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act; and

(E) has not previously been used in Illinois in such a manner and by such a person as would qualify for the credit provided by this subsection (e) or subsection (f).

(3) For purposes of this subsection (e), "manufacturing" means the material staging and production of tangible personal property by procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes some existing material into new
shapes, new qualities, or new combinations. For purposes of this subsection (e) the term "mining" shall have the same meaning as the term "mining" in Section 613(c) of the Internal Revenue Code. For purposes of this subsection (e), the term "retailing" means the sale of tangible personal property for use or consumption and not for resale, or services rendered in conjunction with the sale of tangible personal property for use or consumption and not for resale. For purposes of this subsection (e), "tangible personal property" has the same meaning as when that term is used in the Retailers' Occupation Tax Act, and, for taxable years ending after December 31, 2008, does not include the generation, transmission, or distribution of electricity.

(4) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(5) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in Illinois by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(6) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(7) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within
48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the Personal Property Tax Replacement Income Tax for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation and, (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (7), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(8) Unless the investment credit is extended by law, the basis of qualified property shall not include costs incurred after December 31, 2018, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2018.

(9) Each taxable year ending before December 31, 2000, a partnership may elect to pass through to its partners the credits to which the partnership is entitled under this subsection (e) for the taxable year. A partner may use the credit allocated to him or her under this paragraph only against the tax imposed in subsections (c) and (d) of this Section. If the partnership makes that election, those
credits shall be allocated among the partners in the partnership in accordance with the rules set forth in Section 704(b) of the Internal Revenue Code, and the rules promulgated under that Section, and the allocated amount of the credits shall be allowed to the partners for that taxable year. The partnership shall make this election on its Personal Property Tax Replacement Income Tax return for that taxable year. The election to pass through the credits shall be irrevocable.

For taxable years ending on or after December 31, 2000, a partner that qualifies its partnership for a subtraction under subparagraph (I) of paragraph (2) of subsection (d) of Section 203 or a shareholder that qualifies a Subchapter S corporation for a subtraction under subparagraph (S) of paragraph (2) of subsection (b) of Section 203 shall be allowed a credit under this subsection (e) equal to its share of the credit earned under this subsection (e) during the taxable year by the partnership or Subchapter S corporation, determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. This paragraph is exempt from the provisions of Section 250.

(f) Investment credit; Enterprise Zone; River Edge Redevelopment Zone.

(1) A taxpayer shall be allowed a credit against the
tax imposed by subsections (a) and (b) of this Section for
investment in qualified property which is placed in service
in an Enterprise Zone created pursuant to the Illinois
Enterprise Zone Act or, for property placed in service on
or after July 1, 2006, a River Edge Redevelopment Zone
established pursuant to the River Edge Redevelopment Zone
Act. For partners, shareholders of Subchapter S
corporations, and owners of limited liability companies,
if the liability company is treated as a partnership for
purposes of federal and State income taxation, there shall
be allowed a credit under this subsection (f) to be
determined in accordance with the determination of income
and distributive share of income under Sections 702 and 704
and Subchapter S of the Internal Revenue Code. The credit
shall be .5% of the basis for such property. The credit
shall be available only in the taxable year in which the
property is placed in service in the Enterprise Zone or
River Edge Redevelopment Zone and shall not be allowed to
the extent that it would reduce a taxpayer's liability for
the tax imposed by subsections (a) and (b) of this Section
to below zero. For tax years ending on or after December
31, 1985, the credit shall be allowed for the tax year in
which the property is placed in service, or, if the amount
of the credit exceeds the tax liability for that year,
whether it exceeds the original liability or the liability
as later amended, such excess may be carried forward and
applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

(2) The term qualified property means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (f);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code;

(D) is used in the Enterprise Zone or River Edge Redevelopment Zone by the taxpayer; and

(E) has not been previously used in Illinois in such a manner and by such a person as would qualify for the credit provided by this subsection (f) or subsection (e).

(3) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(4) If the basis of the property for federal income tax
depreciation purposes is increased after it has been placed
in service in the Enterprise Zone or River Edge
Redevelopment Zone by the taxpayer, the amount of such
increase shall be deemed property placed in service on the
date of such increase in basis.

(5) The term "placed in service" shall have the same
meaning as under Section 46 of the Internal Revenue Code.

(6) If during any taxable year, any property ceases to
be qualified property in the hands of the taxpayer within
48 months after being placed in service, or the situs of
any qualified property is moved outside the Enterprise Zone
or River Edge Redevelopment Zone within 48 months after
being placed in service, the tax imposed under subsections
(a) and (b) of this Section for such taxable year shall be
increased. Such increase shall be determined by (i)
recomputing the investment credit which would have been
allowed for the year in which credit for such property was
originally allowed by eliminating such property from such
computation, and (ii) subtracting such recomputed credit
from the amount of credit previously allowed. For the
purposes of this paragraph (6), a reduction of the basis of
qualified property resulting from a redetermination of the
purchase price shall be deemed a disposition of qualified
property to the extent of such reduction.

(7) There shall be allowed an additional credit equal
to 0.5% of the basis of qualified property placed in
service during the taxable year in a River Edge Redevelopment Zone, provided such property is placed in service on or after July 1, 2006, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is 0.5% and the denominator of which is 1%, but shall not exceed 0.5%.

(g) (Blank).

(h) Investment credit; High Impact Business.

(1) Subject to subsections (b) and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service by a Department of Commerce and Economic Opportunity designated High Impact Business. The credit shall be .5% of the basis for such property. The credit shall not be available (i) until the minimum investments in qualified property set forth in
subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act have been satisfied or (ii) until the time authorized in subsection (b-5) of the Illinois Enterprise Zone Act for entities designated as High Impact Businesses under subdivisions (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone Act, and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. The credit applicable to such investments shall be taken in the taxable year in which such investments have been completed.

The credit for additional investments beyond the minimum investment by a designated high impact business authorized under subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1987, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The
credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

Changes made in this subdivision (h)(1) by Public Act 88-670 restore changes made by Public Act 85-1182 and reflect existing law.

(2) The term qualified property means property which:
   (A) is tangible, whether new or used, including buildings and structural components of buildings;
   (B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (h);
   (C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code; and
   (D) is not eligible for the Enterprise Zone Investment Credit provided by subsection (f) of this Section.

(3) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(4) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in a federally designated Foreign Trade Zone or
Sub-Zone located in Illinois by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(5) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(6) If during any taxable year ending on or before December 31, 1996, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(7) Beginning with tax years ending after December 31, 1996, if a taxpayer qualifies for the credit under this subsection (h) and thereby is granted a tax abatement and
the taxpayer relocates its entire facility in violation of
the explicit terms and length of the contract under Section
18-183 of the Property Tax Code, the tax imposed under
subsections (a) and (b) of this Section shall be increased
for the taxable year in which the taxpayer relocated its
facility by an amount equal to the amount of credit
received by the taxpayer under this subsection (h).

(i) Credit for Personal Property Tax Replacement Income
Tax. For tax years ending prior to December 31, 2003, a credit
shall be allowed against the tax imposed by subsections (a) and
(b) of this Section for the tax imposed by subsections (c) and
(d) of this Section. This credit shall be computed by
multiplying the tax imposed by subsections (c) and (d) of this
Section by a fraction, the numerator of which is base income
allocable to Illinois and the denominator of which is Illinois
base income, and further multiplying the product by the tax
rate imposed by subsections (a) and (b) of this Section.

Any credit earned on or after December 31, 1986 under this
subsection which is unused in the year the credit is computed
because it exceeds the tax liability imposed by subsections (a)
and (b) for that year (whether it exceeds the original
liability or the liability as later amended) may be carried
forward and applied to the tax liability imposed by subsections
(a) and (b) of the 5 taxable years following the excess credit
year, provided that no credit may be carried forward to any
year ending on or after December 31, 2003. This credit shall be
applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest credit arising under this subsection shall be applied first.

If, during any taxable year ending on or after December 31, 1986, the tax imposed by subsections (c) and (d) of this Section for which a taxpayer has claimed a credit under this subsection (i) is reduced, the amount of credit for such tax shall also be reduced. Such reduction shall be determined by recomputing the credit to take into account the reduced tax imposed by subsections (c) and (d). If any portion of the reduced amount of credit has been carried to a different taxable year, an amended return shall be filed for such taxable year to reduce the amount of credit claimed.

(j) Training expense credit. Beginning with tax years ending on or after December 31, 1986 and prior to December 31, 2003, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) under this Section for all amounts paid or accrued, on behalf of all persons employed by the taxpayer in Illinois or Illinois residents employed outside of Illinois by a taxpayer, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields, which were deducted from gross income in the computation of taxable income. The credit against the tax imposed by subsections (a) and (b) shall be 1.6% of such
training expenses. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (j) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

Any credit allowed under this subsection which is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first computed until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest credit arising under this subsection shall be applied first. No carryforward credit may be claimed in any tax year ending on or after December 31, 2003.

(k) Research and development credit. For tax years ending after July 1, 1990 and prior to December 31, 2003, and beginning again for tax years ending on or after December 31, 2004, and ending prior to January 1, 2016, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for increasing research activities in this State. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 6 1/2% of the
qualifying expenditures for increasing research activities in this State. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

For purposes of this subsection, "qualifying expenditures" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under Section 41 of the Internal Revenue Code and which are conducted in this State, "qualifying expenditures for increasing research activities in this State" means the excess of qualifying expenditures for the taxable year in which incurred over qualifying expenditures for the base period, "qualifying expenditures for the base period" means (i) for tax years ending prior to December 31, 2017, the average of the qualifying expenditures for each year in the base period; and (2) for tax years ending on or after December 31, 2017, 50% of the average of the qualifying expenditures for each year in the base period, and "base period" means the 3 taxable years immediately preceding the taxable year for which the determination is being made.

Any credit in excess of the tax liability for the taxable
year may be carried forward. A taxpayer may elect to have the
unused credit shown on its final completed return carried over
as a credit against the tax liability for the following 5
taxable years or until it has been fully used, whichever occurs
first; provided that no credit earned in a tax year ending
prior to December 31, 2003 may be carried forward to any year
ending on or after December 31, 2003.

If an unused credit is carried forward to a given year from
2 or more earlier years, that credit arising in the earliest
year will be applied first against the tax liability for the
given year. If a tax liability for the given year still
remains, the credit from the next earliest year will then be
applied, and so on, until all credits have been used or no tax
liability for the given year remains. Any remaining unused
credit or credits then will be carried forward to the next
following year in which a tax liability is incurred, except
that no credit can be carried forward to a year which is more
than 5 years after the year in which the expense for which the
credit is given was incurred.

No inference shall be drawn from this amendatory Act of the
91st General Assembly in construing this Section for taxable
years beginning before January 1, 1999.

This subsection (k) is exempt from the provisions of
Section 250.

It is the intent of the General Assembly that the research
and development credit under this subsection (k) shall apply
continuously for all tax years ending on or after December 31, 2004, including, but not limited to, the period beginning on January 1, 2016 and ending on the effective date of this amendatory Act of the 100th General Assembly. All actions taken in reliance on the continuation of the credit under this subsection (k) by any taxpayer are hereby validated.

(l) Environmental Remediation Tax Credit.

   (i) For tax years ending after December 31, 1997 and on or before December 31, 2001, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14 of the Environmental Protection Act that were paid in performing environmental remediation at a site for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action
pursuant to the Site Remediation Program of the Environmental Protection Act. After the Pollution Control Board rules are adopted pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act, determinations as to credit availability for purposes of this Section shall be made consistent with those rules. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site, except that the $100,000 threshold shall not apply to any site contained in an enterprise zone as determined by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity). The total credit allowed shall not exceed $40,000 per year with a maximum total of $150,000 per site. For partners and shareholders of subchapter S corporations, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and
distributive share of income under Sections 702 and 704 and
subchapter S of the Internal Revenue Code.

(ii) A credit allowed under this subsection that is
unused in the year the credit is earned may be carried
forward to each of the 5 taxable years following the year
for which the credit is first earned until it is used. The
term "unused credit" does not include any amounts of
unreimbursed eligible remediation costs in excess of the
maximum credit per site authorized under paragraph (i).
This credit shall be applied first to the earliest year for
which there is a liability. If there is a credit under this
subsection from more than one tax year that is available to
offset a liability, the earliest credit arising under this
subsection shall be applied first. A credit allowed under
this subsection may be sold to a buyer as part of a sale of
all or part of the remediation site for which the credit
was granted. The purchaser of a remediation site and the
tax credit shall succeed to the unused credit and remaining
carry-forward period of the seller. To perfect the
transfer, the assignor shall record the transfer in the
chain of title for the site and provide written notice to
the Director of the Illinois Department of Revenue of the
assignor's intent to sell the remediation site and the
amount of the tax credit to be transferred as a portion of
the sale. In no event may a credit be transferred to any
taxpayer if the taxpayer or a related party would not be
eligible under the provisions of subsection (i).

(iii) For purposes of this Section, the term "site"
shall have the same meaning as under Section 58.2 of the
Environmental Protection Act.

(m) Education expense credit. Beginning with tax years
ending after December 31, 1999, a taxpayer who is the custodian
of one or more qualifying pupils shall be allowed a credit
against the tax imposed by subsections (a) and (b) of this
Section for qualified education expenses incurred on behalf of
the qualifying pupils. The credit shall be equal to 25% of
qualified education expenses, but in no event may the total
credit under this subsection claimed by a family that is the
custodian of qualifying pupils exceed (i) $500 for tax years
ending prior to December 31, 2017, and (ii) $750 for tax years
ending on or after December 31, 2017. In no event shall a
credit under this subsection reduce the taxpayer's liability
under this Act to less than zero. Notwithstanding any other
provision of law, for taxable years beginning on or after
January 1, 2018, no taxpayer may claim a credit under this
subsection (m) if the taxpayer's adjusted gross income for the
taxable year exceeds (i) $500,000, in the case of spouses
filing a joint federal tax return or (ii) $250,000, in the case
of all other taxpayers. This subsection is exempt from the
provisions of Section 250 of this Act.

For purposes of this subsection:

"Qualifying pupils" means individuals who (i) are
residents of the State of Illinois, (ii) are under the age of
21 at the close of the school year for which a credit is
sought, and (iii) during the school year for which a credit is
sought were full-time pupils enrolled in a kindergarten through
twelfth grade education program at any school, as defined in
this subsection.

"Qualified education expense" means the amount incurred on
behalf of a qualifying pupil in excess of $250 for tuition,
book fees, and lab fees at the school in which the pupil is
enrolled during the regular school year.

"School" means any public or nonpublic elementary or
secondary school in Illinois that is in compliance with Title
VI of the Civil Rights Act of 1964 and attendance at which
satisfies the requirements of Section 26-1 of the School Code,
except that nothing shall be construed to require a child to
attend any particular public or nonpublic school to qualify for
the credit under this Section.

"Custodian" means, with respect to qualifying pupils, an
Illinois resident who is a parent, the parents, a legal
guardian, or the legal guardians of the qualifying pupils.

(n) River Edge Redevelopment Zone site remediation tax
credit.

(i) For tax years ending on or after December 31, 2006,
a taxpayer shall be allowed a credit against the tax
imposed by subsections (a) and (b) of this Section for
certain amounts paid for unreimbursed eligible remediation
costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14a of the Environmental Protection Act that were paid in performing environmental remediation at a site within a River Edge Redevelopment Zone for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. Determinations as to credit availability for purposes of this Section shall be made consistent with rules adopted by the Pollution Control Board pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs
(b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any
taxpayer if the taxpayer or a related party would not be
eligible under the provisions of subsection (i).

(iii) For purposes of this Section, the term "site"
shall have the same meaning as under Section 58.2 of the
Environmental Protection Act.

(o) For each of taxable years during the Compassionate Use
of Medical Cannabis Pilot Program, a surcharge is imposed on
all taxpayers on income arising from the sale or exchange of
capital assets, depreciable business property, real property
used in the trade or business, and Section 197 intangibles of
an organization registrant under the Compassionate Use of
Medical Cannabis Pilot Program Act. The amount of the surcharge
is equal to the amount of federal income tax liability for the
taxable year attributable to those sales and exchanges. The
surcharge imposed does not apply if:

(1) the medical cannabis cultivation center
registration, medical cannabis dispensary registration, or
the property of a registration is transferred as a result
of any of the following:

(A) bankruptcy, a receivership, or a debt
adjustment initiated by or against the initial
registration or the substantial owners of the initial
registration;

(B) cancellation, revocation, or termination of
any registration by the Illinois Department of Public
Health;
(C) a determination by the Illinois Department of Public Health that transfer of the registration is in the best interests of Illinois qualifying patients as defined by the Compassionate Use of Medical Cannabis Pilot Program Act;

(D) the death of an owner of the equity interest in a registrant;

(E) the acquisition of a controlling interest in the stock or substantially all of the assets of a publicly traded company;

(F) a transfer by a parent company to a wholly owned subsidiary; or

(G) the transfer or sale to or by one person to another person where both persons were initial owners of the registration when the registration was issued; or

(2) the cannabis cultivation center registration, medical cannabis dispensary registration, or the controlling interest in a registrant's property is transferred in a transaction to lineal descendants in which no gain or loss is recognized or as a result of a transaction in accordance with Section 351 of the Internal Revenue Code in which no gain or loss is recognized.

(Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905, eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756, eff. 7-16-14.)
Sec. 203. Base income defined.

(a) Individuals.

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

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

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

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

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

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

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

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

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (Z), then an amount equal to that subtraction modification.

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

(D-17) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a
member of the same unitary business group but for the fact that foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

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

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

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

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

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

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

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

(D-18) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27)
from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(a)(2)(D-17) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees;
(4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This paragraph shall not apply to the following:

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

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

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

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

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

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

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

(D-20) For taxable years beginning on or after January 1, 2002 and ending on or before December 31, 2006, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a
College Savings Pool created under Section 16.5 of the State Treasurer Act or (ii) a distribution from the Illinois Prepaid Tuition Trust Fund, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B). For taxable years beginning on or after January 1, 2007, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a College Savings Pool created under Section 16.5 of the State Treasurer Act, (ii) a distribution from the Illinois Prepaid Tuition Trust Fund, or (iii) a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code that (I) adopts and determines that its offering materials comply with the College Savings Plans Network's disclosure principles and (II) has made reasonable efforts to inform in-state residents of the existence of in-state qualified tuition programs by informing Illinois residents directly and, where applicable, to inform financial intermediaries distributing the program to inform in-state residents of the existence of in-state qualified tuition programs at least annually, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B).

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

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

(D-22) For taxable years beginning on or after
January 1, 2009, in the case of a nonqualified
withdrawal or refund of moneys from a qualified tuition
program under Section 529 of the Internal Revenue Code
administered by the State that is not used for
qualified expenses at an eligible education
institution, an amount equal to the contribution
component of the nonqualified withdrawal or refund
that was previously deducted from base income under
subsection (a)(2)(y) of this Section, provided that the withdrawal or refund did not result from the beneficiary's death or disability;

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

(D-24) For taxable years beginning on or after January 1, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year;

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

(E) For taxable years ending before December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being on active duty in the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 1971 or thereafter for annual training performed pursuant to Sections 502 and 503, Title 32, United States Code as a member of the Illinois National
Guard or, beginning with taxable years ending on or after December 31, 2007, the National Guard of any other state. For taxable years ending on or after December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being a member of any component of the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 2001 or thereafter by reason of being a member of the Illinois National Guard or, beginning with taxable years ending on or after December 31, 2007, the National Guard of any other state. The provisions of this subparagraph (E) are exempt from the provisions of Section 250;

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

(G) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(V) Beginning with tax years ending on or after December 31, 1995 and ending with tax years ending on or before December 31, 2004, an amount equal to the amount paid by a taxpayer who is a self-employed taxpayer, a partner of a partnership, or a shareholder in a Subchapter S corporation for health insurance or
long-term care insurance for that taxpayer or that taxpayer's spouse or dependents, to the extent that the amount paid for that health insurance or long-term care insurance may be deducted under Section 213 of the Internal Revenue Code, has not been deducted on the federal income tax return of the taxpayer, and does not exceed the taxable income attributable to that taxpayer's income, self-employment income, or Subchapter S corporation income; except that no deduction shall be allowed under this item (V) if the taxpayer is eligible to participate in any health insurance or long-term care insurance plan of an employer of the taxpayer or the taxpayer's spouse. The amount of the health insurance and long-term care insurance subtracted under this item (V) shall be determined by multiplying total health insurance and long-term care insurance premiums paid by the taxpayer times a number that represents the fractional percentage of eligible medical expenses under Section 213 of the Internal Revenue Code of 1986 not actually deducted on the taxpayer's federal income tax return;

(W) For taxable years beginning on or after January 1, 1998, all amounts included in the taxpayer's federal gross income in the taxable year from amounts converted from a regular IRA to a Roth IRA. This paragraph is exempt from the provisions of Section 250;
(X) For taxable year 1999 and thereafter, an amount equal to the amount of any (i) distributions, to the extent includible in gross income for federal income tax purposes, made to the taxpayer because of his or her status as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim and (ii) items of income, to the extent includible in gross income for federal income tax purposes, attributable to, derived from or in any way related to assets stolen from, hidden from, or otherwise lost to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime immediately prior to, during, and immediately after World War II, including, but not limited to, interest on the proceeds receivable as insurance under policies issued to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime by European insurance companies immediately prior to and during World War II; provided, however, this subtraction from federal adjusted gross income does not apply to assets acquired with such assets or with the proceeds from the sale of such assets; provided, further, this paragraph shall only apply to a taxpayer who was the first recipient of such assets after their recovery and who is a victim of persecution for racial or religious reasons by Nazi
Germany or any other Axis regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is exempt from the provisions of Section 250;

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

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

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

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

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

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and
(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0.

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-15), then an amount equal to that addition modification.

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

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

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

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

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

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

group but for the fact that the person is prohibited
under Section 1501(a)(27) from being included in the
unitary business group because he or she is ordinarily
required to apportion business income under different
subsections of Section 304, but not to exceed the
addition modification required to be made for the same
taxable year under Section 203(a)(2)(D-18) for
intangible expenses and costs paid, accrued, or
incurred, directly or indirectly, to the same foreign
person. This subparagraph (EE) is exempt from the
provisions of Section 250;

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

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

(b) Corporations.

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

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

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

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

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

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

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

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

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

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

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

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (T), then an amount equal to that subtraction modification.

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

(E-12) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person
who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

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

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

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

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

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

   (iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).
Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(E-13) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this
subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(b)(2)(E-12) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service
marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This paragraph shall not apply to the following:

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

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

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

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or
(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);

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

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

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

(E-16) An amount equal to the credit allowable to
the taxpayer under Section 218(a) of this Act,
determined without regard to Section 218(c) of this
Act;
(E-17) For taxable years beginning on or after January 1, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year; and by deducting from the total so obtained the sum of the following amounts:

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

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

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

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

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

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

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

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

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

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

(O) An amount equal to: (i) 85% for taxable years ending on or before December 31, 1992, or, a percentage equal to the percentage allowable under Section 243(a)(1) of the Internal Revenue Code of 1986 for
taxable years ending after December 31, 1992, of the amount by which dividends included in taxable income and received from a corporation that is not created or organized under the laws of the United States or any state or political subdivision thereof, including, for taxable years ending on or after December 31, 1988, dividends received or deemed received or paid or deemed paid under Sections 951 through 965 of the Internal Revenue Code, exceed the amount of the modification provided under subparagraph (G) of paragraph (2) of this subsection (b) which is related to such dividends, and including, for taxable years ending on or after December 31, 2008, dividends received from a captive real estate investment trust; plus (ii) 100% of the amount by which dividends, included in taxable income and received, including, for taxable years ending on or after December 31, 1988, dividends received or deemed received or paid or deemed paid under Sections 951 through 964 of the Internal Revenue Code and including, for taxable years ending on or after December 31, 2008, dividends received from a captive real estate investment trust, from any such corporation specified in clause (i) that would but for the provisions of Section 1504 (b) (3) of the Internal Revenue Code be treated as a member of the affiliated group which includes the dividend recipient, exceed the amount of
the modification provided under subparagraph (G) of paragraph (2) of this subsection (b) which is related to such dividends. This subparagraph (O) is exempt from the provisions of Section 250 of this Act;

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

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

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

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

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

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

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

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

   (ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, \( x \) equals \( y \) multiplied by 1.0.

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the
taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (E-10), then an amount equal to that addition modification.

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

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

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

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

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

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

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

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

(c) Trusts and estates.

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

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

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

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

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

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

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

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

   (ii) the addition modification relating to the
   net operating loss carried back or forward to the
   taxable year from any taxable year ending prior to
   December 31, 1986 shall not exceed the amount of
   such carryback or carryforward;
For taxable years in which there is a net operating loss carryback or carryforward from more than one other taxable year ending prior to December 31, 1986, the addition modification provided in this subparagraph (E) shall be the sum of the amounts computed independently under the preceding provisions of this subparagraph (E) for each such taxable year;

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

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

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

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (R), then an amount equal to that subtraction modification.

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

(G-12) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of the foreign
person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or
(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

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

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

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

(iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or
to the application or use of an alternative method
of apportionment under Section 304(f).

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

(G-13) An amount equal to the amount of intangible
expenses and costs otherwise allowed as a deduction in
computing base income, and that were paid, accrued, or
incurred, directly or indirectly, (i) for taxable
years ending on or after December 31, 2004, to a
foreign person who would be a member of the same
unitary business group but for the fact that the
foreign person's business activity outside the United
States is 80% or more of that person's total business
activity and (ii) for taxable years ending on or after
December 31, 2008, to a person who would be a member of
the same unitary business group but for the fact that
the person is prohibited under Section 1501(a)(27)
from being included in the unitary business group
because he or she is ordinarily required to apportion
business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(c)(2)(G-12) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes: (1) expenses, losses, and costs for or related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For
purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This paragraph shall not apply to the following:

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

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

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

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

or

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

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

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

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

(G-16) For taxable years beginning on or after January 1, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code
for the taxable year;

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

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

(I) The valuation limitation amount;

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

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

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

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

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

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

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

(Q) For taxable year 1999 and thereafter, an amount equal to the amount of any (i) distributions, to the extent includible in gross income for federal income tax purposes, made to the taxpayer because of his or her status as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim and (ii) items of income, to the extent includible in gross income for
federal income tax purposes, attributable to, derived
from or in any way related to assets stolen from,
hidden from, or otherwise lost to a victim of
persecution for racial or religious reasons by Nazi
Germany or any other Axis regime immediately prior to,
during, and immediately after World War II, including,
but not limited to, interest on the proceeds receivable
as insurance under policies issued to a victim of
persecution for racial or religious reasons by Nazi
Germany or any other Axis regime by European insurance
companies immediately prior to and during World War II;
provided, however, this subtraction from federal
adjusted gross income does not apply to assets acquired
with such assets or with the proceeds from the sale of
such assets; provided, further, this paragraph shall
only apply to a taxpayer who was the first recipient of
such assets after their recovery and who is a victim of
persecution for racial or religious reasons by Nazi
Germany or any other Axis regime or as an heir of the
victim. The amount of and the eligibility for any
public assistance, benefit, or similar entitlement is
not affected by the inclusion of items (i) and (ii) of
this paragraph in gross income for federal income tax
purposes. This paragraph is exempt from the provisions
of Section 250;

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

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

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

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

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

(ii) for property on which a bonus
depreciation deduction of 50% of the adjusted
basis was taken, "x" equals "y" multiplied by
The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This subparagraph (R) is exempt from the provisions of Section 250;

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (G-10), then an amount equal to that addition modification.

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

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

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

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

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

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

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

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

(d) Partnerships.

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

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

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of taxable income;
(B) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income for the taxable year;

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

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

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes and for which the taxpayer
was allowed in any taxable year to make a subtraction
modification under subparagraph (O), then an amount
equal to that subtraction modification.

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

(D-7) An amount equal to the amount otherwise
allowed as a deduction in computing base income for
interest paid, accrued, or incurred, directly or
indirectly, (i) for taxable years ending on or after
December 31, 2004, to a foreign person who would be a
member of the same unitary business group but for the
fact the foreign person's business activity outside
the United States is 80% or more of the foreign
person's total business activity and (ii) for taxable
years ending on or after December 31, 2008, to a person
who would be a member of the same unitary business
group but for the fact that the person is prohibited
under Section 1501(a)(27) from being included in the
unitary business group because he or she is ordinarily
required to apportion business income under different
subsections of Section 304. The addition modification
required by this subparagraph shall be reduced to the
extent that dividends were included in base income of
the unitary group for the same taxable year and
received by the taxpayer or by a member of the
taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

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

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

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

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

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

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

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

(D-8) An amount equal to the amount of intangible
expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or
indirectly paid, incurred or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(d)(2)(D-7) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets;

This paragraph shall not apply to the following:

(i) any item of intangible expenses or costs paid, accrued, or incurred, directly or indirectly, from a transaction with a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such item; or
(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

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

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

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

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

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

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

(D-11) For taxable years beginning on or after
January 1, 2017, an amount equal to the deduction
allowed under Section 199 of the Internal Revenue Code
for the taxable year;

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

(E) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the taxpayer continues to own property through
the last day of the last tax year for which the
taxpayer may claim a depreciation deduction for
federal income tax purposes and for which the taxpayer
was required in any taxable year to make an addition
modification under subparagraph (D-5), then an amount
equal to that addition modification.

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

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

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

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

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

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

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

(1) In general. Subject to the provisions of paragraph
(2) and subsection (b) (3), for purposes of this Section
and Section 803(e), a taxpayer's gross income, adjusted
gross income, or taxable income for the taxable year shall
mean the amount of gross income, adjusted gross income or
taxable income properly reportable for federal income tax
purposes for the taxable year under the provisions of the
Internal Revenue Code. Taxable income may be less than
zero. However, for taxable years ending on or after
December 31, 1986, net operating loss carryforwards from
taxable years ending prior to December 31, 1986, may not
exceed the sum of federal taxable income for the taxable
year before net operating loss deduction, plus the excess
of addition modifications over subtraction modifications
for the taxable year. For taxable years ending prior to
December 31, 1986, taxable income may never be an amount in
excess of the net operating loss for the taxable year as
defined in subsections (c) and (d) of Section 172 of the
Internal Revenue Code, provided that when taxable income of
a corporation (other than a Subchapter S corporation),
trust, or estate is less than zero and addition
modifications, other than those provided by subparagraph
(E) of paragraph (2) of subsection (b) for corporations or
subparagraph (E) of paragraph (2) of subsection (c) for
trusts and estates, exceed subtraction modifications, an
addition modification must be made under those
subparagraphs for any other taxable year to which the
taxable income less than zero (net operating loss) is
applied under Section 172 of the Internal Revenue Code or
under subparagraph (E) of paragraph (2) of this subsection
(e) applied in conjunction with Section 172 of the Internal
Revenue Code.

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

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

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

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

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

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

(F) Cooperatives. In the case of a cooperative corporation or association, the taxable income of such organization determined in accordance with the provisions of Section 1381 through 1388 of the Internal Revenue Code, but without regard to the prohibition
against offsetting losses from patronage activities against income from nonpatronage activities; except that a cooperative corporation or association may make an election to follow its federal income tax treatment of patronage losses and nonpatronage losses. In the event such election is made, such losses shall be computed and carried over in a manner consistent with subsection (a) of Section 207 of this Act and apportioned by the apportionment factor reported by the cooperative on its Illinois income tax return filed for the taxable year in which the losses are incurred. The election shall be effective for all taxable years with original returns due on or after the date of the election. In addition, the cooperative may file an amended return or returns, as allowed under this Act, to provide that the election shall be effective for losses incurred or carried forward for taxable years occurring prior to the date of the election. Once made, the election may only be revoked upon approval of the Director. The Department shall adopt rules setting forth requirements for documenting the elections and any resulting Illinois net loss and the standards to be used by the Director in evaluating requests to revoke elections. Public Act 96-932 is declaratory of existing law;

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

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

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

(f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

(Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198, eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09; 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff. 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507, eff. 8-23-11; 97-905, eff. 8-7-12.)

(35 ILCS 5/204) (from Ch. 120, par. 2-204)
Sec. 204. Standard Exemption.

(a) Allowance of exemption. In computing net income under this Act, there shall be allowed as an exemption the sum of the amounts determined under subsections (b), (c) and (d), multiplied by a fraction the numerator of which is the amount of the taxpayer's base income allocable to this State for the taxable year and the denominator of which is the taxpayer's total base income for the taxable year.

(b) Basic amount. For the purpose of subsection (a) of this Section, except as provided by subsection (a) of Section 205 and in this subsection, each taxpayer shall be allowed a basic amount of $1000, except that for corporations the basic amount shall be zero for tax years ending on or after December 31, 2003, and for individuals the basic amount shall be:

(1) for taxable years ending on or after December 31, 1998 and prior to December 31, 1999, $1,300;

(2) for taxable years ending on or after December 31, 1999 and prior to December 31, 2000, $1,650;

(3) for taxable years ending on or after December 31, 2000 and prior to December 31, 2012, $2,000;

(4) for taxable years ending on or after December 31, 2012 and prior to December 31, 2013, $2,050;

(5) for taxable years ending on or after December 31, 2013, $2,050 plus the cost-of-living adjustment under subsection (d-5).

For taxable years ending on or after December 31, 1992, a
taxpayer whose Illinois base income exceeds the basic amount and who is claimed as a dependent on another person's tax return under the Internal Revenue Code shall not be allowed any basic amount under this subsection.

(c) Additional amount for individuals. In the case of an individual taxpayer, there shall be allowed for the purpose of subsection (a), in addition to the basic amount provided by subsection (b), an additional exemption equal to the basic amount for each exemption in excess of one allowable to such individual taxpayer for the taxable year under Section 151 of the Internal Revenue Code.

(d) Additional exemptions for an individual taxpayer and his or her spouse. In the case of an individual taxpayer and his or her spouse, he or she shall each be allowed additional exemptions as follows:

(1) Additional exemption for taxpayer or spouse 65 years of age or older.

(A) For taxpayer. An additional exemption of $1,000 for the taxpayer if he or she has attained the age of 65 before the end of the taxable year.

(B) For spouse when a joint return is not filed. An additional exemption of $1,000 for the spouse of the taxpayer if a joint return is not made by the taxpayer and his spouse, and if the spouse has attained the age of 65 before the end of such taxable year, and, for the calendar year in which the taxable year of the taxpayer
begins, has no gross income and is not the dependent of another taxpayer.

(2) Additional exemption for blindness of taxpayer or spouse.

(A) For taxpayer. An additional exemption of $1,000 for the taxpayer if he or she is blind at the end of the taxable year.

(B) For spouse when a joint return is not filed. An additional exemption of $1,000 for the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse is blind and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer. For purposes of this paragraph, the determination of whether the spouse is blind shall be made as of the end of the taxable year of the taxpayer; except that if the spouse dies during such taxable year such determination shall be made as of the time of such death.

(C) Blindness defined. For purposes of this subsection, an individual is blind only if his or her central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his or her visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle
(d-5) Cost-of-living adjustment. For purposes of item (5) of subsection (b), the cost-of-living adjustment for any calendar year and for taxable years ending prior to the end of the subsequent calendar year is equal to $2,050 times the percentage (if any) by which:

1. the Consumer Price Index for the preceding calendar year, exceeds
2. the Consumer Price Index for the calendar year 2011.

The Consumer Price Index for any calendar year is the average of the Consumer Price Index as of the close of the 12-month period ending on August 31 of that calendar year.

The term "Consumer Price Index" means the last Consumer Price Index for All Urban Consumers published by the United States Department of Labor or any successor agency.

If any cost-of-living adjustment is not a multiple of $25, that adjustment shall be rounded to the next lowest multiple of $25.

(e) Cross reference. See Article 3 for the manner of determining base income allocable to this State.

(f) Application of Section 250. Section 250 does not apply to the amendments to this Section made by Public Act 90-613.

(g) Notwithstanding any other provision of law, for taxable years beginning on or after January 1, 2018, no taxpayer may claim an exemption under this Section if the taxpayer's
adjusted gross income for the taxable year exceeds (i) $500,000, in the case of spouses filing a joint federal tax return or (ii) $250,000, in the case of all other taxpayers.
(Source: P.A. 97-507, eff. 8-23-11; 97-652, eff. 6-1-12.)

(35 ILCS 5/208) (from Ch. 120, par. 2-208)
Sec. 208. Tax credit for residential real property taxes. Beginning with tax years ending on or after December 31, 1991, every individual taxpayer shall be entitled to a tax credit equal to 5% of real property taxes paid by such taxpayer during the taxable year on the principal residence of the taxpayer. In the case of multi-unit or multi-use structures and farm dwellings, the taxes on the taxpayer's principal residence shall be that portion of the total taxes which is attributable to such principal residence. Notwithstanding any other provision of law, for taxable years beginning on or after January 1, 2018, no taxpayer may claim a credit under this Section if the taxpayer's adjusted gross income for the taxable year exceeds (i) $500,000, in the case of spouses filing a joint federal tax return, or (ii) $250,000, in the case of all other taxpayers.
(Source: P.A. 87-17.)

(35 ILCS 5/212)
Sec. 212. Earned income tax credit.
(a) With respect to the federal earned income tax credit
allowed for the taxable year under Section 32 of the federal
Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
is entitled to a credit against the tax imposed by subsections
(a) and (b) of Section 201 in an amount equal to (i) 5% of the
federal tax credit for each taxable year beginning on or after
January 1, 2000 and ending prior to December 31, 2012, (ii)
7.5% of the federal tax credit for each taxable year beginning
on or after January 1, 2012 and ending prior to December 31,
2013, and (iii) 10% of the federal tax credit for each taxable
year beginning on or after January 1, 2013 and beginning prior
to January 1, 2017, and (iv) 15% of the federal tax credit for
each taxable year beginning on or after January 1, 2017.

For a non-resident or part-year resident, the amount of the
credit under this Section shall be in proportion to the amount
of income attributable to this State.

(b) For taxable years beginning before January 1, 2003, in
no event shall a credit under this Section reduce the
taxpayer's liability to less than zero. For each taxable year
beginning on or after January 1, 2003, if the amount of the
credit exceeds the income tax liability for the applicable tax
year, then the excess credit shall be refunded to the taxpayer.
The amount of a refund shall not be included in the taxpayer's
income or resources for the purposes of determining eligibility
or benefit level in any means-tested benefit program
administered by a governmental entity unless required by
federal law.
(c) This Section is exempt from the provisions of Section 250.
(Source: P.A. 97-652, eff. 6-1-12.)

(35 ILCS 5/222)

Sec. 222. Live theater production credit.

(a) For tax years beginning on or after January 1, 2012 and beginning prior to January 1, 2027, a taxpayer who has received a tax credit award under the Live Theater Production Tax Credit Act is entitled to a credit against the taxes imposed under subsections (a) and (b) of Section 201 of this Act in an amount determined under that Act by the Department of Commerce and Economic Opportunity.

(b) If the taxpayer is a partnership, limited liability partnership, limited liability company, or Subchapter S corporation, the tax credit award is allowed to the partners, unit holders, or shareholders in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(c) A sale, assignment, or transfer of the tax credit award may be made by the taxpayer earning the credit within one year after the credit is awarded in accordance with rules adopted by the Department of Commerce and Economic Opportunity.

(d) The Department of Revenue, in cooperation with the Department of Commerce and Economic Opportunity, shall adopt
rules to enforce and administer the provisions of this Section.

(e) The tax credit award may not be carried back. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the 5 tax years following the excess credit year. The tax credit award shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset liability, the earlier credit shall be applied first. In no event may a credit under this Section reduce the taxpayer's liability to less than zero.

(Source: P.A. 97-636, eff. 6-1-12.)

(35 ILCS 5/225 new)

Sec. 225. Credit for instructional materials and supplies. For taxable years beginning on and after January 1, 2017, a taxpayer shall be allowed a credit in the amount paid by the taxpayer during the taxable year for instructional materials and supplies with respect to classroom based instruction in a qualified school, or $250, whichever is less, provided that the taxpayer is a teacher, instructor, counselor, principal, or aide in a qualified school for at least 900 hours during a school year.

The credit may not be carried back and may not reduce the taxpayer's liability to less than zero. If the amount of the credit exceeds the tax liability for the year, the excess may
be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The tax credit shall be applied to the earliest year for which there is a tax liability. If there are credits for more than one year that are available to offset a liability, the earlier credit shall be applied first.

For purposes of this Section, the term "materials and supplies" means amounts paid for instructional materials or supplies that are designated for classroom use in any qualified school. For purposes of this Section, the term "qualified school" means a public school or non-public school located in Illinois.

This Section is exempt from the provisions of Section 250.

(35 ILCS 5/804) (from Ch. 120, par. 8-804)

Sec. 804. Failure to Pay Estimated Tax.

(a) In general. In case of any underpayment of estimated tax by a taxpayer, except as provided in subsection (d) or (e), the taxpayer shall be liable to a penalty in an amount determined at the rate prescribed by Section 3-3 of the Uniform Penalty and Interest Act upon the amount of the underpayment (determined under subsection (b)) for each required installment.

(b) Amount of underpayment. For purposes of subsection (a), the amount of the underpayment shall be the excess of:

(1) the amount of the installment which would be
required to be paid under subsection (c), over
(2) the amount, if any, of the installment paid on or
before the last date prescribed for payment.
(c) Amount of Required Installments.

(1) Amount.

(A) In General. Except as provided in paragraphs
(2) and (3), the amount of any required installment
shall be 25% of the required annual payment.

(B) Required Annual Payment. For purposes of
subparagraph (A), the term "required annual payment"
means the lesser of:

(i) 90% of the tax shown on the return for the
taxable year, or if no return is filed, 90% of the
tax for such year;

(ii) for installments due prior to February 1,
2011, and after January 31, 2012, 100% of the tax
shown on the return of the taxpayer for the
preceding taxable year if a return showing a
liability for tax was filed by the taxpayer for the
preceding taxable year and such preceding year was
a taxable year of 12 months; or

(iii) for installments due after January 31,
2011, and prior to February 1, 2012, 150% of the
tax shown on the return of the taxpayer for the
preceding taxable year if a return showing a
liability for tax was filed by the taxpayer for the
preceding taxable year and such preceding year was a taxable year of 12 months.

(2) Lower Required Installment where Annualized Income Installment is Less Than Amount Determined Under Paragraph (1).

(A) In General. In the case of any required installment if a taxpayer establishes that the annualized income installment is less than the amount determined under paragraph (1),

(i) the amount of such required installment shall be the annualized income installment, and

(ii) any reduction in a required installment resulting from the application of this subparagraph shall be recaptured by increasing the amount of the next required installment determined under paragraph (1) by the amount of such reduction, and by increasing subsequent required installments to the extent that the reduction has not previously been recaptured under this clause.

(B) Determination of Annualized Income Installment. In the case of any required installment, the annualized income installment is the excess, if any, of:

(i) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the net income
for months in the taxable year ending before the
due date for the installment, over
(ii) the aggregate amount of any prior
required installments for the taxable year.
(C) Applicable Percentage.

In the case of the following required installments:

1st ........................................ 22.5%
2nd ........................................ 45%
3rd ........................................ 67.5%
4th ........................................ 90%

(D) Annualized Net Income; Individuals. For
individuals, net income shall be placed on an
annualized basis by:

(i) multiplying by 12, or in the case of a
taxable year of less than 12 months, by the number
of months in the taxable year, the net income
computed without regard to the standard exemption
for the months in the taxable year ending before
the month in which the installment is required to
be paid;

(ii) dividing the resulting amount by the
number of months in the taxable year ending before
the month in which such installment date falls; and

(iii) deducting from such amount the standard
exemption allowable for the taxable year, such
standard exemption being determined as of the last
date prescribed for payment of the installment.

(E) Annualized Net Income; Corporations. For
corporations, net income shall be placed on an
annualized basis by multiplying by 12 the taxable
income

   (i) for the first 3 months of the taxable year,
in the case of the installment required to be paid
in the 4th month,

   (ii) for the first 3 months or for the first 5
months of the taxable year, in the case of the
installment required to be paid in the 6th month,

   (iii) for the first 6 months or for the first 8
months of the taxable year, in the case of the
installment required to be paid in the 9th month,
and

   (iv) for the first 9 months or for the first 11
months of the taxable year, in the case of the
installment required to be paid in the 12th month
of the taxable year,

then dividing the resulting amount by the number of
months in the taxable year (3, 5, 6, 8, 9, or 11 as the
case may be).

(3) Notwithstanding any other provision of this
subsection (c), in the case of a federally regulated
exchange that elects to apportion its income under Section
304(c-1) of this Act, the amount of each required installment due prior to June 30 of the first taxable year to which the election applies shall be 25% of the tax that would have been shown on the return for that taxable year if the taxpayer had not made such election.

(d) Exceptions. Notwithstanding the provisions of the preceding subsections, the penalty imposed by subsection (a) shall not be imposed if the taxpayer was not required to file an Illinois income tax return for the preceding taxable year, or, for individuals, if the taxpayer had no tax liability for the preceding taxable year and such year was a taxable year of 12 months. The penalty imposed by subsection (a) shall also not be imposed on any underpayments of estimated tax due before the effective date of this amendatory Act of 1998 which underpayments are solely attributable to the change in apportionment from subsection (a) to subsection (h) of Section 304. The provisions of this amendatory Act of 1998 apply to tax years ending on or after December 31, 1998.

(e) The penalty imposed for underpayment of estimated tax by subsection (a) of this Section shall not be imposed to the extent that the Director or his or her designate determines, pursuant to Section 3-8 of the Uniform Penalty and Interest Act that the penalty should not be imposed.

(f) Definition of tax. For purposes of subsections (b) and (c), the term "tax" means the excess of the tax imposed under Article 2 of this Act, over the amounts credited against such
tax under Sections 601(b) (3) and (4).

(g) Application of Section in case of tax withheld under Article 7. For purposes of applying this Section:

(1) tax withheld from compensation for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amount shall be deemed paid on each installment date for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld;

(2) amounts timely paid by a partnership, Subchapter S corporation, or trust on behalf of a partner, shareholder, or beneficiary pursuant to subsection (f) of Section 502 or Section 709.5 and claimed as a payment of estimated tax shall be deemed a payment of estimated tax made on the last day of the taxable year of the partnership, Subchapter S corporation, or trust for which the income from the withholding is made was computed; and

(3) all other amounts pursuant to Article 7 shall be deemed a payment of estimated tax on the date the payment is made to the taxpayer of the amount from which the tax is withheld.

(g-5) Amounts withheld under the State Salary and Annuity Withholding Act. An individual who has amounts withheld under paragraph (10) of Section 4 of the State Salary and Annuity
Withholding Act may elect to have those amounts treated as payments of estimated tax made on the dates on which those amounts are actually withheld.

(g-10) Notwithstanding any other provision of law, no penalty shall apply with respect to an underpayment of estimated tax for the first, second, or third quarter of any taxable year beginning on or after January 1, 2017 and beginning prior to January 1, 2018 if (i) the underpayment was due to the changes made by this amendatory Act of the 100th General Assembly, (ii) the payment was otherwise timely made, and (iii) the balance due is included with the taxpayer's estimated tax payment for the fourth quarter.

(i) Short taxable year. The application of this Section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Department.

The changes in this Section made by Public Act 84-127 shall apply to taxable years ending on or after January 1, 1986.

(Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11; 97-636, eff. 6-1-12.)

(35 ILCS 5/901) (from Ch. 120, par. 9-901)

Sec. 901. Collection authority.

(a) In general.

The Department shall collect the taxes imposed by this Act. The Department shall collect certified past due child support amounts under Section 2505-650 of the Department of Revenue Law
(20 ILCS 2505/2505-650). Except as provided in subsections (c), (e), (f), (g), and (h) of this Section, money collected pursuant to subsections (a) and (b) of Section 201 of this Act shall be paid into the General Revenue Fund in the State treasury; money collected pursuant to subsections (c) and (d) of Section 201 of this Act shall be paid into the Personal Property Tax Replacement Fund, a special fund in the State Treasury; and money collected under Section 2505-650 of the Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid into the Child Support Enforcement Trust Fund, a special fund outside the State Treasury, or to the State Disbursement Unit established under Section 10-26 of the Illinois Public Aid Code, as directed by the Department of Healthcare and Family Services.

(b) Local Government Distributive Fund.

Beginning August 1, 1969, and continuing through June 30, 1994, the Treasurer shall transfer each month from the General Revenue Fund to a special fund in the State treasury, to be known as the "Local Government Distributive Fund", an amount equal to 1/12 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act during the preceding month. Beginning July 1, 1994, and continuing through June 30, 1995, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to 1/11 of the net revenue realized from the tax imposed by subsections (a) and (b) of
Section 201 of this Act during the preceding month. Beginning
July 1, 1995 and continuing through January 31, 2011, the
Treasurer shall transfer each month from the General Revenue
Fund to the Local Government Distributive Fund an amount equal
to the net of (i) 1/10 of the net revenue realized from the tax
imposed by subsections (a) and (b) of Section 201 of the
Illinois Income Tax Act during the preceding month (ii) minus,
beginning July 1, 2003 and ending June 30, 2004, $6,666,666,
and beginning July 1, 2004, zero. Beginning February 1, 2011,
and continuing through January 31, 2015, the Treasurer shall
transfer each month from the General Revenue Fund to the Local
Government Distributive Fund an amount equal to the sum of (i)
6% (10% of the ratio of the 3% individual income tax rate prior
to 2011 to the 5% individual income tax rate after 2010) of the
net revenue realized from the tax imposed by subsections (a)
and (b) of Section 201 of this Act upon individuals, trusts,
and estates during the preceding month and (ii) 6.86% (10% of
the ratio of the 4.8% corporate income tax rate prior to 2011
to the 7% corporate income tax rate after 2010) of the net
revenue realized from the tax imposed by subsections (a) and
(b) of Section 201 of this Act upon corporations during the
preceding month. Beginning February 1, 2015 and continuing
through January 31, January 31, 2015 and continuing
through January 31, 2017 January 31, 2025, the Treasurer shall
transfer each month from the General Revenue Fund to the Local
Government Distributive Fund an amount equal to the sum of (i)
8% (10% of the ratio of the 3% individual income tax rate prior
to 2011 to the 3.75% individual income tax rate after 2014) of
the net revenue realized from the tax imposed by subsections
(a) and (b) of Section 201 of this Act upon individuals,
trusts, and estates during the preceding month and (ii) 9.14%
(10% of the ratio of the 4.8% corporate income tax rate prior
to 2011 to the 5.25% corporate income tax rate after 2014) of
the net revenue realized from the tax imposed by subsections
(a) and (b) of Section 201 of this Act upon corporations during
the preceding month. Beginning February 1, 2017 February 1,
2025, the Treasurer shall transfer each month from the General
Revenue Fund to the Local Government Distributive Fund an
amount equal to the sum of (i) 6.06% 9.23% (10% of the ratio of
the 3% individual income tax rate prior to 2011 to the 4.95%
3.25% individual income tax rate beginning in 2017 after 2024)
of the net revenue realized from the tax imposed by subsections
(a) and (b) of Section 201 of this Act upon individuals,
trusts, and estates during the preceding month and (ii) 6.86%
(10% of the ratio of the 4.8% corporate income tax rate prior
to 2011 to the 7% corporate income tax rate beginning in 2017)
of the net revenue realized from the tax imposed by subsections
(a) and (b) of Section 201 of this Act upon corporations during
the preceding month. Net revenue realized
for a month shall be defined as the revenue from the tax
imposed by subsections (a) and (b) of Section 201 of this Act
which is deposited in the General Revenue Fund, the Education
Assistance Fund, the Income Tax Surcharge Local Government
Distributive Fund, the Fund for the Advancement of Education, and the Commitment to Human Services Fund during the month minus the amount paid out of the General Revenue Fund in State warrants during that same month as refunds to taxpayers for overpayment of liability under the tax imposed by subsections (a) and (b) of Section 201 of this Act.

Beginning on August 26, 2014 (the effective date of Public Act 98-1052), the Comptroller shall perform the transfers required by this subsection (b) no later than 60 days after he or she receives the certification from the Treasurer as provided in Section 1 of the State Revenue Sharing Act.

(c) Deposits Into Income Tax Refund Fund.

(1) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(1), (2), and (3), of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. The Department shall deposit 6% of such amounts during the period beginning January 1, 1989 and ending on June 30, 1989. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal years 1999 through 2001, the Annual Percentage shall be 7.1%. For fiscal year 2003, the Annual Percentage shall be 8%. For fiscal year 2004, the Annual Percentage shall be 11.7%. Upon the effective date
of this amendatory Act of the 93rd General Assembly, the Annual Percentage shall be 10% for fiscal year 2005. For fiscal year 2006, the Annual Percentage shall be 9.75%. For fiscal year 2007, the Annual Percentage shall be 9.75%. For fiscal year 2008, the Annual Percentage shall be 7.75%. For fiscal year 2009, the Annual Percentage shall be 9.75%. For fiscal year 2010, the Annual Percentage shall be 9.75%. For fiscal year 2011, the Annual Percentage shall be 8.75%. For fiscal year 2012, the Annual Percentage shall be 8.75%. For fiscal year 2013, the Annual Percentage shall be 9.75%. For fiscal year 2014, the Annual Percentage shall be 9.5%. For fiscal year 2015, the Annual Percentage shall be 10%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, minus the amounts transferred into the Income Tax Refund Fund from the Tobacco Settlement Recovery Fund, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in
no event exceed 7.6%. The Director of Revenue shall certify
the Annual Percentage to the Comptroller on the last
business day of the fiscal year immediately preceding the
fiscal year for which it is to be effective.

(2) Beginning on January 1, 1989 and thereafter, the
Department shall deposit a percentage of the amounts
collected pursuant to subsections (a) and (b)(6), (7), and
(8), (c) and (d) of Section 201 of this Act into a fund in
the State treasury known as the Income Tax Refund Fund. The
Department shall deposit 18% of such amounts during the
period beginning January 1, 1989 and ending on June 30,
1989. Beginning with State fiscal year 1990 and for each
fiscal year thereafter, the percentage deposited into the
Income Tax Refund Fund during a fiscal year shall be the
Annual Percentage. For fiscal years 1999, 2000, and 2001,
the Annual Percentage shall be 19%. For fiscal year 2003,
the Annual Percentage shall be 27%. For fiscal year 2004,
the Annual Percentage shall be 32%. Upon the effective date
of this amendatory Act of the 93rd General Assembly, the
Annual Percentage shall be 24% for fiscal year 2005. For
fiscal year 2006, the Annual Percentage shall be 20%. For
fiscal year 2007, the Annual Percentage shall be 17.5%. For
fiscal year 2008, the Annual Percentage shall be 15.5%. For
fiscal year 2009, the Annual Percentage shall be 17.5%. For
fiscal year 2010, the Annual Percentage shall be 17.5%. For
fiscal year 2011, the Annual Percentage shall be 17.5%. For
fiscal year 2012, the Annual Percentage shall be 17.5%. For fiscal year 2013, the Annual Percentage shall be 14%. For fiscal year 2014, the Annual Percentage shall be 13.4%. For fiscal year 2015, the Annual Percentage shall be 14%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 23%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(d) Expenditures from Income Tax Refund Fund.

(1) Beginning January 1, 1989, money in the Income Tax Refund Fund shall be expended exclusively for the purpose of paying refunds resulting from overpayment of tax liability under Section 201 of this Act, for paying rebates under Section 208.1 in the event that the amounts in the Homeowners' Tax Relief Fund are insufficient for that purpose, and for making transfers pursuant to this subsection (d).

(2) The Director shall order payment of refunds resulting from overpayment of tax liability under Section 201 of this Act from the Income Tax Refund Fund only to the extent that amounts collected pursuant to Section 201 of this Act and transfers pursuant to this subsection (d) and item (3) of subsection (c) have been deposited and retained in the Fund.

(3) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year over the amount of refunds resulting from overpayment of tax liability under subsections (c) and
(d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year.

(4) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Personal Property Tax Replacement Fund to the Income Tax Refund Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount of refunds resulting from overpayment of tax liability under subsections (c) and (d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year over the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year.

(4.5) As soon as possible after the end of fiscal year 1999 and of each fiscal year thereafter, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the General Revenue Fund any surplus remaining in the Income Tax Refund Fund as of the end of such fiscal year; excluding for fiscal years 2000, 2001, and 2002 amounts attributable to transfers under item (3) of subsection (c) less refunds resulting from the earned income tax credit.

(5) This Act shall constitute an irrevocable and continuing appropriation from the Income Tax Refund Fund for the purpose of paying refunds upon the order of the
Director in accordance with the provisions of this Section.

(e) Deposits into the Education Assistance Fund and the Income Tax Surcharge Local Government Distributive Fund.

On July 1, 1991, and thereafter, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 7.3% into the Education Assistance Fund in the State Treasury. Beginning July 1, 1991, and continuing through January 31, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 3.0% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning February 1, 1993 and continuing through June 30, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 4.4% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning July 1, 1993, and continuing through June 30, 1994, of the amounts collected under subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 1.475% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury.

(f) Deposits into the Fund for the Advancement of Education. Beginning February 1, 2015, the Department shall
deposit the following portions of the revenue realized from the
tax imposed upon individuals, trusts, and estates by
subsections (a) and (b) of Section 201 of this Act during the
preceding month, minus deposits into the Income Tax Refund
Fund, into the Fund for the Advancement of Education:

(1) beginning February 1, 2015, and prior to February
1, 2025, 1/30; and

(2) beginning February 1, 2025, 1/26.

If the rate of tax imposed by subsection (a) and (b) of
Section 201 is reduced pursuant to Section 201.5 of this Act,
the Department shall not make the deposits required by this
subsection (f) on or after the effective date of the reduction.

(g) Deposits into the Commitment to Human Services Fund.

Beginning February 1, 2015, the Department shall deposit the
following portions of the revenue realized from the tax imposed
upon individuals, trusts, and estates by subsections (a) and
(b) of Section 201 of this Act during the preceding month,
minus deposits into the Income Tax Refund Fund, into the
Commitment to Human Services Fund:

(1) beginning February 1, 2015, and prior to February
1, 2025, 1/30; and

(2) beginning February 1, 2025, 1/26.

If the rate of tax imposed by subsection (a) and (b) of
Section 201 is reduced pursuant to Section 201.5 of this Act,
the Department shall not make the deposits required by this
subsection (g) on or after the effective date of the reduction.
(h) Deposits into the Tax Compliance and Administration Fund. Beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department, an amount equal to 1/12 of 5% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department from the tax imposed by subsections (a), (b), (c), and (d) of Section 201 of this Act, net of deposits into the Income Tax Refund Fund made from those cash receipts.

(Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff. 7-20-15.)

(35 ILCS 5/1501) (from Ch. 120, par. 15-1501)
Sec. 1501. Definitions.
(a) In general. When used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(1) Business income. The term "business income" means all income that may be treated as apportionable business income under the Constitution of the United States. Business income is net of the deductions allocable thereto. Such term does not include compensation or the deductions
allocable thereto. For each taxable year beginning on or after January 1, 2003, a taxpayer may elect to treat all income other than compensation as business income. This election shall be made in accordance with rules adopted by the Department and, once made, shall be irrevocable.

(1.5) Captive real estate investment trust:

(A) The term "captive real estate investment trust" means a corporation, trust, or association:

(i) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code;

(ii) the certificates of beneficial interest or shares of which are not regularly traded on an established securities market; and

(iii) of which more than 50% of the voting power or value of the beneficial interest or shares, at any time during the last half of the taxable year, is owned or controlled, directly, indirectly, or constructively, by a single corporation.

(B) The term "captive real estate investment trust" does not include:

(i) a real estate investment trust of which more than 50% of the voting power or value of the beneficial interest or shares is owned or controlled, directly, indirectly, or
constructively, by:

(a) a real estate investment trust, other than a captive real estate investment trust;

(b) a person who is exempt from taxation under Section 501 of the Internal Revenue Code, and who is not required to treat income received from the real estate investment trust as unrelated business taxable income under Section 512 of the Internal Revenue Code;

(c) a listed Australian property trust, if no more than 50% of the voting power or value of the beneficial interest or shares of that trust, at any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single person;

(d) an entity organized as a trust, provided a listed Australian property trust described in subparagraph (c) owns or controls, directly or indirectly, or constructively, 75% or more of the voting power or value of the beneficial interests or shares of such entity; or

(e) an entity that is organized outside of the laws of the United States and that satisfies all of the following criteria:

(1) at least 75% of the entity's total
asset value at the close of its taxable year is represented by real estate assets (as defined in Section 856(c)(5)(B) of the Internal Revenue Code, thereby including shares or certificates of beneficial interest in any real estate investment trust), cash and cash equivalents, and U.S. Government securities;

(2) the entity is not subject to tax on amounts that are distributed to its beneficial owners or is exempt from entity-level taxation;

(3) the entity distributes at least 85% of its taxable income (as computed in the jurisdiction in which it is organized) to the holders of its shares or certificates of beneficial interest on an annual basis;

(4) either (i) the shares or beneficial interests of the entity are regularly traded on an established securities market or (ii) not more than 10% of the voting power or value in the entity is held, directly, indirectly, or constructively, by a single entity or individual; and
(5) the entity is organized in a country that has entered into a tax treaty with the United States; or

(ii) during its first taxable year for which it elects to be treated as a real estate investment trust under Section 856(c)(1) of the Internal Revenue Code, a real estate investment trust the certificates of beneficial interest or shares of which are not regularly traded on an established securities market, but only if the certificates of beneficial interest or shares of the real estate investment trust are regularly traded on an established securities market prior to the earlier of the due date (including extensions) for filing its return under this Act for that first taxable year or the date it actually files that return.

(C) For the purposes of this subsection (1.5), the constructive ownership rules prescribed under Section 318(a) of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply in determining the ownership of stock, assets, or net profits of any person.

(D) For the purposes of this item (1.5), for taxable years ending on or after August 16, 2007, the voting power or value of the beneficial interest or shares of a real estate investment trust does not
include any voting power or value of beneficial
interest or shares in a real estate investment trust
held directly or indirectly in a segregated asset
account by a life insurance company (as described in
Section 817 of the Internal Revenue Code) to the extent
such voting power or value is for the benefit of
entities or persons who are either immune from taxation
or exempt from taxation under subtitle A of the
Internal Revenue Code.

(2) Commercial domicile. The term "commercial
domicile" means the principal place from which the trade or
business of the taxpayer is directed or managed.

(3) Compensation. The term "compensation" means wages,
salaries, commissions and any other form of remuneration
paid to employees for personal services.

(4) Corporation. The term "corporation" includes
associations, joint-stock companies, insurance companies
and cooperatives. Any entity, including a limited
liability company formed under the Illinois Limited
Liability Company Act, shall be treated as a corporation if
it is so classified for federal income tax purposes.

(5) Department. The term "Department" means the
Department of Revenue of this State.

(6) Director. The term "Director" means the Director of
Revenue of this State.

(7) Fiduciary. The term "fiduciary" means a guardian,
trustee, executor, administrator, receiver, or any person acting in any fiduciary capacity for any person.

(8) Financial organization.

(A) The term "financial organization" means any bank, bank holding company, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, building and loan association, credit union, currency exchange, cooperative bank, small loan company, sales finance company, investment company, or any person which is owned by a bank or bank holding company. For the purpose of this Section a "person" will include only those persons which a bank holding company may acquire and hold an interest in, directly or indirectly, under the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841, et seq.), except where interests in any person must be disposed of within certain required time limits under the Bank Holding Company Act of 1956.

(B) For purposes of subparagraph (A) of this paragraph, the term "bank" includes (i) any entity that is regulated by the Comptroller of the Currency under the National Bank Act, or by the Federal Reserve Board, or by the Federal Deposit Insurance Corporation and (ii) any federally or State chartered bank operating as a credit card bank.
(C) For purposes of subparagraph (A) of this paragraph, the term "sales finance company" has the meaning provided in the following item (i) or (ii):

(i) A person primarily engaged in one or more of the following businesses: the business of purchasing customer receivables, the business of making loans upon the security of customer receivables, the business of making loans for the express purpose of funding purchases of tangible personal property or services by the borrower, or the business of finance leasing. For purposes of this item (i), "customer receivable" means:

(a) a retail installment contract or retail charge agreement within the meaning of the Sales Finance Agency Act, the Retail Installment Sales Act, or the Motor Vehicle Retail Installment Sales Act;

(b) an installment, charge, credit, or similar contract or agreement arising from the sale of tangible personal property or services in a transaction involving a deferred payment price payable in one or more installments subsequent to the sale; or

(c) the outstanding balance of a contract or agreement described in provisions (a) or (b) of this item (i).
A customer receivable need not provide for payment of interest on deferred payments. A sales finance company may purchase a customer receivable from, or make a loan secured by a customer receivable to, the seller in the original transaction or to a person who purchased the customer receivable directly or indirectly from that seller.

(ii) A corporation meeting each of the following criteria:

(a) the corporation must be a member of an "affiliated group" within the meaning of Section 1504(a) of the Internal Revenue Code, determined without regard to Section 1504(b) of the Internal Revenue Code;

(b) more than 50% of the gross income of the corporation for the taxable year must be interest income derived from qualifying loans. A "qualifying loan" is a loan made to a member of the corporation's affiliated group that originates customer receivables (within the meaning of item (i)) or to whom customer receivables originated by a member of the affiliated group have been transferred, to the extent the average outstanding balance of loans from that corporation to members of its
affiliated group during the taxable year do not exceed the limitation amount for that corporation. The "limitation amount" for a corporation is the average outstanding balances during the taxable year of customer receivables (within the meaning of item (i)) originated by all members of the affiliated group. If the average outstanding balances of the loans made by a corporation to members of its affiliated group exceed the limitation amount, the interest income of that corporation from qualifying loans shall be equal to its interest income from loans to members of its affiliated groups times a fraction equal to the limitation amount divided by the average outstanding balances of the loans made by that corporation to members of its affiliated group;

(c) the total of all shareholder's equity (including, without limitation, paid-in capital on common and preferred stock and retained earnings) of the corporation plus the total of all of its loans, advances, and other obligations payable or owed to members of its affiliated group may not exceed 20% of the total assets of the corporation at any time
during the tax year; and

(d) more than 50% of all interest-bearing obligations of the affiliated group payable to persons outside the group determined in accordance with generally accepted accounting principles must be obligations of the corporation.

This amendatory Act of the 91st General Assembly is declaratory of existing law.

(D) Subparagraphs (B) and (C) of this paragraph are declaratory of existing law and apply retroactively, for all tax years beginning on or before December 31, 1996, to all original returns, to all amended returns filed no later than 30 days after the effective date of this amendatory Act of 1996, and to all notices issued on or before the effective date of this amendatory Act of 1996 under subsection (a) of Section 903, subsection (a) of Section 904, subsection (e) of Section 909, or Section 912. A taxpayer that is a "financial organization" that engages in any transaction with an affiliate shall be a "financial organization" for all purposes of this Act.

(E) For all tax years beginning on or before December 31, 1996, a taxpayer that falls within the definition of a "financial organization" under subparagraphs (B) or (C) of this paragraph, but who
does not fall within the definition of a "financial organization" under the Proposed Regulations issued by the Department of Revenue on July 19, 1996, may irrevocably elect to apply the Proposed Regulations for all of those years as though the Proposed Regulations had been lawfully promulgated, adopted, and in effect for all of those years. For purposes of applying subparagraphs (B) or (C) of this paragraph to all of those years, the election allowed by this subparagraph applies only to the taxpayer making the election and to those members of the taxpayer's unitary business group who are ordinarily required to apportion business income under the same subsection of Section 304 of this Act as the taxpayer making the election. No election allowed by this subparagraph shall be made under a claim filed under subsection (d) of Section 909 more than 30 days after the effective date of this amendatory Act of 1996.

(F) Finance Leases. For purposes of this subsection, a finance lease shall be treated as a loan or other extension of credit, rather than as a lease, regardless of how the transaction is characterized for any other purpose, including the purposes of any regulatory agency to which the lessor is subject. A finance lease is any transaction in the form of a lease in which the lessee is treated as the owner of the
leased asset entitled to any deduction for depreciation allowed under Section 167 of the Internal Revenue Code.

(9) Fiscal year. The term "fiscal year" means an accounting period of 12 months ending on the last day of any month other than December.

(9.5) Fixed place of business. The term "fixed place of business" has the same meaning as that term is given in Section 864 of the Internal Revenue Code and the related Treasury regulations.

(10) Includes and including. The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(11) Internal Revenue Code. The term "Internal Revenue Code" means the United States Internal Revenue Code of 1954 or any successor law or laws relating to federal income taxes in effect for the taxable year.

(11.5) Investment partnership.

(A) The term "investment partnership" means any entity that is treated as a partnership for federal income tax purposes that meets the following requirements:

(i) no less than 90% of the partnership's cost of its total assets consists of qualifying investment securities, deposits at banks or other
financial institutions, and office space and equipment reasonably necessary to carry on its activities as an investment partnership;

(ii) no less than 90% of its gross income consists of interest, dividends, and gains from the sale or exchange of qualifying investment securities; and

(iii) the partnership is not a dealer in qualifying investment securities.

(B) For purposes of this paragraph (11.5), the term "qualifying investment securities" includes all of the following:

(i) common stock, including preferred or debt securities convertible into common stock, and preferred stock;

(ii) bonds, debentures, and other debt securities;

(iii) foreign and domestic currency deposits secured by federal, state, or local governmental agencies;

(iv) mortgage or asset-backed securities secured by federal, state, or local governmental agencies;

(v) repurchase agreements and loan participations;

(vi) foreign currency exchange contracts and
forward and futures contracts on foreign currencies;

(vii) stock and bond index securities and futures contracts and other similar financial securities and futures contracts on those securities;

(viii) options for the purchase or sale of any of the securities, currencies, contracts, or financial instruments described in items (i) to (vii), inclusive;

(ix) regulated futures contracts;

(x) commodities (not described in Section 1221(a)(1) of the Internal Revenue Code) or futures, forwards, and options with respect to such commodities, provided, however, that any item of a physical commodity to which title is actually acquired in the partnership's capacity as a dealer in such commodity shall not be a qualifying investment security;

(xi) derivatives; and

(xii) a partnership interest in another partnership that is an investment partnership.

(12) Mathematical error. The term "mathematical error" includes the following types of errors, omissions, or defects in a return filed by a taxpayer which prevents acceptance of the return as filed for processing:
(A) arithmetic errors or incorrect computations on
the return or supporting schedules;
(B) entries on the wrong lines;
(C) omission of required supporting forms or
schedules or the omission of the information in whole
or in part called for thereon; and
(D) an attempt to claim, exclude, deduct, or
improperly report, in a manner directly contrary to the
provisions of the Act and regulations thereunder any
item of income, exemption, deduction, or credit.

(13) Nonbusiness income. The term "nonbusiness income"
means all income other than business income or
compensation.

(14) Nonresident. The term "nonresident" means a
person who is not a resident.

(15) Paid, incurred and accrued. The terms "paid",
"incurred" and "accrued" shall be construed according to
the method of accounting upon the basis of which the
person's base income is computed under this Act.

(16) Partnership and partner. The term "partnership"
includes a syndicate, group, pool, joint venture or other
unincorporated organization, through or by means of which
any business, financial operation, or venture is carried
on, and which is not, within the meaning of this Act, a
trust or estate or a corporation; and the term "partner"
includes a member in such syndicate, group, pool, joint
venture or organization.

The term "partnership" includes any entity, including a limited liability company formed under the Illinois Limited Liability Company Act, classified as a partnership for federal income tax purposes.

The term "partnership" does not include a syndicate, group, pool, joint venture, or other unincorporated organization established for the sole purpose of playing the Illinois State Lottery.

(17) Part-year resident. The term "part-year resident" means an individual who became a resident during the taxable year or ceased to be a resident during the taxable year. Under Section 1501(a)(20)(A)(i) residence commences with presence in this State for other than a temporary or transitory purpose and ceases with absence from this State for other than a temporary or transitory purpose. Under Section 1501(a)(20)(A)(ii) residence commences with the establishment of domicile in this State and ceases with the establishment of domicile in another State.

(18) Person. The term "person" shall be construed to mean and include an individual, a trust, estate, partnership, association, firm, company, corporation, limited liability company, or fiduciary. For purposes of Section 1301 and 1302 of this Act, a "person" means (i) an individual, (ii) a corporation, (iii) an officer, agent, or employee of a corporation, (iv) a member, agent or employee
of a partnership, or (v) a member, manager, employee, officer, director, or agent of a limited liability company who in such capacity commits an offense specified in Section 1301 and 1302.

(18A) Records. The term "records" includes all data maintained by the taxpayer, whether on paper, microfilm, microfiche, or any type of machine-sensible data compilation.

(19) Regulations. The term "regulations" includes rules promulgated and forms prescribed by the Department.

(20) Resident. The term "resident" means:

(A) an individual (i) who is in this State for other than a temporary or transitory purpose during the taxable year; or (ii) who is domiciled in this State but is absent from the State for a temporary or transitory purpose during the taxable year;

(B) The estate of a decedent who at his or her death was domiciled in this State;

(C) A trust created by a will of a decedent who at his death was domiciled in this State; and

(D) An irrevocable trust, the grantor of which was domiciled in this State at the time such trust became irrevocable. For purpose of this subparagraph, a trust shall be considered irrevocable to the extent that the grantor is not treated as the owner thereof under Sections 671 through 678 of the Internal Revenue Code.
(21) Sales. The term "sales" means all gross receipts of the taxpayer not allocated under Sections 301, 302 and 303.

(22) State. The term "state" when applied to a jurisdiction other than this State means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any Territory or Possession of the United States, and any foreign country, or any political subdivision of any of the foregoing. For purposes of the foreign tax credit under Section 601, the term "state" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States, or any political subdivision of any of the foregoing, effective for tax years ending on or after December 31, 1989.

(23) Taxable year. The term "taxable year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the base income is computed under this Act. "Taxable year" means, in the case of a return made for a fractional part of a year under the provisions of this Act, the period for which such return is made.

(24) Taxpayer. The term "taxpayer" means any person subject to the tax imposed by this Act.

(25) International banking facility. The term international banking facility shall have the same meaning
as is set forth in the Illinois Banking Act or as is set forth in the laws of the United States or regulations of the Board of Governors of the Federal Reserve System.

(26) Income Tax Return Preparer.

(A) The term "income tax return preparer" means any person who prepares for compensation, or who employs one or more persons to prepare for compensation, any return of tax imposed by this Act or any claim for refund of tax imposed by this Act. The preparation of a substantial portion of a return or claim for refund shall be treated as the preparation of that return or claim for refund.

(B) A person is not an income tax return preparer if all he or she does is

(i) furnish typing, reproducing, or other mechanical assistance;

(ii) prepare returns or claims for refunds for the employer by whom he or she is regularly and continuously employed;

(iii) prepare as a fiduciary returns or claims for refunds for any person; or

(iv) prepare claims for refunds for a taxpayer in response to any notice of deficiency issued to that taxpayer or in response to any waiver of restriction after the commencement of an audit of that taxpayer or of another taxpayer if a
determination in the audit of the other taxpayer
directly or indirectly affects the tax liability
of the taxpayer whose claims he or she is
preparing. 

(27) Unitary business group. 

(A) The term "unitary business group" means a group
of persons related through common ownership whose
business activities are integrated with, dependent
upon and contribute to each other. The group will not
include those members whose business activity outside
the United States is 80% or more of any such member's
total business activity; for purposes of this
paragraph and clause (a)(3)(B)(ii) of Section 304,
business activity within the United States shall be
measured by means of the factors ordinarily applicable
under subsections (a), (b), (c), (d), or (h) of Section
304 except that, in the case of members ordinarily
required to apportion business income by means of the 3
factor formula of property, payroll and sales
specified in subsection (a) of Section 304, including
the formula as weighted in subsection (h) of Section
304, such members shall not use the sales factor in the
computation and the results of the property and payroll
factor computations of subsection (a) of Section 304
shall be divided by 2 (by one if either the property or
payroll factor has a denominator of zero). The
computation required by the preceding sentence shall, in each case, involve the division of the member's property, payroll, or revenue miles in the United States, insurance premiums on property or risk in the United States, or financial organization business income from sources within the United States, as the case may be, by the respective worldwide figures for such items. Common ownership in the case of corporations is the direct or indirect control or ownership of more than 50% of the outstanding voting stock of the persons carrying on unitary business activity. Unitary business activity can ordinarily be illustrated where the activities of the members are: (1) in the same general line (such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation or finance); or (2) are steps in a vertically structured enterprise or process (such as the steps involved in the production of natural resources, which might include exploration, mining, refining, and marketing); and, in either instance, the members are functionally integrated through the exercise of strong centralized management (where, for example, authority over such matters as purchasing, financing, tax compliance, product line, personnel, marketing and capital investment is not left to each member).
(B) In no event, for taxable years beginning prior to January 1, 2017, and excepting any unitary business group that apportions business income under Section 304(b) of this Act and is subject to the insurance premium tax imposed under the Illinois Insurance Code, shall any unitary business group include members which are ordinarily required to apportion business income under different subsections of Section 304 except that for tax years ending on or after December 31, 1987 this prohibition shall not apply to a holding company that would otherwise be a member of a unitary business group with taxpayers that apportion business income under any of subsections (b), (c), (c-1), or (d) of Section 304. If a unitary business group would, but for the preceding sentence, include members that are ordinarily required to apportion business income under different subsections of Section 304, then for each subsection of Section 304 for which there are two or more members, there shall be a separate unitary business group composed of such members. For purposes of the preceding two sentences, a member is "ordinarily required to apportion business income" under a particular subsection of Section 304 if it would be required to use the apportionment method prescribed by such subsection except for the fact that it derives business income solely from Illinois. As used in this
paragraph, the phrase "United States" means only the 50 states and the District of Columbia and, but does not include any territory or possession of the United States, but, for taxable years ending on or after December 31, 2017, does include or any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources.

(C) Holding companies.

(i) For purposes of this subparagraph, a "holding company" is a corporation (other than a corporation that is a financial organization under paragraph (8) of this subsection (a) of Section 1501 because it is a bank holding company under the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841, et seq.) or because it is owned by a bank or a bank holding company) that owns a controlling interest in one or more other taxpayers ("controlled taxpayers"); that, during the period that includes the taxable year and the 2 immediately preceding taxable years or, if the corporation was formed during the current or immediately preceding taxable year, the taxable years in which the corporation has been in existence, derived substantially all its gross income from dividends, interest, rents, royalties,
fees or other charges received from controlled taxpayers for the provision of services, and gains on the sale or other disposition of interests in controlled taxpayers or in property leased or licensed to controlled taxpayers or used by the taxpayer in providing services to controlled taxpayers; and that incurs no substantial expenses other than expenses (including interest and other costs of borrowing) incurred in connection with the acquisition and holding of interests in controlled taxpayers and in the provision of services to controlled taxpayers or in the leasing or licensing of property to controlled taxpayers.

(ii) The income of a holding company which is a member of more than one unitary business group shall be included in each unitary business group of which it is a member on a pro rata basis, by including in each unitary business group that portion of the base income of the holding company that bears the same proportion to the total base income of the holding company as the gross receipts of the unitary business group bears to the combined gross receipts of all unitary business groups (in both cases without regard to the holding company) or on any other reasonable basis, consistently applied.
(iii) A holding company shall apportion its business income under the subsection of Section 304 used by the other members of its unitary business group. The apportionment factors of a holding company which would be a member of more than one unitary business group shall be included with the apportionment factors of each unitary business group of which it is a member on a pro rata basis using the same method used in clause (ii).

(iv) The provisions of this subparagraph (C) are intended to clarify existing law.

(D) If including the base income and factors of a holding company in more than one unitary business group under subparagraph (C) does not fairly reflect the degree of integration between the holding company and one or more of the unitary business groups, the dependence of the holding company and one or more of the unitary business groups upon each other, or the contributions between the holding company and one or more of the unitary business groups, the holding company may petition the Director, under the procedures provided under Section 304(f), for permission to include all base income and factors of the holding company only with members of a unitary business group apportioning their business income
under one subsection of subsections (a), (b), (c), or (d) of Section 304. If the petition is granted, the holding company shall be included in a unitary business group only with persons apportioning their business income under the selected subsection of Section 304 until the Director grants a petition of the holding company either to be included in more than one unitary business group under subparagraph (C) or to include its base income and factors only with members of a unitary business group apportioning their business income under a different subsection of Section 304.

(E) If the unitary business group members' accounting periods differ, the common parent's accounting period or, if there is no common parent, the accounting period of the member that is expected to have, on a recurring basis, the greatest Illinois income tax liability must be used to determine whether to use the apportionment method provided in subsection (a) or subsection (h) of Section 304. The prohibition against membership in a unitary business group for taxpayers ordinarily required to apportion income under different subsections of Section 304 does not apply to taxpayers required to apportion income under subsection (a) and subsection (h) of Section 304. The provisions of this amendatory Act of 1998 apply to tax years ending on or after December 31, 1998.
(28) Subchapter S corporation. The term "Subchapter S corporation" means a corporation for which there is in effect an election under Section 1362 of the Internal Revenue Code, or for which there is a federal election to opt out of the provisions of the Subchapter S Revision Act of 1982 and have applied instead the prior federal Subchapter S rules as in effect on July 1, 1982.

(30) Foreign person. The term "foreign person" means any person who is a nonresident alien individual and any nonindividual entity, regardless of where created or organized, whose business activity outside the United States is 80% or more of the entity's total business activity.

(b) Other definitions.

(1) Words denoting number, gender, and so forth, when used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(A) Words importing the singular include and apply to several persons, parties or things;

(B) Words importing the plural include the singular; and

(C) Words importing the masculine gender include the feminine as well.

(2) "Company" or "association" as including successors and assigns. The word "company" or "association", when used
in reference to a corporation, shall be deemed to embrace
the words "successors and assigns of such company or
association", and in like manner as if these last-named
words, or words of similar import, were expressed.

(3) Other terms. Any term used in any Section of this
Act with respect to the application of, or in connection
with, the provisions of any other Section of this Act shall
have the same meaning as in such other Section.

(Source: P.A. 99-213, eff. 7-31-15.)

Section 30-15. The Film Production Services Tax Credit Act
of 2008 is amended by changing Section 42 as follows:

(35 ILCS 16/42)

Sec. 42. Sunset of credits. The application of credits
awarded pursuant to this Act shall be limited by a reasonable
and appropriate sunset date. A taxpayer shall not be entitled
to take a credit awarded pursuant to this Act for tax years
beginning on or after January 1, 2027 10 years after the
effective date of this amendatory Act of the 97th General
Assembly. After the initial 10-year sunset, the General
Assembly may extend the sunset date by 5-year intervals.

(Source: P.A. 97-2, eff. 5-6-11; 97-3, eff. 5-6-11.)

Section 30-20. The Use Tax Act is amended by changing
Sections 2, 3, 3-5, 3-10, 3-10.5, 3-45, 3-50, 3-55, 3-65, 3-75,
3a, 4, 5, 6, 7, 8, 9, 10, and 11 and by adding Section 2a-2 as follows:

(35 ILCS 105/2) (from Ch. 120, par. 439.2)

Sec. 2. Definitions.

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property or the exercise by any person of any right or power over, or the enjoyment of, a taxable service, except that it does not include the sale of such property or taxable service in any form as tangible personal property or a taxable service in the regular course of business to the extent that such property or taxable service is not first subjected to a use for which it was purchased, and does not include the use of such property or taxable service by its owner for demonstration purposes: Provided that the property or service purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing or is otherwise transferred to the purchaser of tangible personal property or taxable service. "Use" does not mean the demonstration use or interim use of tangible personal property or a taxable service by a retailer before he sells that tangible personal property or taxable service. For watercraft or aircraft, if the period of demonstration use or interim use by the retailer exceeds 18 months, the retailer
shall pay on the retailers' original cost price the tax imposed by this Act, and no credit for that tax is permitted if the watercraft or aircraft is subsequently sold by the retailer. "Use" does not mean the physical incorporation of tangible personal property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, into other tangible personal property (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing.

"Watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

"Purchase at retail" means the acquisition of the ownership of or title to tangible personal property or the acquisition of a taxable service through a sale at retail.

"Purchaser" means anyone who, through a sale at retail, acquires a taxable service or the ownership of tangible personal property for a valuable consideration.
"Sale at retail" means any transfer of the ownership of or title to tangible personal property to a purchaser or the performance of a taxable service for a purchaser, for the purpose of use, and not for the purpose of resale in any form as tangible personal property or taxable service to the extent not first subjected to a use for which it was purchased, for a valuable consideration: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced by-product of manufacturing. "Sale at retail" includes any such transfer made for resale unless made in compliance with Section 2c of the Retailers' Occupation Tax Act, as incorporated by reference into Section 12 of this Act. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price are sales.

"Sale at retail" shall also be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.
Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to customers as part of the sale of food or beverages in the ordinary course of business.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of tangible personal property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property other than as hereinafter provided, and services, but not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does
not include interest or finance charges which appear as separate items on the bill of sale or sales contract nor charges that are added to prices by sellers on account of the seller's tax liability under the "Retailers' Occupation Tax Act", or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by this Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that are added to prices by sellers on account of the seller's tax liability under the Cigarette Tax Act, on account of the seller's duty to collect, from the purchaser, the tax imposed under the Cigarette Use Tax Act, and on account of the seller's duty to collect, from the purchaser, any cigarette tax imposed by a home rule unit.

Notwithstanding any law to the contrary, for any motor vehicle, as defined in Section 1-146 of the Vehicle Code, that is sold on or after January 1, 2015 for the purpose of leasing the vehicle for a defined period that is longer than one year and (1) is a motor vehicle of the second division that: (A) is a self-contained motor vehicle designed or permanently
converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat; (B) is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers; or (C) has a gross vehicle weight rating of 8,000 pounds or less or (2) is a motor vehicle of the first division, "selling price" or "amount of sale" means the consideration received by the lessor pursuant to the lease contract, including amounts due at lease signing and all monthly or other regular payments charged over the term of the lease. Also included in the selling price is any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and charges for excess wear and tear. For sales that occur in Illinois, with respect to any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, the lessor who purchased the motor vehicle does not incur the tax imposed by the Use Tax Act on those amounts, and the retailer who makes the retail sale of the motor vehicle to the lessor is not required to collect the tax imposed by this Act or to pay the tax imposed by the Retailers' Occupation Tax Act on those amounts. However, the lessor who purchased the motor vehicle assumes the liability for reporting and paying the tax on those amounts directly to the Department in the same form (Illinois Retailers' Occupation
Tax, and local retailers' occupation taxes, if applicable) in which the retailer would have reported and paid such tax if the retailer had accounted for the tax to the Department. For amounts received by the lessor from the lessee that are not calculated at the time the lease is executed, the lessor must file the return and pay the tax to the Department by the due date otherwise required by this Act for returns other than transaction returns. If the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department with respect to the sale of the motor vehicle to the lessor, then the right to the discount provided in this Act shall be transferred to the lessor with respect to the tax paid by the lessor for any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed; provided that the discount is only allowed if the return is timely filed and for amounts timely paid. The "selling price" of a motor vehicle that is sold on or after January 1, 2015 for the purpose of leasing for a defined period of longer than one year shall not be reduced by the value of or credit given for traded-in tangible personal property owned by the lessor, nor shall it be reduced by the value of or credit given for traded-in tangible personal property owned by the lessee, regardless of whether the trade-in value thereof is assigned by the lessee to the lessor. In the case of a motor vehicle that is sold for the purpose of leasing for a defined period of longer than one
year, the sale occurs at the time of the delivery of the vehicle, regardless of the due date of any lease payments. A lessor who incurs a Retailers' Occupation Tax liability on the sale of a motor vehicle coming off lease may not take a credit against that liability for the Use Tax the lessor paid upon the purchase of the motor vehicle (or for any tax the lessor paid with respect to any amount received by the lessor from the lessee for the leased vehicle that was not calculated at the time the lease was executed) if the selling price of the motor vehicle at the time of purchase was calculated using the definition of "selling price" as defined in this paragraph. Notwithstanding any other provision of this Act to the contrary, lessors shall file all returns and make all payments required under this paragraph to the Department by electronic means in the manner and form as required by the Department. This paragraph does not apply to leases of motor vehicles for which, at the time the lease is entered into, the term of the lease is not a defined period, including leases with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the initial defined period.

The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item
which, if sold at retail by that retailer, would be exempt from retailers' occupation tax and use tax as an isolated or occasional sale.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Retailer" means and includes every person engaged in the business of making sales at retail as defined in this Section.

A person who holds himself or herself out as being engaged (or who habitually engages) in selling tangible personal property or taxable services at retail is a retailer hereunder with respect to such sales (and not primarily in a nontaxable service occupation) notwithstanding the fact that such person designs and produces such tangible personal property or taxable service on special order for the purchaser and in such a way as to render the property or service of value only to such purchaser, if such tangible personal property or taxable service so produced on special order serves substantially the same function as stock or standard items of tangible personal property or taxable service that are sold at retail.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property or taxable
services at retail (whether to the public or merely to members and their guests) is a retailer with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1), to the extent of sales by such person to its members, students, patients or inmates of tangible personal property to be used primarily for the purposes of such person, or (2), to the extent of sales by such person of tangible personal property or taxable services which are not sold or offered for sale by persons organized for profit. The selling of school books and school supplies by schools at retail to students is not "primarily for the purposes of" the school which does such selling. This paragraph does not apply to nor subject to taxation occasional dinners, social or similar activities of a person organized and operated exclusively for charitable, religious or educational purposes, whether or not such activities are open to the public.

A person who is the recipient of a grant or contract under Title VII of the Older Americans Act of 1965 (P.L. 92-258) and serves meals to participants in the federal Nutrition Program for the Elderly in return for contributions established in amount by the individual participant pursuant to a schedule of suggested fees as provided for in the federal Act is not a retailer under this Act with respect to such transactions.

Persons who engage in the business of transferring tangible personal property or taxable services upon the redemption of
trading stamps are retailers hereunder when engaged in such business.

The isolated or occasional sale of tangible personal property or taxable services at retail by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such tangible personal property or taxable services at retail or a sale through a bulk vending machine does not make such person a retailer hereunder. However, any person who is engaged in a business which is not subject to the tax imposed by the "Retailers' Occupation Tax Act" because of involving the sale of or a contract to sell real estate or a construction contract to improve real estate, but who, in the course of conducting such business, transfers tangible personal property to users or consumers in the finished form in which it was purchased, and which does not become real estate, under any provision of a construction contract or real estate sale or real estate sales agreement entered into with some other person arising out of or because of such nontaxable business, is a retailer to the extent of the value of the tangible personal property so transferred. If, in such transaction, a separate charge is made for the tangible personal property so transferred, the value of such property, for the purposes of this Act, is the amount so separately charged, but not less than the cost of such property to the transferor; if no separate charge is made, the value of such property, for the purposes of this Act, is the cost to the
transferor of such tangible personal property.

"Retailer maintaining a place of business in this State", or any like term, means and includes any of the following retailers:

1. A retailer having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State. However, the ownership of property that is located at the premises of a printer with which the retailer has contracted for printing and that consists of the final printed product, property that becomes a part of the final printed product, or copy from which the printed product is produced shall not result in the retailer being deemed to have or maintain an office, distribution house, sales house, warehouse, or other place of business within this State.

1.1. A retailer having a contract with a person located in this State under which the person, for a commission or other consideration based upon the sale of tangible personal property or taxable services by the retailer, directly or indirectly refers potential customers to the
retailer by providing to the potential customers a promotional code or other mechanism that allows the retailer to track purchases referred by such persons. Examples of mechanisms that allow the retailer to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph 1.1 shall apply only if the cumulative gross receipts from sales of tangible personal property or taxable service by the retailer to customers who are referred to the retailer by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December. A retailer meeting the requirements of this paragraph 1.1 shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods.

1.2. Beginning July 1, 2011, a retailer having a contract with a person located in this State under which:

A. the retailer sells the same or substantially
similar line of products or taxable services as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

B. the retailer provides a commission or other consideration to the person located in this State based upon the sale of tangible personal property or taxable service by the retailer.

The provisions of this paragraph 1.2 shall apply only if the cumulative gross receipts from sales of tangible personal property or taxable service by the retailer to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December.

2. A retailer soliciting orders for tangible personal property or taxable service by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this State.

3. A retailer, pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for tangible personal property or taxable service by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions.
4. A retailer soliciting orders for tangible personal property or taxable service by mail if the solicitations are substantial and recurring and if the retailer benefits from any banking, financing, debt collection, telecommunication, or marketing activities occurring in this State or benefits from the location in this State of authorized installation, servicing, or repair facilities.

5. A retailer that is owned or controlled by the same interests that own or control any retailer engaging in business in the same or similar line of business in this State.

6. A retailer having a franchisee or licensee operating under its trade name if the franchisee or licensee is required to collect the tax under this Section.

7. A retailer, pursuant to a contract with a cable television operator located in this State, soliciting orders for tangible personal property or taxable service by means of advertising which is transmitted or distributed over a cable television system in this State.

8. A retailer engaging in activities in Illinois, which activities in the state in which the retail business engaging in such activities is located would constitute maintaining a place of business in that state.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a
coin or coins of a denomination not larger than $0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14; 98-1089, eff. 1-1-15; 99-78, eff. 7-20-15.)

(35 ILCS 105/2a-2 new)

Sec. 2a-2. Taxable services. Beginning January 1, 2018, "taxable service" means any of the following services:

(1) Providing space for storage.

   (A) "Storage" means the retaining or keeping of tangible personal property in this State for any purpose. For purposes of this Section, tangible personal property, does not include "grain" as defined in the Public Grain Warehouse and Warehouse Receipts Act.

   (B) "Space for storage" means (i) secure areas, such as rooms, units, compartments or containers, whether accessible from outside or from within a building, that are designated for the use of a purchaser, where the purchaser can store and retrieve property, including self-storage units, mini-storage units, and areas by any other name; (ii) any parking lot, ramp, or parking garage for a vehicle, whether the vehicle is parked by the operator of the vehicle or by an attendant; (iii) any aircraft parking area, ramp, or
hanger; (iv) any boat slip, dock, or dry dock; (v) any
recreational vehicle parking area or garage; and (vi)
any other areas for storage or parking of tangible
personal property.

(C) "Self-storage or mini-storage" includes
storage lockers or storage units in apartment
complexes (if the locker or unit is utilized at the
tenant's option and includes payment of a fee in
addition to apartment rental), and in amusement parks,
water parks, recreational facilities, and other
locations where lockers are rented for self-storage.

(2) Laundry, drycleaning, cloth pressing, dyeing, or
linen service, except when the service is performed by the
purchaser through the use of coin-operated, self-service
machines.

(3) Private detective, private alarm, and private
security service for which the provider of the service is
required to be licensed pursuant to the Private Detective,
Private Alarm, Private Security, Fingerprint Vendor, and
Locksmith Act of 2004, or would be required to be so
licensed in performing those services in this State.

(4) Structural pest control services. "Structural pest
control services" means use of any device or the
application of any substance to prevent, repel, mitigate,
curb, control, or eradicate any structural pest in, on,
under, or around a structure, or within a part of, or
materials used in building, a structure; the use of any pesticide, including insecticides, fungicides and other wood treatment products, attractants, repellents, rodenticides, fumigants, or mechanical devices for preventing, controlling, eradicating, identifying, mitigating, diminishing, or curbing insects, vermin, rats, mice, or other pests in, on, under, or around a structure, or within a part of, or materials used in building, a structure; vault fumigation and fumigation of box cars, trucks, ships, airplanes, docks, warehouses, and common carriers or soliciting to perform any of the foregoing functions.

(5) Tattooing and body piercing.

(35 ILCS 105/3) (from Ch. 120, par. 439.3)

Sec. 3. Tax imposed. A tax is imposed upon the privilege of using in this State a taxable service or tangible personal property purchased at retail from a retailer, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures for commercial exhibition. Beginning January 1, 2001, prepaid telephone calling arrangements shall be considered tangible personal property subject to the tax imposed under this Act regardless of the form in which those arrangements may be embodied, transmitted, or fixed by any
method now known or hereafter developed. Purchases of (1) electricity delivered to customers by wire; (2) natural or artificial gas that is delivered to customers through pipes, pipelines, or mains; and (3) water that is delivered to customers through pipes, pipelines, or mains are not subject to tax under this Act. The provisions of this amending Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this Act.

(Source: P.A. 98-583, eff. 1-1-14.)

(35 ILCS 105/3-5)

Sec. 3-5. Exemptions. Use of the following tangible personal property or taxable service is exempt from the tax imposed by this Act:

(1) Personal property or taxable services purchased from a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that is organized and operated as a not-for-profit service enterprise for the benefit of persons 65 years of age or older if the personal property or taxable service was not purchased by the enterprise for the purpose of resale by the enterprise.

(2) Personal property or taxable service purchased by a not-for-profit Illinois county fair association for use in conducting, operating, or promoting the county fair.

(3) Personal property or taxable services purchased by a not-for-profit arts or cultural organization that establishes,
by proof required by the Department by rule, that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that it is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations. On and after the effective date of this amendatory Act of the 92nd General Assembly, however, an entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.

(4) Personal property or taxable services purchased by a governmental body, by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or by a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active
(5) Until July 1, 2003, a passenger car that is a replacement vehicle to the extent that the purchase price of the car is subject to the Replacement Vehicle Tax.

(6) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order, certified by the purchaser to be used primarily for graphic arts production, and including machinery and equipment purchased for lease. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product. **Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (18).**

(7) Farm chemicals.

(8) Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion.

(9) Personal property purchased from a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(10) A motor vehicle that is used for automobile renting,
as defined in the Automobile Renting Occupation and Use Tax Act.

(11) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (11). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed if the selling price of the tender is separately stated.

Farm machinery and equipment shall include precision farming equipment that is installed or purchased to be installed on farm machinery and equipment including, but not limited to, tractors, harvesters, sprayers, planters, seeders, or spreaders. Precision farming equipment includes, but is not
limited to, soil testing sensors, computers, monitors, software, global positioning and mapping systems, and other such equipment.

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals. This item (11) is exempt from the provisions of Section 3-90.

(12) Until June 30, 2013, fuel and petroleum products sold to or used by an air common carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers.

Beginning July 1, 2013, fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same
aircraft, without regard to a change in the flight number of that aircraft.

(13) Proceeds of mandatory service charges separately stated on customers' bills for the purchase and consumption of food and beverages or taxable services purchased at retail from a retailer, to the extent that the proceeds of the service charge are in fact turned over as tips or as a substitute for tips to the employees who participate directly in preparing, serving, hosting or cleaning up the food or beverage function with respect to which the service charge is imposed.

(14) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(15) Photoprocessing machinery and equipment, including repair and replacement parts, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for photoprocessing, and including photoprocessing machinery and equipment purchased for lease.

(16) Coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment,
including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(17) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

(18) Manufacturing and assembling machinery and equipment used primarily in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease, whether that sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether that sale or lease is made apart from or as an incident to the seller's engaging in the service occupation of producing machines, tools, dies, jigs, patterns, gauges, or other similar items of no commercial value on special order for a particular purchaser. The exemption provided by this
paragraph (18) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (18) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (6) of this Section. Beginning on July 1, 2017, the exemption provided by this paragraph (18) includes, but is not limited to, production related tangible personal property, as defined in Section 3-50 of this Act. The exemption provided by this paragraph (18) is exempt from the provisions of Section 3-90.

(19) Personal property delivered to a purchaser or purchaser's donee inside Illinois when the purchase order for that personal property was received by a florist located outside Illinois who has a florist located inside Illinois deliver the personal property.

(20) Semen used for artificial insemination of livestock for direct agricultural production.

(21) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club
Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (21) is exempt from the provisions of Section 3-90, and the exemption provided for under this item (21) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008.

(22) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax
has not been paid by the lessor. If a lessor improperly
collects any such amount from the lessee, the lessee shall have
a legal right to claim a refund of that amount from the lessor.
If, however, that amount is not refunded to the lessee for any
reason, the lessor is liable to pay that amount to the
Department.

(23) Personal property purchased by a lessor who leases the
property, under a lease of one year or longer executed or in
effect at the time the lessor would otherwise be subject to the
tax imposed by this Act, to a governmental body that has been
issued an active sales tax exemption identification number by
the Department under Section 1g of the Retailers' Occupation
Tax Act. If the property is leased in a manner that does not
qualify for this exemption or used in any other non-exempt
manner, the lessor shall be liable for the tax imposed under
this Act or the Service Use Tax Act, as the case may be, based
on the fair market value of the property at the time the
non-qualifying use occurs. No lessor shall collect or attempt
to collect an amount (however designated) that purports to
reimburse that lessor for the tax imposed by this Act or the
Service Use Tax Act, as the case may be, if the tax has not been
paid by the lessor. If a lessor improperly collects any such
amount from the lessee, the lessee shall have a legal right to
claim a refund of that amount from the lessor. If, however,
that amount is not refunded to the lessee for any reason, the
lessor is liable to pay that amount to the Department.
(24) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is donated for disaster relief to be used in a State or federally declared disaster area in Illinois or bordering Illinois by a manufacturer or retailer that is registered in this State to a corporation, society, association, foundation, or institution that has been issued a sales tax exemption identification number by the Department that assists victims of the disaster who reside within the declared disaster area.

(25) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(26) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-90.
(27) A motor vehicle, as that term is defined in Section 1-146 of the Illinois Vehicle Code, that is donated to a corporation, limited liability company, society, association, foundation, or institution that is determined by the Department to be organized and operated exclusively for educational purposes. For purposes of this exemption, "a corporation, limited liability company, society, association, foundation, or institution organized and operated exclusively for educational purposes" means all tax-supported public schools, private schools that offer systematic instruction in useful branches of learning by methods common to public schools and that compare favorably in their scope and intensity with the course of study presented in tax-supported schools, and vocational or technical schools or institutes organized and operated exclusively to provide a course of study of not less than 6 weeks duration and designed to prepare individuals to follow a trade or to pursue a manual, technical, mechanical, industrial, business, or commercial occupation.

(28) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of
private home instruction or (ii) for which the fundraising
entity purchases the personal property sold at the events from
another individual or entity that sold the property for the
purpose of resale by the fundraising entity and that profits
from the sale to the fundraising entity. This paragraph is
exempt from the provisions of Section 3-90.

(29) Beginning January 1, 2000 and through December 31,
2001, new or used automatic vending machines that prepare and
serve hot food and beverages, including coffee, soup, and other
items, and replacement parts for these machines. Beginning
January 1, 2002 and through June 30, 2003, machines and parts
for machines used in commercial, coin-operated amusement and
vending business if a use or occupation tax is paid on the
gross receipts derived from the use of the commercial,
coin-operated amusement and vending machines. This paragraph
is exempt from the provisions of Section 3-90.

(30) Beginning January 1, 2001 and through June 30, 2016,
food for human consumption that is to be consumed off the
premises where it is sold (other than alcoholic beverages, soft
drinks, and food that has been prepared for immediate
consumption) and prescription and nonprescription medicines,
drugs, medical appliances, and insulin, urine testing
materials, syringes, and needles used by diabetics, for human
use, when purchased for use by a person receiving medical
assistance under Article V of the Illinois Public Aid Code who
resides in a licensed long-term care facility, as defined in
the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the
Department. This paragraph is exempt from the provisions of Section 3-90.

(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(33) On and after July 1, 2003 and through June 30, 2004,
the use in this State of motor vehicles of the second division
with a gross vehicle weight in excess of 8,000 pounds and that
are subject to the commercial distribution fee imposed under
Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
1, 2004 and through June 30, 2005, the use in this State of
motor vehicles of the second division: (i) with a gross vehicle
weight rating in excess of 8,000 pounds; (ii) that are subject
to the commercial distribution fee imposed under Section
3-815.1 of the Illinois Vehicle Code; and (iii) that are
primarily used for commercial purposes. Through June 30, 2005,
this exemption applies to repair and replacement parts added
after the initial purchase of such a motor vehicle if that
motor vehicle is used in a manner that would qualify for the
rolling stock exemption otherwise provided for in this Act. For
purposes of this paragraph, the term "used for commercial
purposes" means the transportation of persons or property in
furtherance of any commercial or industrial enterprise,
whether for-hire or not.

(34) Beginning January 1, 2008, tangible personal property
used in the construction or maintenance of a community water
supply, as defined under Section 3.145 of the Environmental
Protection Act, that is operated by a not-for-profit
corporation that holds a valid water supply permit issued under
Title IV of the Environmental Protection Act. This paragraph is
exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts,
equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law.
(36) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-90.

(37) Beginning January 1, 2017, menstrual pads, tampons, and menstrual cups.

(38) Beginning January 1, 2018, taxable services performed on or to tangible personal property the sale of which is exempt from taxation under this Act. This paragraph is exempt from the provisions of Section 2-70.

(39) Beginning January 1, 2018, taxable services performed in a transaction that would be exempt from taxation under this Act if it involved solely the sale of tangible personal property. Such exemption could be due to the nature of the seller or of the service provider, the purchaser or service recipient, or other features of the transaction, including but
not limited to the location or sale-for-resale nature of the
transaction. Any such exemption applies to transactions
involving solely the sale of tangible personal property, solely
the performance of taxable service, or some combination
thereof. This paragraph is exempt from the provisions of
Section 2-70.

(40) Beginning January 1, 2018, taxable services performed
for or provided to businesses making purchases of service for
the benefit of or in furtherance of the business. This
paragraph is exempt from the provisions of Section 2-70.
(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
7-29-15; 99-855, eff. 8-19-16.)

(35 ILCS 105/3-10)

Sec. 3-10. Rate of tax. Unless otherwise provided in this
Section, the tax imposed by this Act is at the rate of 6.25% of
either the selling price or the fair market value, if any, of
the tangible personal property. Beginning on July 1, 2017, the
tax is also imposed at the rate of 6.25% of either the selling
price or the fair market value, if any, of taxable services. In
all cases where property or service functionally used or
consumed is the same as the property or service that was
purchased at retail, then the tax is imposed on the selling
price of the property or taxable service. In all cases where
property functionally used or consumed is a by-product or waste product that has been refined, manufactured, or produced from property purchased at retail, then the tax is imposed on the lower of the fair market value, if any, of the specific property so used in this State or on the selling price of the property purchased at retail. For purposes of this Section "fair market value" means the price at which property or service would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. The fair market value shall be established by Illinois sales by the taxpayer of the same property or service as that functionally used or consumed, or if there are no such sales by the taxpayer, then comparable sales or purchases of property or service of like kind and character in Illinois.

Beginning on July 1, 2000 and through December 31, 2000, with respect to motor fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

Beginning on August 6, 2010 through August 15, 2010, with respect to sales tax holiday items as defined in Section 3-6 of this Act, the tax is imposed at the rate of 1.25%.

With respect to gasohol, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or
before December 31, 2018, and (iii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of gasohol is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to majority blended ethanol fuel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of sales made thereafter.

With respect to biodiesel blends with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of biodiesel blends with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to 100% biodiesel and biodiesel blends with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of sales made thereafter.

With respect to food for human consumption that is to be
consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including but not limited to soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft
drinks" do not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and
drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter-drug" label includes:

(A) A "Drug Facts" panel; or

(B) A statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on the effective date of this amendatory Act of the 98th General Assembly, "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Pilot Program Act.

If the property that is purchased at retail from a retailer is acquired outside Illinois and used outside Illinois before being brought to Illinois for use here and is taxable under this Act, the "selling price" on which the tax is computed shall be reduced by an amount that represents a reasonable allowance for depreciation for the period of prior out-of-state
(Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15; 99-858, eff. 8-19-16.)

(35 ILCS 105/3-10.5)
Sec. 3-10.5. Direct payment of retailers' occupation tax and applicable local retailers' occupation tax by purchaser; purchaser relieved of paying use tax and local retailers' occupation tax reimbursement liabilities to retailer.

(a) A retailer who makes a retail sale of tangible personal property or taxable service to a purchaser who provides the retailer with a copy of the purchaser's valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act is not required under Section 3-45 of this Act to collect the tax imposed by this Act on that sale.

(b) A purchaser who makes a purchase from a retailer who would otherwise incur retailers' occupation tax liability on the transaction and who provides the retailer with a copy of a valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act does not incur the tax imposed by this Act on the purchase. The purchaser assumes the retailer's obligation to pay the retailers' occupation tax directly to the Department, including all local retailers' occupation tax liabilities applicable to that retail sale.

(c) A purchaser who makes a purchase from a retailer who would not incur retailers' occupation tax liability on the
transaction and who provides the retailer with a copy of a valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act incurs the tax imposed by this Act on the purchase. If, on any transaction, the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department, the right to the discount provided in Section 9 of this Act shall be transferred to the Permit holder. If the retailer would not be entitled to a discount as provided in Section 9 of this Act, then the Permit holder is not entitled to a discount.

(Source: P.A. 92-484, eff. 8-23-01.)

(35 ILCS 105/3-45) (from Ch. 120, par. 439.3-45)

Sec. 3-45. Collection. The tax imposed by this Act shall be collected from the purchaser by a retailer maintaining a place of business in this State or a retailer authorized by the Department under Section 6 of this Act, and shall be remitted to the Department as provided in Section 9 of this Act, except as provided in Section 3-10.5 of this Act.

The tax imposed by this Act that is not paid to a retailer under this Section shall be paid to the Department directly by any person using the property within this State as provided in Section 10 of this Act.

Retailers shall collect the tax from users by adding the tax to the selling price of tangible personal property or taxable service, when sold for use, in the manner prescribed by
the Department. The Department may adopt and promulgate reasonable rules and regulations for the adding of the tax by retailers to selling prices by prescribing bracket systems for the purpose of enabling the retailers to add and collect, as far as practicable, the amount of the tax.

If a seller collects use tax measured by receipts that are not subject to use tax, or if a seller, in collecting use tax measured by receipts that are subject to tax under this Act, collects more from the purchaser than the required amount of the use tax on the transaction, the purchaser shall have a legal right to claim a refund of that amount from the seller. If, however, that amount is not refunded to the purchaser for any reason, the seller is liable to pay that amount to the Department. This paragraph does not apply to an amount collected by the seller as use tax on receipts that are subject to tax under this Act as long as the collection is made in compliance with the tax collection brackets prescribed by the Department in its rules and regulations.

(Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

(35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

Sec. 3-50. Manufacturing and assembly exemption. The manufacturing and assembling machinery and equipment exemption includes machinery and equipment that replaces machinery and equipment in an existing manufacturing facility as well as machinery and equipment that are for use in an expanded or new
manufacturing facility. The machinery and equipment exemption also includes machinery and equipment used in the general maintenance or repair of exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. Beginning on July 1, 2017, the manufacturing and assembling machinery and equipment exemption also includes graphic arts machinery and equipment, as defined in paragraph (6) of Section 3-5. Beginning on July 1, 2017, the manufacturing and assembling machinery and equipment exemption also includes production related tangible personal property, as defined in this Section. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of this exemption, terms have the following meanings:

(1) "Manufacturing process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by a procedure commonly
regarded as manufacturing, processing, fabricating, or refining that changes some existing material into a material with a different form, use, or name. In relation to a recognized integrated business composed of a series of operations that collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process commences with the first operation or stage of production in the series and does not end until the completion of the final product in the last operation or stage of production in the series. For purposes of this exemption, photoprocessing is a manufacturing process of tangible personal property for wholesale or retail sale.

(2) "Assembling process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling that results in an article or material of a different form, use, or name.

(3) "Machinery" means major mechanical machines or major components of those machines contributing to a manufacturing or assembling process.

(4) "Equipment" includes an independent device or tool separate from machinery but essential to an integrated manufacturing or assembly process; including computers
used primarily in a manufacturer's computer assisted
design, computer assisted manufacturing (CAD/CAM) system;
any subunit or assembly comprising a component of any
machinery or auxiliary, adjunct, or attachment parts of
machinery, such as tools, dies, jigs, fixtures, patterns,
and molds; and any parts that require periodic replacement
in the course of normal operation; but does not include
hand tools. Equipment includes chemicals or chemicals
acting as catalysts but only if the chemicals or chemicals
acting as catalysts effect a direct and immediate change
upon a product being manufactured or assembled for
wholesale or retail sale or lease.

(5) "Production related tangible personal property"
means all tangible personal property that is used or
consumed by the purchaser in a manufacturing facility in
which a manufacturing process takes place and includes,
without limitation, tangible personal property that is
purchased for incorporation into real estate within a
manufacturing facility and tangible personal property that
is used or consumed in activities such as research and
development, preproduction material handling, receiving,
quality control, inventory control, storage, staging, and
packaging for shipping and transportation purposes.
"Production related tangible personal property" does not
include (i) tangible personal property that is used, within
or without a manufacturing facility, in sales, purchasing,
accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property that is required to be titled or registered with a department, agency, or unit of federal, State, or local government.

The manufacturing and assembling machinery and equipment exemption includes production related tangible personal property that is purchased (i) on or after July 1, 2007 and on or before June 30, 2008 or (ii) on and after July 1, 2017. The exemption for production related tangible personal property purchased on or after July 1, 2007 and on or before June 30, 2008 is subject to both of the following limitations:

(1) The maximum amount of the exemption for any one taxpayer may not exceed 5% of the purchase price of production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008. A credit under Section 3-85 of this Act may not be earned by the purchase of production related tangible personal property for which an exemption is received under this Section.

(2) The maximum aggregate amount of the exemptions for production related tangible personal property awarded under this Act and the Retailers' Occupation Tax Act to all taxpayers may not exceed $10,000,000. If the claims for the exemption exceed $10,000,000, then the Department shall reduce the amount of the exemption to each taxpayer on a
The Department may adopt rules to implement and administer the exemption for production related tangible personal property.

The manufacturing and assembling machinery and equipment exemption includes the sale of materials to a purchaser who produces exempted types of machinery, equipment, or tools and who rents or leases that machinery, equipment, or tools to a manufacturer of tangible personal property. This exemption also includes the sale of materials to a purchaser who manufactures those materials into an exempted type of machinery, equipment, or tools that the purchaser uses himself or herself in the manufacturing of tangible personal property. This exemption includes the sale of exempted types of machinery or equipment to a purchaser who is not the manufacturer, but who rents or leases the use of the property to a manufacturer. The purchaser of the machinery and equipment who has an active resale registration number shall furnish that number to the seller at the time of purchase. A user of the machinery, equipment, or tools without an active resale registration number shall prepare a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, and that certificate shall be available to the Department for inspection or audit. The Department shall prescribe the form of the certificate. Informal rulings, opinions, or letters issued by the Department in response to an inquiry or request for an opinion from any person regarding the
coverage and applicability of this exemption to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion, or letter contains trade secrets or other confidential information, where possible, the Department shall delete that information before publication. Whenever informal rulings, opinions, or letters contain a policy of general applicability, the Department shall formulate and adopt that policy as a rule in accordance with the Illinois Administrative Procedure Act.

The manufacturing and assembling machinery and equipment exemption, including the addition of production related tangible personal property, is exempt from the provisions of Section 3-90.

(Source: P.A. 98-583, eff. 1-1-14.)

(35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

Sec. 3-55. Multistate exemption. To prevent actual or likely multistate taxation, the tax imposed by this Act does not apply to the use of tangible personal property in this State under the following circumstances:

(a) The use, in this State, of tangible personal property acquired outside this State by a nonresident individual and brought into this State by the individual for his or her own use while temporarily within this State or while passing through this State.
(b) The use, in this State, of tangible personal property by an interstate carrier for hire as rolling stock moving in interstate commerce or by lessors under a lease of one year or longer executed or in effect at the time of purchase of tangible personal property by interstate carriers for-hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for-hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(c) The use, in this State, by owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d) The use, in this State, of tangible personal property or taxable service that is acquired outside this State and caused to be brought into or performed in this State by a person who has already paid a tax in another State in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other State.
(e) The temporary storage, in this State, of tangible personal property that is acquired outside this State and that, after being brought into this State and stored temporarily, is used solely outside this State or is physically attached to or incorporated into other tangible personal property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing, or shaping, and, as altered, is used solely outside this State.

(f) The temporary storage in this State of building materials and fixtures that are acquired either in this State or outside this State by an Illinois registered combination retailer and construction contractor, and that the purchaser thereafter uses outside this State by incorporating that property into real estate located outside this State.

(g) The use or purchase of tangible personal property by a common carrier by rail or motor that receives the physical possession of the property in Illinois, and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(h) Except as provided in subsection (h-1), the use, in this State, of a motor vehicle that was sold in this State to a nonresident, even though the motor vehicle is delivered to the
nonresident in this State, if the motor vehicle is not to be
titled in this State, and if a drive-away permit is issued to
the motor vehicle as provided in Section 3-603 of the Illinois
Vehicle Code or if the nonresident purchaser has vehicle
registration plates to transfer to the motor vehicle upon
returning to his or her home state. The issuance of the
drive-away permit or having the out-of-state registration
plates to be transferred shall be prima facie evidence that the
motor vehicle will not be titled in this State.

(h-1) The exemption under subsection (h) does not apply if
the state in which the motor vehicle will be titled does not
allow a reciprocal exemption for the use in that state of a
motor vehicle sold and delivered in that state to an Illinois
resident but titled in Illinois. The tax collected under this
Act on the sale of a motor vehicle in this State to a resident
of another state that does not allow a reciprocal exemption
shall be imposed at a rate equal to the state's rate of tax on
taxable property in the state in which the purchaser is a
resident, except that the tax shall not exceed the tax that
would otherwise be imposed under this Act. At the time of the
sale, the purchaser shall execute a statement, signed under
penalty of perjury, of his or her intent to title the vehicle
in the state in which the purchaser is a resident within 30
days after the sale and of the fact of the payment to the State
of Illinois of tax in an amount equivalent to the state's rate
of tax on taxable property in his or her state of residence and
shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this subsection shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this subsection (h-1) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(h-2) The following exemptions apply with respect to certain aircraft:

(1) Beginning on July 1, 2007, no tax is imposed under this Act on the purchase of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the purchase of the aircraft or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(B) the aircraft is not based or registered in this
State after the purchase of the aircraft; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (1) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

(2) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a prepurchase evaluation if all of the following conditions are met:

(A) the aircraft is not based or registered in this State after the prepurchase evaluation; and

(B) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (2) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other
information that the Department may reasonably require.

(3) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a post-sale customization if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(B) the aircraft is not based or registered in this State either before or after the post-sale customization; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (3) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

If tax becomes due under this subsection (h-2) because of
the purchaser's use of the aircraft in this State, the
purchaser shall file a return with the Department and pay the
tax on the fair market value of the aircraft. This return and
payment of the tax must be made no later than 30 days after the
aircraft is used in a taxable manner in this State. The tax is
based on the fair market value of the aircraft on the date that
it is first used in a taxable manner in this State.

For purposes of this subsection (h-2):

"Based in this State" means hangared, stored, or otherwise
used, excluding post-sale customizations as defined in this
Section, for 10 or more days in each 12-month period
immediately following the date of the sale of the aircraft.

"Post-sale customization" means any improvement,
maintenance, or repair that is performed on an aircraft
following a transfer of ownership of the aircraft.

"Prepurchase evaluation" means an examination of an
aircraft to provide a potential purchaser with information
relevant to the potential purchase.

"Registered in this State" means an aircraft registered
with the Department of Transportation, Aeronautics Division,
or titled or registered with the Federal Aviation
Administration to an address located in this State.

This subsection (h-2) is exempt from the provisions of
Section 3-90.

(i) Beginning July 1, 1999, the use, in this State, of fuel
acquired outside this State and brought into this State in the
fuel supply tanks of locomotives engaged in freight hauling and
passenger service for interstate commerce. This subsection is
exempt from the provisions of Section 3-90.

(j) Beginning on January 1, 2002 and through June 30, 2016,
the use of tangible personal property purchased from an
Illinois retailer by a taxpayer engaged in centralized
purchasing activities in Illinois who will, upon receipt of the
property in Illinois, temporarily store the property in
Illinois (i) for the purpose of subsequently transporting it
outside this State for use or consumption thereafter solely
outside this State or (ii) for the purpose of being processed,
fabricated, or manufactured into, attached to, or incorporated
into other tangible personal property to be transported outside
this State and thereafter used or consumed solely outside this
State. The Director of Revenue shall, pursuant to rules adopted
in accordance with the Illinois Administrative Procedure Act,
issue a permit to any taxpayer in good standing with the
Department who is eligible for the exemption under this
subsection (j). The permit issued under this subsection (j)
shall authorize the holder, to the extent and in the manner
specified in the rules adopted under this Act, to purchase
tangible personal property from a retailer exempt from the
taxes imposed by this Act. Taxpayers shall maintain all
necessary books and records to substantiate the use and
consumption of all such tangible personal property outside of
the State of Illinois.
Sec. 3-65. R.O.T. nontaxability. If the seller of tangible personal property or taxable service for use would not be taxable under the Retailers' Occupation Tax Act despite all elements of the sale occurring in Illinois, then the tax imposed by this Act does not apply to the use of the tangible personal property or taxable service in this State.

(Source: P.A. 91-51, eff. 6-30-99.)

Sec. 3-75. Serviceman transfer. Tangible personal property purchased by a serviceman, as defined in Section 2 of the Service Occupation Tax Act, is subject to the tax imposed by this Act when purchased for transfer by the serviceman incidental to completion of a maintenance agreement. Effective January 1, 2018, purchases of tangible personal property purchased for transfer incidental to performance of a taxable service is not subject to the tax imposed by this Act.

(Source: P.A. 91-51, eff. 6-30-99.)

Sec. 3a. The tax imposed by the Act shall when collected be stated as a distinct item separate and apart from the selling price of the tangible personal property or taxable service.
However, where it is not possible to state the sales tax separately in situations such as sales from vending machines or sales of liquor by the drink the Department may by rule exempt such sales from this requirement so long as purchasers are notified by a sign that the tax is included in the selling price.

(Source: P.A. 84-229.)

(35 ILCS 105/4) (from Ch. 120, par. 439.4)

Sec. 4. Evidence that tangible personal property or taxable service was sold by any person for delivery to a person residing or engaged in business in this State shall be prima facie evidence that such tangible personal property or taxable service was sold for use in this State.

(Source: Laws 1955, p. 2027.)

(35 ILCS 105/5) (from Ch. 120, par. 439.5)

Sec. 5. Except as to motor vehicles and other items of tangible personal property that must be titled or registered under an Illinois law, but that cannot be so titled or registered without a use tax receipt or exemption determination from the Department, every retailer maintaining a place of business in this State and making sales of tangible personal property or taxable service for use in this State (whether those sales are made within or without this State) shall, when collecting the tax as provided in Section 3-45 of this Act from
the purchaser, give to the purchaser (if demanded by the
purchaser) a receipt for the tax in the manner and form
prescribed by the Department. The receipt shall be sufficient
to relieve the purchaser from further liability for the tax to
which the receipt may refer. Each retailer shall list with the
Department the names and addresses of all of his or her agents
operating in this State and the location of any and all of his
or her distribution or sales houses, offices, or other places
of business in this State.
(Source: P.A. 86-1475.)

(35 ILCS 105/7) (from Ch. 120, par. 439.7)

Sec. 7.

It is unlawful for any retailer to advertise or hold out or
state to the public or to any purchaser, consumer or user,
directly or indirectly, that the tax or any part thereof
imposed by Section 3 hereof will be assumed or absorbed by the
retailer or that it will not be added to the selling price of
the property or taxable service sold, or if added that it or
any part thereof will be refunded other than when the retailer
refunds the selling price and tax because of the merchandise's
being returned to the retailer (or the taxable service
transaction's being partially or wholly cancelled) or other
than when the retailer credits or refunds the tax to the
purchaser to support a claim filed with the Department under
the Retailers' Occupation Tax Act or under this Act. Any person
violating any of the provisions of this Section within this
State shall be guilty of a Class A misdemeanor.
(Source: P.A. 77-2830.)

(35 ILCS 105/9) (from Ch. 120, par. 439.9)
Sec. 9. Except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, each retailer required or authorized to collect the tax imposed by this Act shall pay to the Department the amount of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final. A retailer need not remit that part of any tax collected by him to the extent that he is
required to remit and does remit the tax imposed by the Retailers' Occupation Tax Act, with respect to the sale of the same property.

Where such tangible personal property or taxable service is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the retailer, in collecting the tax (except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State), may collect for each tax return period, only the tax applicable to that part of the selling price actually received during such tax return period.

Except as provided in this Section, on or before the twentieth day of each calendar month, such retailer shall file a return for the preceding calendar month. Such return shall be filed on forms prescribed by the Department and shall furnish such information as the Department may reasonably require.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;
2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make
all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds
transfer and any taxpayers authorized to voluntarily make
payments by electronic funds transfer shall make those payments
in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to
effectuate a program of electronic funds transfer and the
requirements of this Section.

Before October 1, 2000, if the taxpayer's average monthly
tax liability to the Department under this Act, the Retailers'
Occupation Tax Act, the Service Occupation Tax Act, the Service
Use Tax Act was $10,000 or more during the preceding 4 complete
calendar quarters, he shall file a return with the Department
each month by the 20th day of the month next following the
month during which such tax liability is incurred and shall
make payments to the Department on or before the 7th, 15th,
22nd and last day of the month during which such liability is
incurred. On and after October 1, 2000, if the taxpayer's
average monthly tax liability to the Department under this Act,
the Retailers' Occupation Tax Act, the Service Occupation Tax
Act, and the Service Use Tax Act was $20,000 or more during the
preceding 4 complete calendar quarters, he shall file a return
with the Department each month by the 20th day of the month
next following the month during which such tax liability is
incurred and shall make payment to the Department on or before
the 7th, 15th, 22nd and last day of the month during which such
liability is incurred. If the month during which such tax
liability is incurred began prior to January 1, 1985, each
payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985, and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987, and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1996, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year.
calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the Department for change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability
to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

If any such payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown by an original monthly return,
the Department shall issue to the taxpayer a credit memorandum no later than 30 days after the date of payment, which memorandum may be submitted by the taxpayer to the Department in payment of tax liability subsequently to be remitted by the taxpayer to the Department or be assigned by the taxpayer to a similar taxpayer under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department, except that if such excess payment is shown on an original monthly return and is made after December 31, 1986, no credit memorandum shall be issued, unless requested by the taxpayer. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted by the taxpayer to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall be reduced by 2.1% or 1.75% of the difference between the credit taken and that actually due, and the taxpayer shall be liable for penalties and interest on such difference.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may
authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May and June of a given year being due by July 20 of such year; with the return for July, August and September of a given year being due by October 20 of such year, and with the return for October, November and December of a given year being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with
an agency of this State, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles or trailers transfers more than one aircraft, watercraft, motor vehicle or trailer to another aircraft, watercraft, motor vehicle or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 3-55 of this Act, then that seller may report the transfer of all the aircraft, watercraft, motor vehicles or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

The transaction reporting return in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name
and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft and aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such
transaction; the amount of tax collected from the purchaser by
the retailer on such transaction (or satisfactory evidence that
such tax is not due in that particular instance, if that is
claimed to be the fact); the place and date of the sale, a
sufficient identification of the property sold, and such other
information as the Department may reasonably require.

Such transaction reporting return shall be filed not later
than 20 days after the date of delivery of the item that is
being sold, but may be filed by the retailer at any time sooner
than that if he chooses to do so. The transaction reporting
return and tax remittance or proof of exemption from the tax
that is imposed by this Act may be transmitted to the
Department by way of the State agency with which, or State
officer with whom, the tangible personal property must be
titled or registered (if titling or registration is required)
if the Department and such agency or State officer determine
that this procedure will expedite the processing of
applications for title or registration.

With each such transaction reporting return, the retailer
shall remit the proper amount of tax due (or shall submit
satisfactory evidence that the sale is not taxable if that is
the case), to the Department or its agents, whereupon the
Department shall issue, in the purchaser's name, a tax receipt
(or a certificate of exemption if the Department is satisfied
that the particular sale is tax exempt) which such purchaser
may submit to the agency with which, or State officer with
whom, he must title or register the tangible personal property
that is involved (if titling or registration is required) in
support of such purchaser's application for an Illinois
certificate or other evidence of title or registration to such
tangible personal property.

No retailer's failure or refusal to remit tax under this
Act precludes a user, who has paid the proper tax to the
retailer, from obtaining his certificate of title or other
evidence of title or registration (if titling or registration
is required) upon satisfying the Department that such user has
paid the proper tax (if tax is due) to the retailer. The
Department shall adopt appropriate rules to carry out the
mandate of this paragraph.

If the user who would otherwise pay tax to the retailer
wants the transaction reporting return filed and the payment of
tax or proof of exemption made to the Department before the
retailer is willing to take these actions and such user has not
paid the tax to the retailer, such user may certify to the fact
of such delay by the retailer, and may (upon the Department
being satisfied of the truth of such certification) transmit
the information required by the transaction reporting return
and the remittance for tax or proof of exemption directly to
the Department and obtain his tax receipt or exemption
determination, in which event the transaction reporting return
and tax remittance (if a tax payment was required) shall be
credited by the Department to the proper retailer's account
with the Department, but without the 2.1% or 1.75% discount provided for in this Section being allowed. When the user pays the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

Where a retailer collects the tax with respect to the selling price of tangible personal property or taxable service which he sells and the purchaser thereafter returns such tangible personal property or cancels the providing of taxable service and the retailer refunds the selling price thereof to the purchaser, such retailer shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the retailer may deduct the amount of the tax so refunded by him to the purchaser from any other use tax which such retailer may be required to pay or remit to the Department, as shown by such return, if the amount of the tax to be deducted was previously remitted to the Department by such retailer. If the retailer has not previously remitted the amount of such tax to the Department, he is entitled to no deduction under this Act upon refunding such tax to the purchaser.

Any retailer filing a return under this Section shall also include (for the purpose of paying tax thereon) the total tax covered by such return upon the selling price of tangible personal property or taxable service purchased by him at retail
from a retailer, but as to which the tax imposed by this Act
was not collected from the retailer filing such return, and
such retailer shall remit the amount of such tax to the
Department when filing such return.

If experience indicates such action to be practicable, the
Department may prescribe and furnish a combination or joint
return which will enable retailers, who are required to file
returns hereunder and also under the Retailers' Occupation Tax
Act, to furnish all the return information required by both
Acts on the one form.

Where the retailer has more than one business registered
with the Department under separate registration under this Act,
such retailer may not file each return that is due as a single
return covering all such registered businesses, but shall file
separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall
pay into the State and Local Sales Tax Reform Fund, a special
fund in the State Treasury which is hereby created, the net
revenue realized for the preceding month from the 1% tax on
sales of food for human consumption which is to be consumed off
the premises where it is sold (other than alcoholic beverages,
soft drinks and food which has been prepared for immediate
consumption) and prescription and nonprescription medicines,
drugs, medical appliances, products classified as Class III
medical devices by the United States Food and Drug
Administration that are used for cancer treatment pursuant to a
prescription, as well as any accessories and components related
to those devices, and insulin, urine testing materials,
syringes and needles used by diabetics.

Beginning January 1, 1990, each month the Department shall
pay into the County and Mass Transit District Fund 4% of the
net revenue realized for the preceding month from the 6.25%
general rate on the selling price of tangible personal property
which is purchased outside Illinois at retail from a retailer
and which is titled or registered by an agency of this State's
government.

Beginning January 1, 1990, each month the Department shall
pay into the State and Local Sales Tax Reform Fund, a special
fund in the State Treasury, 20% of the net revenue realized for
the preceding month from the 6.25% general rate on the selling
price of tangible personal property, other than tangible
personal property which is purchased outside Illinois at retail
from a retailer and which is titled or registered by an agency
of this State's government.

From July 1, 2017 through June 30, 2018, no deposits shall
be made into the State and Local Sales Tax Reform Fund from the
net revenue realized from the 6.25% general rate on taxable
services. Beginning July 1, 2018 and through June 30, 2019,
each month the Department shall pay into the State and Local
Sales Tax Reform Fund 7% of the net revenue realized for the
preceding month from the 6.25% general rate on the selling
price of taxable services. Beginning July 1, 2019 and through
June 30, 2020, each month the Department shall pay into the State and Local Sales Tax Reform Fund 13% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of taxable services. Beginning July 1, 2020, each month the Department shall pay into the State and Local Sales Tax Reform Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of taxable services.

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. Beginning September 1, 2010, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of sales tax holiday items.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the
net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Retailers' Occupation Tax Act shall not exceed $2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and
the average monthly revenues deposited into the fund, excluding
payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys
received by the Department under this Act, the Service Use Tax
Act, the Service Occupation Tax Act, and the Retailers' 
Occupation Tax Act, each month the Department shall deposit
$500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department
pursuant to this Act, (a) 1.75% thereof shall be paid into the
Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
and after July 1, 1989, 3.8% thereof shall be paid into the
Build Illinois Fund; provided, however, that if in any fiscal
year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
may be, of the moneys received by the Department and required
to be paid into the Build Illinois Fund pursuant to Section 3
of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
Act, Section 9 of the Service Use Tax Act, and Section 9 of the
Service Occupation Tax Act, such Acts being hereinafter called
the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
may be, of moneys being hereinafter called the "Tax Act
Amount", and (2) the amount transferred to the Build Illinois
Fund from the State and Local Sales Tax Reform Fund shall be
less than the Annual Specified Amount (as defined in Section 3
of the Retailers' Occupation Tax Act), an amount equal to the
difference shall be immediately paid into the Build Illinois
Fund from other moneys received by the Department pursuant to
the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the
Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not
in excess of the sums designated as "Total Deposit", shall be
deposited in the aggregate from collections under Section 9 of
the Use Tax Act, Section 9 of the Service Use Tax Act, Section
9 of the Service Occupation Tax Act, and Section 3 of the
Retailers' Occupation Tax Act into the McCormick Place
Expansion Project Fund in the specified fiscal years.

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<tr>
<td>2032</td>
<td>350,000,000</td>
</tr>
</tbody>
</table>

and each fiscal year thereafter that bonds are outstanding under Section 13.2 of the
Metropolitan Pier and
Exposition Authority Act,
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal
year thereafter, one-eighth of the amount requested in the
certificate of the Chairman of the Metropolitan Pier and
Exposition Authority for that fiscal year, less the amount
deposited into the McCormick Place Expansion Project Fund by
the State Treasurer in the respective month under subsection
(g) of Section 13 of the Metropolitan Pier and Exposition
Authority Act, plus cumulative deficiencies in the deposits
required under this Section for previous months and years,
shall be deposited into the McCormick Place Expansion Project
Fund, until the full amount requested for the fiscal year, but
not in excess of the amount specified above as "Total Deposit",
has been deposited.

Subject to payment of amounts into the Build Illinois Fund
and the McCormick Place Expansion Project Fund pursuant to the
preceding paragraphs or in any amendments thereto hereafter
enacted, beginning July 1, 1993 and ending on September 30,
2013, the Department shall each month pay into the Illinois Tax
Increment Fund 0.27% of 80% of the net revenue realized for the
preceding month from the 6.25% general rate on the selling
price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund
and the McCormick Place Expansion Project Fund pursuant to the
preceding paragraphs or in any amendments thereto hereafter enacted, beginning with the receipt of the first report of taxes paid by an eligible business and continuing for a 25-year period, the Department shall each month pay into the Energy Infrastructure Fund 80% of the net revenue realized from the 6.25% general rate on the selling price of Illinois-mined coal that was sold to an eligible business. For purposes of this paragraph, the term "eligible business" means a new electric generating facility certified pursuant to Section 605-332 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Energy Infrastructure Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098) this amendatory Act of the 98th General Assembly, each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts
collected during the preceding fiscal year by the Audit Bureau
of the Department under the Use Tax Act, the Service Use Tax
Act, the Service Occupation Tax Act, the Retailers' Occupation
Tax Act, and associated local occupation and use taxes
administered by the Department.

Of the remainder of the moneys received by the Department
pursuant to this Act, 75% thereof shall be paid into the State
Treasury and 25% shall be reserved in a special account and
used only for the transfer to the Common School Fund as part of
the monthly transfer from the General Revenue Fund in
accordance with Section 8a of the State Finance Act.

As soon as possible after the first day of each month, upon
certification of the Department of Revenue, the Comptroller
shall order transferred and the Treasurer shall transfer from
the General Revenue Fund to the Motor Fuel Tax Fund an amount
equal to 1.7% of 80% of the net revenue realized under this Act
for the second preceding month. Beginning April 1, 2000, this
transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue
collected by the State pursuant to this Act, less the amount
paid out during that month as refunds to taxpayers for
overpayment of liability.

For greater simplicity of administration, manufacturers,
importers and wholesalers whose products are sold at retail in
Illinois by numerous retailers, and who wish to do so, may
assume the responsibility for accounting and paying to the
Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933, eff. 1-27-17; revised 2-3-17.)

(35 ILCS 105/10) (from Ch. 120, par. 439.10)

Sec. 10. Except as to motor vehicles, aircraft, watercraft, and trailers, and except as to cigarettes as defined in the Cigarette Use Tax Act, when tangible personal property or (beginning January 1, 2018 a taxable service) is purchased from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and who does not file returns with the Department as a retailer under Section 9 of this Act, such purchaser (by the last day of the month following the calendar month in which such purchaser makes any payment upon the selling price of such property) shall, except as otherwise provided in this Section, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser during the preceding calendar month. When tangible personal property, including but not limited to motor vehicles and aircraft, is purchased by a lessor, under a lease for one year or longer, executed or in effect at the time of purchase to an interstate carrier for
hire, who did not pay the tax imposed by this Act to the retailer, such lessor (by the last day of the month following the calendar month in which such property reverts to the use of such lessor) shall file a return with the Department and pay the tax upon the fair market value of such property on the date of such reversion. However, in determining the fair market value at the time of reversion, the fair market value of such property shall not exceed the original purchase price of the property that was paid by the lessor at the time of purchase. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. Such return and payment from the purchaser shall be submitted to the Department sooner than the last day of the month after the month in which the purchase is made to the extent that that may be necessary in order to secure the title to a motor vehicle or the certificate of registration for an aircraft. However, except as to motor vehicles and aircraft, and except as to cigarettes as defined in the Cigarette Use Tax Act, if the purchaser's annual use tax liability does not exceed $600, the purchaser may file the return on an annual basis on or before April 15th of the year following the year use tax liability was incurred. Individual purchasers with an annual use tax liability that does not exceed $600 may, in lieu of the filing and payment requirements in this Section, file and pay in compliance with Section 502.1 of the Illinois Income Tax Act.
If cigarettes, as defined in the Cigarette Use Tax Act, are purchased from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and who does not file returns with the Department as a retailer under Section 9 of this Act, such purchaser must, within 30 days after acquiring the cigarettes, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser for the cigarettes.

In addition with respect to motor vehicles, aircraft, watercraft, and trailers, a purchaser of such tangible personal property for use in this State, who purchases such tangible personal property from an out-of-state retailer, shall file with the Department, upon a form to be prescribed and supplied by the Department, a return for each such item of tangible personal property purchased, except that if, in the same transaction, (i) a purchaser of motor vehicles, aircraft, watercraft, or trailers who is a retailer of motor vehicles, aircraft, watercraft, or trailers purchases more than one motor vehicle, aircraft, watercraft, or trailer for the purpose of resale or (ii) a purchaser of motor vehicles, aircraft, watercraft, or trailers purchases more than one motor vehicle, aircraft, watercraft, or trailer for use as qualifying rolling stock as provided in Section 3-55 of this Act, then the purchaser may report the purchase of all motor vehicles, aircraft, watercraft, or trailers involved in that transaction to the Department on a single return prescribed by the
Department. Such return in the case of motor vehicles and aircraft must show the name and address of the seller, the name, address of purchaser, the amount of the selling price including the amount allowed by the retailer for traded in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the purchaser with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such return shall be filed not later than 30 days after such motor vehicle or aircraft is brought into this State for use.

For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

The return and tax remittance or proof of exemption from the tax that is imposed by this Act may be transmitted to the Department by way of the State agency with which, or State
officer with whom, the tangible personal property must be
titled or registered (if titling or registration is required)
if the Department and such agency or State officer determine
that this procedure will expedite the processing of
applications for title or registration.

With each such return, the purchaser shall remit the proper
amount of tax due (or shall submit satisfactory evidence that
the sale is not taxable if that is the case), to the Department
or its agents, whereupon the Department shall issue, in the
purchaser's name, a tax receipt (or a certificate of exemption
if the Department is satisfied that the particular sale is tax
exempt) which such purchaser may submit to the agency with
which, or State officer with whom, he must title or register
the tangible personal property that is involved (if titling or
registration is required) in support of such purchaser's
application for an Illinois certificate or other evidence of
title or registration to such tangible personal property.

When a purchaser pays a tax imposed by this Act directly to
the Department, the Department (upon request therefor from such
purchaser) shall issue an appropriate receipt to such purchaser
showing that he has paid such tax to the Department. Such
receipt shall be sufficient to relieve the purchaser from
further liability for the tax to which such receipt may refer.

A user who is liable to pay use tax directly to the
Department only occasionally and not on a frequently recurring
basis, and who is not required to file returns with the
Department as a retailer under Section 9 of this Act, or under the "Retailers' Occupation Tax Act", or as a registrant with the Department under the "Service Occupation Tax Act" or the "Service Use Tax Act", need not register with the Department. However, if such a user has a frequently recurring direct use tax liability to pay to the Department, such user shall be required to register with the Department on forms prescribed by the Department and to obtain and display a certificate of registration from the Department. In that event, all of the provisions of Section 9 of this Act concerning the filing of regular monthly, quarterly or annual tax returns and all of the provisions of Section 2a of the "Retailers' Occupation Tax Act" concerning the requirements for registrants to post bond or other security with the Department, as the provisions of such sections now exist or may hereafter be amended, shall apply to such users to the same extent as if such provisions were included herein.

(Source: P.A. 96-520, eff. 8-14-09; 96-1000, eff. 7-2-10; 96-1388, eff. 7-29-10.)

(35 ILCS 105/11) (from Ch. 120, par. 439.11)

Sec. 11. Every retailer required or authorized to collect taxes hereunder and every person using in this State tangible personal property or taxable service purchased at retail from a retailer on or after the effective date hereof shall keep such records, receipts, invoices and other pertinent books,
documents, memoranda and papers as the Department shall require, in such form as the Department shall require. The Department may adopt rules that establish requirements, including record forms and formats, for records required to be kept and maintained by taxpayers. For purposes of this Section, "records" means all data maintained by the taxpayer, including data on paper, microfilm, microfiche or any type of machine-sensible data compilation. For the purpose of administering and enforcing the provisions hereof, the Department, or any officer or employee of the Department designated, in writing, by the Director thereof, may hold investigations and hearings concerning any matters covered herein and may examine any books, papers, records, documents or memoranda of any retailer or purchaser bearing upon the sales or purchases of tangible personal property, the privilege of using which is taxed hereunder, and may require the attendance of such person or any officer or employee of such person, or of any person having knowledge of the facts, and may take testimony and require proof for its information.

(Source: P.A. 88-480.)

Section 30-25. The Service Use Tax Act is amended by changing Sections 2 and 3-5 as follows:

(35 ILCS 110/2) (from Ch. 120, par. 439.32)

Sec. 2. Definitions.
"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, but does not include the sale or use for demonstration by him of that property in any form as tangible personal property in the regular course of business. "Use" does not mean the interim use of tangible personal property nor the physical incorporation of tangible personal property, as an ingredient or constituent, into other tangible personal property, (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois.

"Purchased from a serviceman" means the acquisition of the ownership of, or title to, tangible personal property through a sale of service.

"Purchaser" means any person who, through a sale of service, acquires the ownership of, or title to, any tangible personal property.

"Cost price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it
shall be presumed that the cost price to the serviceman of the
property transferred to him or her by his or her subcontractor
is equal to 50% of the subcontractor's charges to the
serviceman in the absence of proof of the consideration paid by
the subcontractor for the purchase of such property.

"Selling price" means the consideration for a sale valued
in money whether received in money or otherwise, including
cash, credits and service, and shall be determined without any
deduction on account of the serviceman's cost of the property
sold, the cost of materials used, labor or service cost or any
other expense whatsoever, but does not include interest or
finance charges which appear as separate items on the bill of
sale or sales contract nor charges that are added to prices by
sellers on account of the seller's duty to collect, from the
purchaser, the tax that is imposed by this Act.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership,
association, joint stock company, joint venture, public or
private corporation, limited liability company, and any
receiver, executor, trustee, guardian or other representative
appointed by order of any court.

"Sale of service" means any transaction except:

(1) a retail sale of tangible personal property taxable
under the Retailers' Occupation Tax Act or under the Use
Tax Act.

(2) a sale of tangible personal property for the
purpose of resale made in compliance with Section 2c of the

(3) except as hereinafter provided, a sale or transfer
of tangible personal property as an incident to the
rendering of service for or by any governmental body, or
for or by any corporation, society, association,
foundation or institution organized and operated
exclusively for charitable, religious or educational
purposes or any not-for-profit corporation, society,
association, foundation, institution or organization which
has no compensated officers or employees and which is
organized and operated primarily for the recreation of
persons 55 years of age or older. A limited liability
company may qualify for the exemption under this paragraph
only if the limited liability company is organized and
operated exclusively for educational purposes.

(4) a sale or transfer of tangible personal property as
an incident to the rendering of service for interstate
carriers for hire for use as rolling stock moving in
interstate commerce or by lessors under a lease of one year
or longer, executed or in effect at the time of purchase of
personal property, to interstate carriers for hire for use
as rolling stock moving in interstate commerce so long as
so used by such interstate carriers for hire, and equipment
operated by a telecommunications provider, licensed as a
common carrier by the Federal Communications Commission,
which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a) a sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors, or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a-5) on and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code.

Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added
after the initial purchase of such a motor vehicle if that
motor vehicle is used in a manner that would qualify for
the rolling stock exemption otherwise provided for in this
Act. For purposes of this paragraph, "used for commercial
purposes" means the transportation of persons or property
in furtherance of any commercial or industrial enterprise
whether for-hire or not.

(5) a sale or transfer of machinery and equipment used
primarily in the process of the manufacturing or
assembling, either in an existing, an expanded or a new
manufacturing facility, of tangible personal property for
wholesale or retail sale or lease, whether such sale or
lease is made directly by the manufacturer or by some other
person, whether the materials used in the process are owned
by the manufacturer or some other person, or whether such
sale or lease is made apart from or as an incident to the
seller's engaging in a service occupation and the
applicable tax is a Service Use Tax or Service Occupation
Tax, rather than Use Tax or Retailers' Occupation Tax. The
exemption provided by this paragraph (5) does not include
machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the
generation or treatment of natural or artificial gas for
wholesale or retail sale that is delivered to customers
through pipes, pipelines, or mains; or (iii) the treatment
of water for wholesale or retail sale that is delivered to
customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. The exemption under this paragraph (5) is exempt from the provisions of Section 3-75.

(5a) the repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property to a destination outside Illinois, for use outside Illinois.

(5b) a sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a
standard uniform bill of lading showing the seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(6) until July 1, 2003, a sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale or resale.

(7) at the election of any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act, made for each fiscal year sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be subject to tax under the Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this
paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (5) also includes machinery and equipment used in the general maintenance or repair of such exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. On and after July 1, 2017, exemption (5) also includes production related tangible personal property, as defined in Section 3-50 of the Use Tax Act. On and after July 1, 2017, exemption (5) also includes graphic arts machinery and equipment, as defined in paragraph (5) of Section 3-5. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and
scope of this exemption. For the purposes of exemption (5), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further, for purposes of exemption (5), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name;
(3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The user of such machinery and equipment and tools without an active resale registration number shall prepare a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, which certificate shall be available to the Department for inspection or audit. The Department shall prescribe the form of the certificate.

Any informal rulings, opinions or letters issued by the
Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (5) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (3) of this Section shall make tax free purchases unless it has an active exemption identification number issued by the Department.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of service or of tangible personal property within the meaning of this Act.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act.

"Supplier" means any person who makes sales of tangible
personal property to servicemen for the purpose of resale as an
incident to a sale of service.

"Serviceman maintaining a place of business in this State",
or any like term, means and includes any serviceman:

1. having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the serviceman or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such serviceman or subsidiary is licensed to do business in this State;

1.1. having a contract with a person located in this State under which the person, for a commission or other consideration based on the sale of service by the serviceman, directly or indirectly refers potential customers to the serviceman by providing to the potential customers a promotional code or other mechanism that allows the serviceman to track purchases referred by such persons. Examples of mechanisms that allow the serviceman to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio
or other broadcast media. The provisions of this paragraph 1.1 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers who are referred to the serviceman by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December; a serviceman meeting the requirements of this paragraph 1.1 shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods;

1.2. beginning July 1, 2011, having a contract with a person located in this State under which:

A. the serviceman sells the same or substantially similar line of services as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

B. the serviceman provides a commission or other consideration to the person located in this State based upon the sale of services by the serviceman.

The provisions of this paragraph 1.2 shall apply only if the cumulative gross receipts from sales of service by the
serviceman to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December;

2. soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this State;

3. pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for tangible personal property by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions;

4. soliciting orders for tangible personal property by mail if the solicitations are substantial and recurring and if the retailer benefits from any banking, financing, debt collection, telecommunication, or marketing activities occurring in this State or benefits from the location in this State of authorized installation, servicing, or repair facilities;

5. being owned or controlled by the same interests which own or control any retailer engaging in business in the same or similar line of business in this State;

6. having a franchisee or licensee operating under its trade name if the franchisee or licensee is required to
collect the tax under this Section;

7. pursuant to a contract with a cable television operator located in this State, soliciting orders for tangible personal property by means of advertising which is transmitted or distributed over a cable television system in this State; or

8. engaging in activities in Illinois, which activities in the state in which the supply business engaging in such activities is located would constitute maintaining a place of business in that state.

(Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

(35 ILCS 110/3-5)

Sec. 3-5. Exemptions. Use of the following tangible personal property is exempt from the tax imposed by this Act:

(1) Personal property purchased from a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that is organized and operated as a not-for-profit service enterprise for the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.

(2) Personal property purchased by a non-profit Illinois county fair association for use in conducting, operating, or promoting the county fair.

(3) Personal property purchased by a not-for-profit arts or
cultural organization that establishes, by proof required by
the Department by rule, that it has received an exemption under
Section 501(c)(3) of the Internal Revenue Code and that is
organized and operated primarily for the presentation or
support of arts or cultural programming, activities, or
services. These organizations include, but are not limited to,
music and dramatic arts organizations such as symphony
orchestras and theatrical groups, arts and cultural service
organizations, local arts councils, visual arts organizations,
and media arts organizations. On and after the effective date
of this amendatory Act of the 92nd General Assembly, however,
an entity otherwise eligible for this exemption shall not make
tax-free purchases unless it has an active identification
number issued by the Department.

(4) Legal tender, currency, medallions, or gold or silver
coinage issued by the State of Illinois, the government of the
United States of America, or the government of any foreign
country, and bullion.

(5) Until July 1, 2003 and beginning again on September 1,
2004 through August 30, 2014, graphic arts machinery and
equipment, including repair and replacement parts, both new and
used, and including that manufactured on special order or
purchased for lease, certified by the purchaser to be used
primarily for graphic arts production. Equipment includes
chemicals or chemicals acting as catalysts but only if the
chemicals or chemicals acting as catalysts effect a direct and
immediate change upon a graphic arts product. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under Section 2 of this Act.

(6) Personal property purchased from a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(7) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (7). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed if the selling price of the tender is separately stated.
Farm machinery and equipment shall include precision farming equipment that is installed or purchased to be installed on farm machinery and equipment including, but not limited to, tractors, harvesters, sprayers, planters, seeders, or spreaders. Precision farming equipment includes, but is not limited to, soil testing sensors, computers, monitors, software, global positioning and mapping systems, and other such equipment.

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals. This item (7) is exempt from the provisions of Section 3-75.

(8) Until June 30, 2013, fuel and petroleum products sold to or used by an air common carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers.

Beginning July 1, 2013, fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its
business as an air common carrier, for a flight that (i) is
engaged in foreign trade or is engaged in trade between the
United States and any of its possessions and (ii) transports at
least one individual or package for hire from the city of
origination to the city of final destination on the same
aircraft, without regard to a change in the flight number of
that aircraft.

(9) Proceeds of mandatory service charges separately
stated on customers' bills for the purchase and consumption of
food and beverages acquired as an incident to the purchase of a
service from a serviceman, to the extent that the proceeds of
the service charge are in fact turned over as tips or as a
substitute for tips to the employees who participate directly
in preparing, serving, hosting or cleaning up the food or
beverage function with respect to which the service charge is
imposed.

(10) Until July 1, 2003, oil field exploration, drilling,
and production equipment, including (i) rigs and parts of rigs,
rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
tubular goods, including casing and drill strings, (iii) pumps
and pump-jack units, (iv) storage tanks and flow lines, (v) any
individual replacement part for oil field exploration,
drilling, and production equipment, and (vi) machinery and
equipment purchased for lease; but excluding motor vehicles
required to be registered under the Illinois Vehicle Code.

(11) Proceeds from the sale of photoprocessing machinery
and equipment, including repair and replacement parts, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for photoprocessing, and including photoprocessing machinery and equipment purchased for lease.

(12) Coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(13) Semen used for artificial insemination of livestock for direct agricultural production.

(14) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (14) is exempt from the provisions of Section 3-75, and the exemption provided for under this item (14) applies for all periods beginning May 30, 1995, but no
claim for credit or refund is allowed on or after the effective
date of this amendatory Act of the 95th General Assembly for
such taxes paid during the period beginning May 30, 2000 and
ending on the effective date of this amendatory Act of the 95th
General Assembly.

(15) Computers and communications equipment utilized for
any hospital purpose and equipment used in the diagnosis,
analysis, or treatment of hospital patients purchased by a
lessor who leases the equipment, under a lease of one year or
longer executed or in effect at the time the lessor would
otherwise be subject to the tax imposed by this Act, to a
hospital that has been issued an active tax exemption
identification number by the Department under Section 1g of the
Retailers' Occupation Tax Act. If the equipment is leased in a
manner that does not qualify for this exemption or is used in
any other non-exempt manner, the lessor shall be liable for the
tax imposed under this Act or the Use Tax Act, as the case may
be, based on the fair market value of the property at the time
the non-qualifying use occurs. No lessor shall collect or
attempt to collect an amount (however designated) that purports
to reimburse that lessor for the tax imposed by this Act or the
Use Tax Act, as the case may be, if the tax has not been paid by
the lessor. If a lessor improperly collects any such amount
from the lessee, the lessee shall have a legal right to claim a
refund of that amount from the lessor. If, however, that amount
is not refunded to the lessee for any reason, the lessor is
liable to pay that amount to the Department.

(16) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

(17) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is donated for disaster relief to be used in a State or federally declared disaster area in Illinois or bordering Illinois by a
manufacturer or retailer that is registered in this State to a

corporation, society, association, foundation, or institution

that has been issued a sales tax exemption identification

number by the Department that assists victims of the disaster

who reside within the declared disaster area.

(18) Beginning with taxable years ending on or after

December 31, 1995 and ending with taxable years ending on or

before December 31, 2004, personal property that is used in the

performance of infrastructure repairs in this State, including

but not limited to municipal roads and streets, access roads,

bridges, sidewalks, waste disposal systems, water and sewer

line extensions, water distribution and purification

facilities, storm water drainage and retention facilities, and

sewage treatment facilities, resulting from a State or

federally declared disaster in Illinois or bordering Illinois

when such repairs are initiated on facilities located in the

declared disaster area within 6 months after the disaster.

(19) Beginning July 1, 1999, game or game birds purchased

at a "game breeding and hunting preserve area" as that term is

used in the Wildlife Code. This paragraph is exempt from the

provisions of Section 3-75.

(20) A motor vehicle, as that term is defined in Section

1-146 of the Illinois Vehicle Code, that is donated to a

corporation, limited liability company, society, association,

foundation, or institution that is determined by the Department

to be organized and operated exclusively for educational
purposes. For purposes of this exemption, "a corporation, limited liability company, society, association, foundation, or institution organized and operated exclusively for educational purposes" means all tax-supported public schools, private schools that offer systematic instruction in useful branches of learning by methods common to public schools and that compare favorably in their scope and intensity with the course of study presented in tax-supported schools, and vocational or technical schools or institutes organized and operated exclusively to provide a course of study of not less than 6 weeks duration and designed to prepare individuals to follow a trade or to pursue a manual, technical, mechanical, industrial, business, or commercial occupation.

(21) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is
(22) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-75.

(23) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications
equipment utilized for any hospital purpose and equipment used
in the diagnosis, analysis, or treatment of hospital patients
purchased by a lessor who leases the equipment, under a lease
of one year or longer executed or in effect at the time the
lessor would otherwise be subject to the tax imposed by this
Act, to a hospital that has been issued an active tax exemption
identification number by the Department under Section 1g of the
Retailers' Occupation Tax Act. If the equipment is leased in a
manner that does not qualify for this exemption or is used in
any other nonexempt manner, the lessor shall be liable for the
tax imposed under this Act or the Use Tax Act, as the case may
be, based on the fair market value of the property at the time
the nonqualifying use occurs. No lessor shall collect or
attempt to collect an amount (however designated) that purports
to reimburse the lessor for the tax imposed by this Act or the
Use Tax Act, as the case may be, if the tax has not been paid by
the lessor. If a lessor improperly collects any such amount
from the lessee, the lessee shall have a legal right to claim a
refund of that amount from the lessor. If, however, that amount
is not refunded to the lessee for any reason, the lessor is
liable to pay that amount to the Department. This paragraph is
exempt from the provisions of Section 3-75.

(25) Beginning on the effective date of this amendatory Act
of the 92nd General Assembly, personal property purchased by a
lessor who leases the property, under a lease of one year or
longer executed or in effect at the time the lessor would
otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(26) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-75.

(27) Beginning January 1, 2010, materials, parts,
equipment, components, and furnishings incorporated into or
upon an aircraft as part of the modification, refurbishment,
completion, replacement, repair, or maintenance of the
aircraft. This exemption includes consumable supplies used in
the modification, refurbishment, completion, replacement,
repair, and maintenance of aircraft, but excludes any
materials, parts, equipment, components, and consumable
supplies used in the modification, replacement, repair, and
maintenance of aircraft engines or power plants, whether such
ingines or power plants are installed or uninstalled upon any
such aircraft. "Consumable supplies" include, but are not
limited to, adhesive, tape, sandpaper, general purpose
lubricants, cleaning solution, latex gloves, and protective
films. This exemption applies only to the use of qualifying
tangible personal property transferred incident to the
modification, refurbishment, completion, replacement, repair,
or maintenance of aircraft by persons who (i) hold an Air
Agency Certificate and are empowered to operate an approved
repair station by the Federal Aviation Administration, (ii)
have a Class IV Rating, and (iii) conduct operations in
accordance with Part 145 of the Federal Aviation Regulations.
The exemption does not include aircraft operated by a
commercial air carrier providing scheduled passenger air
service pursuant to authority issued under Part 121 or Part 129
of the Federal Aviation Regulations. The changes made to this
paragraph (27) by Public Act 98-534 are declarative of existing
law.

(28) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-75.

(29) Beginning January 1, 2017, menstrual pads, tampons, and menstrual cups.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

Section 30-30. The Service Occupation Tax Act is amended by changing Sections 2 and 3-5 as follows:

(35 ILCS 115/2) (from Ch. 120, par. 439.102)

Sec. 2. "Transfer" means any transfer of the title to
property or of the ownership of property whether or not the
transferor retains title as security for the payment of amounts
due him from the transferee.

"Cost Price" means the consideration paid by the serviceman
for a purchase valued in money, whether paid in money or
otherwise, including cash, credits and services, and shall be
determined without any deduction on account of the supplier's
cost of the property sold or on account of any other expense
incurred by the supplier. When a serviceman contracts out part
or all of the services required in his sale of service, it
shall be presumed that the cost price to the serviceman of the
property transferred to him by his or her subcontractor is
equal to 50% of the subcontractor's charges to the serviceman
in the absence of proof of the consideration paid by the
subcontractor for the purchase of such property.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership,
association, joint stock company, joint venture, public or
private corporation, limited liability company, and any
receiver, executor, trustee, guardian or other representative
appointed by order of any court.

"Sale of Service" means any transaction except:

(a) A retail sale of tangible personal property taxable
under the Retailers' Occupation Tax Act or under the Use Tax
Act.

(b) A sale of tangible personal property for the purpose of
resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(c) Except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(d) A sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or lessors under leases of one year or longer, executed or in effect at the time of purchase, to interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1) A sale or transfer of tangible personal property as
an incident to the rendering of service for owners, lessors or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1.1) On and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in
furtherance of any commercial or industrial enterprise whether
for-hire or not.

(d-2) The repairing, reconditioning or remodeling, for a
common carrier by rail, of tangible personal property which
belongs to such carrier for hire, and as to which such carrier
receives the physical possession of the repaired,
reconditioned or remodeled item of tangible personal property
in Illinois, and which such carrier transports, or shares with
another common carrier in the transportation of such property,
out of Illinois on a standard uniform bill of lading showing
the person who repaired, reconditioned or remodeled the
property as the shipper or consignor of such property to a
destination outside Illinois, for use outside Illinois.

(d-3) A sale or transfer of tangible personal property
which is produced by the seller thereof on special order in
such a way as to have made the applicable tax the Service
Occupation Tax or the Service Use Tax, rather than the
Retailers' Occupation Tax or the Use Tax, for an interstate
carrier by rail which receives the physical possession of such
property in Illinois, and which transports such property, or
shares with another common carrier in the transportation of
such property, out of Illinois on a standard uniform bill of
lading showing the seller of the property as the shipper or
consignor of such property to a destination outside Illinois,
for use outside Illinois.

(d-4) Until January 1, 1997, a sale, by a registered
serviceman paying tax under this Act to the Department, of
special order printed materials delivered outside Illinois and
which are not returned to this State, if delivery is made by
the seller or agent of the seller, including an agent who
causes the product to be delivered outside Illinois by a common
carrier or the U.S. postal service.

(e) A sale or transfer of machinery and equipment used
primarily in the process of the manufacturing or assembling,
either in an existing, an expanded or a new manufacturing
facility, of tangible personal property for wholesale or retail
sale or lease, whether such sale or lease is made directly by
the manufacturer or by some other person, whether the materials
used in the process are owned by the manufacturer or some other
person, or whether such sale or lease is made apart from or as
an incident to the seller's engaging in a service occupation
and the applicable tax is a Service Occupation Tax or Service
Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
exemption provided by this paragraph (e) does not include
machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption. The exemption under this subsection (e) is exempt from the provisions of Section 3-75.

(f) Until July 1, 2003, the sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale or resale.

(g) At the election of any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act, made for each fiscal year sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35% (75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production) of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be subject to tax under the Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will
pay Use Tax on his or her cost price of any tangible personal
property transferred to the primary serviceman and (ii)
certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the
completion of a maintenance agreement is exempt from the tax
imposed pursuant to this Act.

Exemption (e) also includes machinery and equipment used in
the general maintenance or repair of such exempt machinery and
equipment or for in-house manufacture of exempt machinery and
equipment. On and after July 1, 2017, exemption (e) also
includes production related tangible personal property, as
defined in Section 2-45 of the Retailers' Occupation Tax Act.
On and after July 1, 2017, exemption (e) also includes graphic
arts machinery and equipment, as defined in paragraph (5) of
Section 3-5. The machinery and equipment exemption does not
include machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption. For the
purposes of exemption (e), each of these terms shall have the
following meanings: (1) "manufacturing process" shall mean the
production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further for purposes of exemption (e), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall
include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The purchaser of such machinery and equipment and tools without an active resale registration number shall furnish to the seller a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, which certificate shall be available to the Department for inspection or audit.

Except as provided in Section 2d of this Act, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if such rolling stock transports, for hire, persons whose journeys or
property whose shipments originate or terminate outside Illinois.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (e) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (c) of this Section shall make tax free purchases unless it has an active exemption identification number issued by the Department.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at Retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.
Sec. 3-5. Exemptions. The following tangible personal property is exempt from the tax imposed by this Act:

(1) Personal property sold by a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that is organized and operated as a not-for-profit service enterprise for the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.

(2) Personal property purchased by a not-for-profit Illinois county fair association for use in conducting, operating, or promoting the county fair.

(3) Personal property purchased by any not-for-profit arts or cultural organization that establishes, by proof required by the Department by rule, that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations. On and after the effective date
of this amendatory Act of the 92nd General Assembly, however, an entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.

(4) Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion.

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product. **Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under Section 2 of this Act.**

(6) Personal property sold by a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(7) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or
State or federal agricultural programs, including individual
replacement parts for the machinery and equipment, including
machinery and equipment purchased for lease, and including
implements of husbandry defined in Section 1-130 of the
Illinois Vehicle Code, farm machinery and agricultural
chemical and fertilizer spreaders, and nurse wagons required to
be registered under Section 3-809 of the Illinois Vehicle Code,
but excluding other motor vehicles required to be registered
under the Illinois Vehicle Code. Horticultural polyhouses or
hoop houses used for propagating, growing, or overwintering
plants shall be considered farm machinery and equipment under
this item (7). Agricultural chemical tender tanks and dry boxes
shall include units sold separately from a motor vehicle
required to be licensed and units sold mounted on a motor
vehicle required to be licensed if the selling price of the
tender is separately stated.

Farm machinery and equipment shall include precision
farming equipment that is installed or purchased to be
installed on farm machinery and equipment including, but not
limited to, tractors, harvesters, sprayers, planters, seeders,
or spreaders. Precision farming equipment includes, but is not
limited to, soil testing sensors, computers, monitors,
software, global positioning and mapping systems, and other
such equipment.

Farm machinery and equipment also includes computers,
sensors, software, and related equipment used primarily in the
computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals. This item (7) is exempt from the provisions of Section 3-55.

(8) Until June 30, 2013, fuel and petroleum products sold to or used by an air common carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers.

Beginning July 1, 2013, fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(9) Proceeds of mandatory service charges separately stated on customers' bills for the purchase and consumption of food and beverages, to the extent that the proceeds of the
service charge are in fact turned over as tips or as a substitute for tips to the employees who participate directly in preparing, serving, hosting or cleaning up the food or beverage function with respect to which the service charge is imposed.

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(11) Photoprocessing machinery and equipment, including repair and replacement parts, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for photoprocessing, and including photoprocessing machinery and equipment purchased for lease.

(12) Coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is
allowed on or after August 16, 2013 (the effective date of
Public Act 98-456) for such taxes paid during the period
beginning July 1, 2003 and ending on August 16, 2013 (the
effective date of Public Act 98-456).

(13) Beginning January 1, 1992 and through June 30, 2016,
food for human consumption that is to be consumed off the
premises where it is sold (other than alcoholic beverages, soft
drinks and food that has been prepared for immediate
consumption) and prescription and non-prescription medicines,
drugs, medical appliances, and insulin, urine testing
materials, syringes, and needles used by diabetics, for human
use, when purchased for use by a person receiving medical
assistance under Article V of the Illinois Public Aid Code who
resides in a licensed long-term care facility, as defined in
the Nursing Home Care Act, or in a licensed facility as defined
in the ID/DD Community Care Act, the MC/DD Act, or the
Specialized Mental Health Rehabilitation Act of 2013.

(14) Semen used for artificial insemination of livestock
for direct agricultural production.

(15) Horses, or interests in horses, registered with and
meeting the requirements of any of the Arabian Horse Club
Registry of America, Appaloosa Horse Club, American Quarter
Horse Association, United States Trotting Association, or
Jockey Club, as appropriate, used for purposes of breeding or
racing for prizes. This item (15) is exempt from the provisions
of Section 3-55, and the exemption provided for under this item
(15) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(16) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act.

(17) Personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act.

(18) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is donated for disaster relief to be used in a State or federally declared disaster area in Illinois or bordering Illinois by a manufacturer or retailer that is registered in this State to a corporation, society, association, foundation, or institution
that has been issued a sales tax exemption identification number by the Department that assists victims of the disaster who reside within the declared disaster area.

(19) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(20) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-55.

(21) A motor vehicle, as that term is defined in Section 1-146 of the Illinois Vehicle Code, that is donated to a corporation, limited liability company, society, association, foundation, or institution that is determined by the Department to be organized and operated exclusively for educational purposes. For purposes of this exemption, "a corporation, limited liability company, society, association, foundation,
or institution organized and operated exclusively for educational purposes" means all tax-supported public schools, private schools that offer systematic instruction in useful branches of learning by methods common to public schools and that compare favorably in their scope and intensity with the course of study presented in tax-supported schools, and vocational or technical schools or institutes organized and operated exclusively to provide a course of study of not less than 6 weeks duration and designed to prepare individuals to follow a trade or to pursue a manual, technical, mechanical, industrial, business, or commercial occupation.

(22) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 3-55.

(23) Beginning January 1, 2000 and through December 31,
2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-55.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. This paragraph is exempt from
the provisions of Section 3-55.

(26) Beginning on January 1, 2002 and through June 30, 2016, tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (26). The permit issued under this paragraph (26) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(27) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water
supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-55.

(28) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-55.

(29) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any
materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the transfer of qualifying tangible personal property incident to the modification, refurbishment, completion, replacement, repair, or maintenance of an aircraft by persons who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (29) by Public Act 98-534 are declarative of existing law.

(30) Beginning January 1, 2017, menstrual pads, tampons, and menstrual cups.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)
Section 30-35. The Retailers' Occupation Tax Act is amended by changing Sections 1, 2, 2-5, 2-10, 2-10.5, 2-12, 2-45, 2-55, 2a, 2b, 2c, 3, 7, and 13 and by adding Section 1b as follows:

(35 ILCS 120/1) (from Ch. 120, par. 440)

Sec. 1. Definitions. "Sale at retail" means any transfer of the ownership of or title to tangible personal property to a purchaser or the performance of a taxable service for a purchaser, for the purpose of use or consumption, and not for the purpose of resale in any form as tangible personal property or taxable service to the extent not first subjected to a use for which it was purchased, for a valuable consideration: Provided that the property or service purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing or otherwise transferred to the purchaser of tangible personal property or taxable service. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced byproduct of manufacturing. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price shall be deemed to be sales.

"Sale at retail" shall be construed to include any transfer
of the ownership of or title to tangible personal property to a purchaser or the performance of a taxable service for a purchaser, for use or consumption by any other person to whom such purchaser may transfer the tangible personal property or taxable service without a valuable consideration, and to include any transfer, whether made for or without a valuable consideration, for resale in any form as tangible personal property or taxable service unless made in compliance with Section 2c of this Act.

Sales of tangible personal property, which property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, goes into and forms a part of tangible personal property subsequently the subject of a "Sale at retail", or transferred to a purchaser of a taxable service that is a "sale at retail" are not sales at retail as defined in this Act: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing.

"Sale at retail" shall be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.
Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to customers as part of the sale of food or beverages in the ordinary course of business.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of tangible personal property.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property or taxable service at retail (whether to the public or merely to members and their guests) is engaged in the business of selling tangible personal property or taxable service at retail with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1), to the extent of sales by such
person to its members, students, patients or inmates of
tangible personal property or taxable service to be used
primarily for the purposes of such person, or (2), to the
extent of sales by such person of tangible personal property or
taxable service which is not sold or offered for sale by
persons organized for profit. The selling of school books and
school supplies by schools at retail to students is not
"primarily for the purposes of" the school which does such
selling. The provisions of this paragraph shall not apply to
nor subject to taxation occasional dinners, socials or similar
activities of a person organized and operated exclusively for
charitable, religious or educational purposes, whether or not
such activities are open to the public.

A person who is the recipient of a grant or contract under
Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
serves meals to participants in the federal Nutrition Program
for the Elderly in return for contributions established in
amount by the individual participant pursuant to a schedule of
suggested fees as provided for in the federal Act is not
engaged in the business of selling tangible personal property
or taxable service at retail with respect to such transactions.

"Purchaser" means anyone who, through a sale at retail,
acquires the ownership of or title to tangible personal
property or taxable service for a valuable consideration.

"Reseller of motor fuel" means any person engaged in the
business of selling or delivering or transferring title of
motor fuel to another person other than for use or consumption. No person shall act as a reseller of motor fuel within this State without first being registered as a reseller pursuant to Section 2c or a retailer pursuant to Section 2a.

"Selling price" or the "amount of sale" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property, other than as hereinafter provided, and services, but not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include charges that are added to prices by sellers on account of the seller's tax liability under this Act, or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by the Use Tax Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that are added to prices
by sellers on account of the seller's tax liability under the
Cigarette Tax Act, on account of the sellers' duty to collect, from
the purchaser, the tax imposed under the Cigarette Use Tax
Act, and on account of the seller's duty to collect, from the
purchaser, any cigarette tax imposed by a home rule unit.

Notwithstanding any law to the contrary, for any motor
vehicle, as defined in Section 1-146 of the Vehicle Code, that
is sold on or after January 1, 2015 for the purpose of leasing
the vehicle for a defined period that is longer than one year
and (1) is a motor vehicle of the second division that: (A) is
a self-contained motor vehicle designed or permanently
converted to provide living quarters for recreational,
camping, or travel use, with direct walk through access to the
living quarters from the driver's seat; (B) is of the van
configuration designed for the transportation of not less than
7 nor more than 16 passengers; or (C) has a gross vehicle
weight rating of 8,000 pounds or less or (2) is a motor vehicle
of the first division, "selling price" or "amount of sale"
means the consideration received by the lessor pursuant to the
lease contract, including amounts due at lease signing and all
monthly or other regular payments charged over the term of the
lease. Also included in the selling price is any amount
received by the lessor from the lessee for the leased vehicle
that is not calculated at the time the lease is executed,
including, but not limited to, excess mileage charges and
charges for excess wear and tear. For sales that occur in
Illinois, with respect to any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, the lessor who purchased the motor vehicle does not incur the tax imposed by the Use Tax Act on those amounts, and the retailer who makes the retail sale of the motor vehicle to the lessor is not required to collect the tax imposed by the Use Tax Act or to pay the tax imposed by this Act on those amounts. However, the lessor who purchased the motor vehicle assumes the liability for reporting and paying the tax on those amounts directly to the Department in the same form (Illinois Retailers' Occupation Tax, and local retailers' occupation taxes, if applicable) in which the retailer would have reported and paid such tax if the retailer had accounted for the tax to the Department. For amounts received by the lessor from the lessee that are not calculated at the time the lease is executed, the lessor must file the return and pay the tax to the Department by the due date otherwise required by this Act for returns other than transaction returns. If the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department with respect to the sale of the motor vehicle to the lessor, then the right to the discount provided in this Act shall be transferred to the lessor with respect to the tax paid by the lessor for any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed; provided that the discount is only
allowed if the return is timely filed and for amounts timely
paid. The "selling price" of a motor vehicle that is sold on or
after January 1, 2015 for the purpose of leasing for a defined
period of longer than one year shall not be reduced by the
value of or credit given for traded-in tangible personal
property owned by the lessor, nor shall it be reduced by the
value of or credit given for traded-in tangible personal
property owned by the lessee, regardless of whether the
trade-in value thereof is assigned by the lessee to the lessor.
In the case of a motor vehicle that is sold for the purpose of
leasing for a defined period of longer than one year, the sale
occurs at the time of the delivery of the vehicle, regardless
of the due date of any lease payments. A lessor who incurs a
Retailers' Occupation Tax liability on the sale of a motor
vehicle coming off lease may not take a credit against that
liability for the Use Tax the lessor paid upon the purchase of
the motor vehicle (or for any tax the lessor paid with respect
to any amount received by the lessor from the lessee for the
leased vehicle that was not calculated at the time the lease
was executed) if the selling price of the motor vehicle at the
time of purchase was calculated using the definition of
"selling price" as defined in this paragraph. Notwithstanding
any other provision of this Act to the contrary, lessors shall
file all returns and make all payments required under this
paragraph to the Department by electronic means in the manner
and form as required by the Department. This paragraph does not
apply to leases of motor vehicles for which, at the time the lease is entered into, the term of the lease is not a defined period, including leases with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the initial defined period.

The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from retailers' occupation tax and use tax as an isolated or occasional sale.

"Gross receipts" from the sales of tangible personal property or taxable service at retail means the total selling price or the amount of such sales, as hereinbefore defined. In the case of charge and time sales, the amount thereof shall be included only as and when payments are received by the seller. Receipts or other consideration derived by a seller from the sale, transfer or assignment of accounts receivable to a wholly owned subsidiary will not be deemed payments prior to the time the purchaser makes payment on such accounts.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver,
executor, trustee, guardian or other representative appointed
by order of any court.

The isolated or occasional sale of tangible personal
property or taxable service at retail by a person who does not
hold himself out as being engaged (or who does not habitually
engage) in selling such tangible personal property or taxable
service at retail, or a sale through a bulk vending machine,
does not constitute engaging in a business of selling such
tangible personal property or taxable service at retail within
the meaning of this Act; provided that any person who is
engaged in a business which is not subject to the tax imposed
by this Act because of involving the sale of or a contract to
sell real estate or a construction contract to improve real
estate or a construction contract to engineer, install, and
maintain an integrated system of products, but who, in the
course of conducting such business, transfers tangible
personal property to users or consumers in the finished form in
which it was purchased, and which does not become real estate
or was not engineered and installed, under any provision of a
construction contract or real estate sale or real estate sales
agreement entered into with some other person arising out of or
because of such nontaxable business, is engaged in the business
of selling tangible personal property at retail to the extent
of the value of the tangible personal property so transferred.
If, in such a transaction, a separate charge is made for the
tangible personal property so transferred, the value of such
property, for the purpose of this Act, shall be the amount so
separately charged, but not less than the cost of such property
to the transferor; if no separate charge is made, the value of
such property, for the purposes of this Act, is the cost to the
transferor of such tangible personal property. Construction
contracts for the improvement of real estate consisting of
engineering, installation, and maintenance of voice, data,
video, security, and all telecommunication systems do not
constitute engaging in a business of selling tangible personal
property or taxable service at retail within the meaning of
this Act if they are sold at one specified contract price.

A person who holds himself or herself out as being engaged
(or who habitually engages) in selling tangible personal
property or taxable service at retail is a person engaged in
the business of selling tangible personal property or taxable
service at retail hereunder with respect to such sales (and not
primarily in a nontaxable service occupation) notwithstanding
the fact that such person designs and produces such tangible
personal property or taxable service on special order for the
purchaser and in such a way as to render the property or
service of value only to such purchaser, if such tangible
personal property or taxable service so produced on special
order serves substantially the same function as stock or
standard items of tangible personal property or taxable service
that are sold at retail.

Persons who engage in the business of transferring tangible
personal property or taxable service upon the redemption of trading stamps are engaged in the business of selling such property or service at retail and shall be liable for and shall pay the tax imposed by this Act on the basis of the retail value of the property or service transferred upon redemption of such stamps.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a coin or coins of a denomination not larger than $0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)

(35 ILCS 120/1b new)

Sec. 1b. Taxable service. Beginning January 1, 2018, "taxable service" has the meaning provided in Section 2a-2 of the Use Tax Act.

(35 ILCS 120/2) (from Ch. 120, par. 441)

Sec. 2. Tax imposed. A tax is imposed upon persons engaged in the business of selling at retail taxable service or tangible personal property, or both, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures
for public commercial exhibition. Beginning January 1, 2001, prepaid telephone calling arrangements shall be considered tangible personal property subject to the tax imposed under this Act regardless of the form in which those arrangements may be embodied, transmitted, or fixed by any method now known or hereafter developed. Sales of (1) electricity delivered to customers by wire; (2) natural or artificial gas that is delivered to customers through pipes, pipelines, or mains; and (3) water that is delivered to customers through pipes, pipelines, or mains are not subject to tax under this Act. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this Act.
(Source: P.A. 98-583, eff. 1-1-14.)

(35 ILCS 120/2-5)

Sec. 2-5. Exemptions. Gross receipts from proceeds from the sale of the following tangible personal property and taxable services are exempt from the tax imposed by this Act:

(1) Farm chemicals.

(2) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including
implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (2). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed, if the selling price of the tender is separately stated.

Farm machinery and equipment shall include precision farming equipment that is installed or purchased to be installed on farm machinery and equipment including, but not limited to, tractors, harvesters, sprayers, planters, seeders, or spreaders. Precision farming equipment includes, but is not limited to, soil testing sensors, computers, monitors, software, global positioning and mapping systems, and other such equipment.

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and
crop data for the purpose of formulating animal diets and agricultural chemicals. This item (2) is exempt from the provisions of Section 2-70.

(3) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

(4) Until July 1, 2003 and beginning again September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (14).

(5) A motor vehicle that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

(6) Personal property sold by a teacher-sponsored student organization affiliated with an elementary or secondary school
located in Illinois.

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

(8) Personal property sold to an Illinois county fair association for use in conducting, operating, or promoting the county fair.

(9) Personal property sold to or taxable service performed for a not-for-profit arts or cultural organization that establishes, by proof required by the Department by rule, that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations. On and after the effective date of this amendatory Act of the 92nd General Assembly, however, an entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.

(10) Personal property sold or taxable service performed by a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that
is organized and operated as a not-for-profit service enterprise for the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.

(11) Personal property or taxable service sold to a governmental body, to a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active identification number issued by the Department.

(12) Tangible personal property sold to interstate carriers for hire for use as rolling stock moving in interstate commerce or to lessors under leases of one year or longer executed or in effect at the time of purchase by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in
or affixed to aircraft moving in interstate commerce.

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(13) Proceeds from sales to owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.
Machinery and equipment that will be used by the purchaser, or a lessee of the purchaser, primarily in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease, whether the sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether the sale or lease is made apart from or as an incident to the seller's engaging in the service occupation of producing machines, tools, dies, jigs, patterns, gauges, or other similar items of no commercial value on special order for a particular purchaser. The exemption provided by this paragraph (14) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (14) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (4) of this Section. Beginning on July 1, 2017, the exemption provided by this paragraph (14) includes, but is not limited to, production related tangible personal property, as
defined in Section 2-45 of this Act. The exemption provided by this paragraph (14) is exempt from the provisions of Section 2-70.

(15) Proceeds of mandatory service charges separately stated on customers' bills for purchase and consumption of food and beverages or of taxable service, to the extent that the proceeds of the service charge are in fact turned over as tips or as a substitute for tips to the employees who participate directly in preparing, serving, hosting or cleaning up the food or beverage function with respect to which the service charge is imposed.

(16) Petroleum products sold to a purchaser if the seller is prohibited by federal law from charging tax to the purchaser.

(17) Tangible personal property sold to a common carrier by rail or motor that receives the physical possession of the property in Illinois and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(18) Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion.
(19) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(20) Photoprocessing machinery and equipment, including repair and replacement parts, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for photoprocessing, and including photoprocessing machinery and equipment purchased for lease.

(21) Coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(22) Until June 30, 2013, fuel and petroleum products sold
to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers.

Beginning July 1, 2013, fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(23) A transaction in which the purchase order is received by a florist who is located outside Illinois, but who has a florist located in Illinois deliver the property to the purchaser or the purchaser's donee in Illinois.

(24) Fuel consumed or used in the operation of ships, barges, or vessels that are used primarily in or for the transportation of property or the conveyance of persons for hire on rivers bordering on this State if the fuel is delivered by the seller to the purchaser's barge, ship, or vessel while it is afloat upon that bordering river.
(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of
the payment to the State of Illinois of tax in an amount
equivalent to the state's rate of tax on taxable property in
his or her state of residence and shall submit the statement to
the appropriate tax collection agency in his or her state of
residence. In addition, the retailer must retain a signed copy
of the statement in his or her records. Nothing in this item
shall be construed to require the removal of the vehicle from
this state following the filing of an intent to title the
vehicle in the purchaser's state of residence if the purchaser
titles the vehicle in his or her state of residence within 30
days after the date of sale. The tax collected under this Act
in accordance with this item (25-5) shall be proportionately
distributed as if the tax were collected at the 6.25% general
rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under
this Act on the sale of an aircraft, as defined in Section 3 of
the Illinois Aeronautics Act, if all of the following
conditions are met:

(1) the aircraft leaves this State within 15 days after
the later of either the issuance of the final billing for
the sale of the aircraft, or the authorized approval for
return to service, completion of the maintenance record
entry, and completion of the test flight and ground test
for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this
State after the sale of the aircraft; and
(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

(26) Semen used for artificial insemination of livestock for direct agricultural production.

(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter
Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(29) Personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(30) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is donated for disaster relief to be used in a State or federally declared
disaster area in Illinois or bordering Illinois by a manufacturer or retailer that is registered in this State to a corporation, society, association, foundation, or institution that has been issued a sales tax exemption identification number by the Department that assists victims of the disaster who reside within the declared disaster area.

(31) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

(33) A motor vehicle, as that term is defined in Section 1-146 of the Illinois Vehicle Code, that is donated to a corporation, limited liability company, society, association, foundation, or institution that is determined by the Department
to be organized and operated exclusively for educational purposes. For purposes of this exemption, "a corporation, limited liability company, society, association, foundation, or institution organized and operated exclusively for educational purposes" means all tax-supported public schools, private schools that offer systematic instruction in useful branches of learning by methods common to public schools and that compare favorably in their scope and intensity with the course of study presented in tax-supported schools, and vocational or technical schools or institutes organized and operated exclusively to provide a course of study of not less than 6 weeks duration and designed to prepare individuals to follow a trade or to pursue a manual, technical, mechanical, industrial, business, or commercial occupation.

(34) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits
from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 2-70.

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(36) Beginning August 2, 2001, computers and
communications equipment utilized for any hospital purpose and
equipment used in the diagnosis, analysis, or treatment of
hospital patients sold to a lessor who leases the equipment,
under a lease of one year or longer executed or in effect at
the time of the purchase, to a hospital that has been issued an
active tax exemption identification number by the Department
under Section 1g of this Act. This paragraph is exempt from the
provisions of Section 2-70.

(37) Beginning August 2, 2001, personal property sold to a
lessor who leases the property, under a lease of one year or
longer executed or in effect at the time of the purchase, to a
governmental body that has been issued an active tax exemption
identification number by the Department under Section 1g of
this Act. This paragraph is exempt from the provisions of
Section 2-70.

(38) Beginning on January 1, 2002 and through June 30,
2016, tangible personal property purchased from an Illinois
retailer by a taxpayer engaged in centralized purchasing
activities in Illinois who will, upon receipt of the property
in Illinois, temporarily store the property in Illinois (i) for
the purpose of subsequently transporting it outside this State
for use or consumption thereafter solely outside this State or
(ii) for the purpose of being processed, fabricated, or
manufactured into, attached to, or incorporated into other
tangible personal property to be transported outside this State
and thereafter used or consumed solely outside this State. The
Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any
materials, parts, equipment, components, and consumable
supplies used in the modification, replacement, repair, and
maintenance of aircraft engines or power plants, whether such
engines or power plants are installed or uninstalled upon any
such aircraft. "Consumable supplies" include, but are not
limited to, adhesive, tape, sandpaper, general purpose
lubricants, cleaning solution, latex gloves, and protective
films. This exemption applies only to the sale of qualifying
tangible personal property to persons who modify, refurbish,
complete, replace, or maintain an aircraft and who (i) hold an
Air Agency Certificate and are empowered to operate an approved
repair station by the Federal Aviation Administration, (ii)
have a Class IV Rating, and (iii) conduct operations in
accordance with Part 145 of the Federal Aviation Regulations.
The exemption does not include aircraft operated by a
commercial air carrier providing scheduled passenger air
service pursuant to authority issued under Part 121 or Part 129
of the Federal Aviation Regulations. The changes made to this
paragraph (40) by Public Act 98-534 are declarative of existing
law.

(41) Tangible personal property sold to a
public-facilities corporation, as described in Section
11-65-10 of the Illinois Municipal Code, for purposes of
constructing or furnishing a municipal convention hall, but
only if the legal title to the municipal convention hall is
transferred to the municipality without any further
consideration by or on behalf of the municipality at the time
of the completion of the municipal convention hall or upon the
retirement or redemption of any bonds or other debt instruments
issued by the public-facilities corporation in connection with
the development of the municipal convention hall. This
exemption includes existing public-facilities corporations as
This paragraph is exempt from the provisions of Section 2-70.

(42) Beginning January 1, 2017, menstrual pads, tampons,
and menstrual cups.

(43) Beginning January 1, 2018, taxable service performed
on or to tangible personal property the sale of which is exempt
from taxation under this Act. This paragraph is exempt from the
provisions of Section 2-70.

(44) Beginning January 1, 2018, taxable service performed
in a transaction that would be exempt from taxation under this
Act if it involved solely the sale of tangible personal
property. Such exemption could be due to the nature of the
seller or of the service provider, the purchaser or service
recipient, or other features of the transaction, including but
not limited to the location or sale-for-resale nature of the
transaction. Any such exemption applies to transactions
involving solely the sale of tangible personal property, solely
the performance of taxable service, or some combination
thereof. This paragraph is exempt from the provisions of
Section 2-70.
(45) Beginning January 1, 2018, taxable service performed for or provided to businesses making purchases of services for the benefit of or in furtherance of the business. This paragraph is exempt from the provisions of Section 2-70. (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

(35 ILCS 120/2-10)

Sec. 2-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of gross receipts from sales of tangible personal property made in the course of business. Beginning July 1, 2017, the tax is also imposed at the rate of 6.25% of the gross receipts from sales of taxable services.

Beginning on July 1, 2000 and through December 31, 2000, with respect to motor fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

Beginning on August 6, 2010 through August 15, 2010, with respect to sales tax holiday items as defined in Section 2-8 of this Act, the tax is imposed at the rate of 1.25%.

Within 14 days after the effective date of this amendatory Act of the 91st General Assembly, each retailer of motor fuel and gasohol shall cause the following notice to be posted in a
prominently visible place on each retail dispensing device that is used to dispense motor fuel or gasohol in the State of Illinois: "As of July 1, 2000, the State of Illinois has eliminated the State's share of sales tax on motor fuel and gasohol through December 31, 2000. The price on this pump should reflect the elimination of the tax." The notice shall be printed in bold print on a sign that is no smaller than 4 inches by 8 inches. The sign shall be clearly visible to customers. Any retailer who fails to post or maintain a required sign through December 31, 2000 is guilty of a petty offense for which the fine shall be $500 per day per each retail premises where a violation occurs.

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018, and (iii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to majority blended ethanol fuel, as defined in the Use Tax Act, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of
sales made thereafter.

With respect to biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to 100% biodiesel, as defined in the Use Tax Act, and biodiesel blends, as defined in the Use Tax Act, with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of sales made thereafter.

With respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and
components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including but not limited to soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" do not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and
food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of
this paragraph, "over-the-counter-drug" means a drug for human
use that contains a label that identifies the product as a drug
as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
label includes:

(A) A "Drug Facts" panel; or

(B) A statement of the "active ingredient(s)" with a
list of those ingredients contained in the compound,
substance or preparation.

Beginning on the effective date of this amendatory Act of
the 98th General Assembly, "prescription and nonprescription
medicines and drugs" includes medical cannabis purchased from a
registered dispensing organization under the Compassionate Use
of Medical Cannabis Pilot Program Act.

(Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
99-858, eff. 8-19-16.)

(35 ILCS 120/2-10.5)

Sec. 2-10.5. Direct payment program; purchaser's providing
of permit to retailer; retailer relieved of collecting use tax
and local retailers' occupation tax reimbursements from
purchaser; direct payment of retailers' occupation tax and
local retailers' occupation tax by purchaser.

(a) Beginning on July 1, 2001 there is established in this
State a Direct Payment Program to be administered by the
Department. The Department shall issue a Direct Pay Permit to
applicants who have been approved to participate in the Direct
Payment Program. Each person applying to participate in the Direct Payment Program must demonstrate (1) the applicant's ability to comply with the retailers' occupation tax laws and the use tax laws in effect in this State and that the applicant's accounting system will reflect the proper amount of tax due, (2) that the applicant has a valid business purpose for participating in the Direct Payment Program, and (3) how the applicant's participation in the Direct Payment Program will benefit tax compliance. Application shall be made on forms provided by the Department and shall contain information as the Department may reasonably require. The Department shall approve or deny an applicant within 90 days after the Department's receipt of the application, unless the Department makes a written request for additional information from the applicant.

(b) A person who has been approved for the Direct Payment Program and who has been issued a Direct Pay Permit by the Department is relieved of paying tax to a retailer when purchasing tangible personal property or taxable service for use or consumption, except as provided in subsection (d), by providing that retailer a copy of that Direct Pay Permit. A retailer who accepts a copy of a customer's Direct Pay Permit is relieved of the obligation to remit the tax imposed by this Act on the transaction. References in this Section to "the tax imposed by this Act" include any local occupation taxes administered by the Department that would be incurred on the
retail sale.

(c) Once the holder of a Direct Pay Permit uses that Permit to relieve the Permit holder from paying tax to a particular retailer, the holder must use its Permit for all purchases, except as provided in subsection (d), from that retailer for so long as the Permit is valid.

(d) Direct Pay Permits are not valid and shall not be used for sales or purchases of:

   (1) food or beverage;

   (2) tangible personal property required to be titled or registered with an agency of government; or

   (3) any transactions subject to the Service Occupation Tax Act or Service Use Tax Act.

(e) Direct Pay Permits are not assignable and are not transferable. As an illustration, a construction contractor shall not make purchases using a customer's Direct Pay Permit.

(f) A Direct Pay Permit is valid until it is revoked by the Department or until the holder notifies the Department in writing that the holder is withdrawing from the Direct Payment Program. A Direct Pay Permit can be revoked by the Department, after notice and hearing, if the holder violates any provision of this Act, any provision of the Illinois Use Tax Act, or any provision of any Act imposing a local retailers' occupation tax administered by the Department.

(g) The holder of a Direct Pay Permit who has been relieved of paying tax to a retailer on a purchase for use or
consumption by representing to that retailer that it would pay all applicable taxes directly to the Department shall pay those taxes to the Department not later than the 20th day of the month following the month in which the purchase was made. Permit holders making such purchases are subject to all provisions of this Act, and the tax must be reported and paid as retailers' occupation tax in the same manner that the retailer from whom the purchases were made would have reported and paid it, including any local retailers' occupation taxes applicable to that retail sale. Notwithstanding any other provision of this Act, Permit holders shall make all payments to the Department through the use of electronic funds transfer.

(Source: P.A. 92-484, eff. 8-23-01.)

(35 ILCS 120/2-12)

Sec. 2-12. Location where retailer is deemed to be engaged in the business of selling. The purpose of this Section is to specify where a retailer is deemed to be engaged in the business of selling tangible personal property or taxable service for the purposes of this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act, and for the purpose of collecting any other local retailers' occupation tax administered by the Department. This Section applies only with respect to the particular selling activities described in the following paragraphs. The provisions of this Section are not intended to, and shall not be interpreted to,
affect where a retailer is deemed to be engaged in the business of selling with respect to any activity that is not specifically described in the following paragraphs.

(1) If a purchaser who is present at the retailer's place of business, having no prior commitment to the retailer, agrees to purchase and makes payment for tangible personal property at the retailer's place of business, then the transaction shall be deemed an over-the-counter sale occurring at the retailer's same place of business where the purchaser was present and made payment for that tangible personal property if the retailer regularly stocks the purchased tangible personal property or similar tangible personal property in the quantity, or similar quantity, for sale at the retailer's same place of business and then either (i) the purchaser takes possession of the tangible personal property at the same place of business or (ii) the retailer delivers or arranges for the tangible personal property to be delivered to the purchaser.

(2) If a purchaser, having no prior commitment to the retailer, agrees to purchase tangible personal property and makes payment over the phone, in writing, or via the Internet and takes possession of the tangible personal property at the retailer's place of business, then the sale shall be deemed to have occurred at the retailer's place of business where the purchaser takes possession of the property if the retailer regularly stocks the item or
similar items in the quantity, or similar quantities, purchased by the purchaser.

(3) A retailer is deemed to be engaged in the business of selling food, beverages, or other tangible personal property through a vending machine at the location where the vending machine is located at the time the sale is made if (i) the vending machine is a device operated by coin, currency, credit card, token, coupon or similar device; (2) the food, beverage or other tangible personal property is contained within the vending machine and dispensed from the vending machine; and (3) the purchaser takes possession of the purchased food, beverage or other tangible personal property immediately.

(4) Minerals. A producer of coal or other mineral mined in Illinois is deemed to be engaged in the business of selling at the place where the coal or other mineral mined in Illinois is extracted from the earth. With respect to minerals (i) the term "extracted from the earth" means the location at which the coal or other mineral is extracted from the mouth of the mine, and (ii) a "mineral" includes not only coal, but also oil, sand, stone taken from a quarry, gravel and any other thing commonly regarded as a mineral and extracted from the earth. This paragraph does not apply to coal or another mineral when it is delivered or shipped by the seller to the purchaser at a point outside Illinois so that the sale is exempt under the
United States Constitution as a sale in interstate or foreign commerce.

(5) A retailer selling tangible personal property to a nominal lessee or bailee pursuant to a lease with a dollar or other nominal option to purchase is engaged in the business of selling at the location where the property is first delivered to the lessee or bailee for its intended use.

(6) Landscaping services shall be sourced to the location of the parcel or tract of land where the benefit of the landscaping services is realized.

(Source: P.A. 98-1098, eff. 8-26-14; 99-126, eff. 7-23-15.)

(35 ILCS 120/2-45) (from Ch. 120, par. 441-45)
Sec. 2-45. Manufacturing and assembly exemption. The manufacturing and assembly machinery and equipment exemption includes machinery and equipment that replaces machinery and equipment in an existing manufacturing facility as well as machinery and equipment that are for use in an expanded or new manufacturing facility.

The machinery and equipment exemption also includes machinery and equipment used in the general maintenance or repair of exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. Beginning on July 1, 2017, the manufacturing and assembling machinery and equipment exemption also includes graphic arts machinery and
equipment, as defined in paragraph (4) of Section 2-5.

Beginning on July 1, 2017, the manufacturing and assembling machinery and equipment exemption also includes production related tangible personal property, as defined in this Section. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of this exemption, terms have the following meanings:

(1) "Manufacturing process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by a procedure commonly regarded as manufacturing, processing, fabricating, or refining that changes some existing material or materials into a material with a different form, use, or name. In relation to a recognized integrated business composed of a series of operations that collectively constitute manufacturing, or individually constitute manufacturing
operations, the manufacturing process commences with the
first operation or stage of production in the series and
does not end until the completion of the final product in
the last operation or stage of production in the series.
For purposes of this exemption, photoprocessing is a
manufacturing process of tangible personal property for
wholesale or retail sale.

(2) "Assembling process" means the production of an
article of tangible personal property, whether the article
is a finished product or an article for use in the process
of manufacturing or assembling a different article of
tangible personal property, by the combination of existing
materials in a manner commonly regarded as assembling that
results in a material of a different form, use, or name.

(3) "Machinery" means major mechanical machines or
major components of those machines contributing to a
manufacturing or assembling process.

(4) "Equipment" includes an independent device or tool
separate from machinery but essential to an integrated
manufacturing or assembly process; including computers
used primarily in a manufacturer's computer assisted
design, computer assisted manufacturing (CAD/CAM) system;
any subunit or assembly comprising a component of any
machinery or auxiliary, adjunct, or attachment parts of
machinery, such as tools, dies, jigs, fixtures, patterns,
and molds; and any parts that require periodic replacement
in the course of normal operation; but does not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease.

(5) "Production related tangible personal property" means all tangible personal property that is used or consumed by the purchaser in a manufacturing facility in which a manufacturing process takes place and includes, without limitation, tangible personal property that is purchased for incorporation into real estate within a manufacturing facility and tangible personal property that is used or consumed in activities such as research and development, preproduction material handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes. "Production related tangible personal property" does not include (i) tangible personal property that is used, within or without a manufacturing facility, in sales, purchasing, accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property that is required to be titled or registered with a department, agency, or unit of federal, State, or local government.

The manufacturing and assembling machinery and equipment
exemption includes production related tangible personal property that is purchased (i) on or after July 1, 2007 and on or before June 30, 2008 or (ii) on and after July 1, 2017. The exemption for production related tangible personal property purchased on or after July 1, 2007 and on or before June 30, 2008 is subject to both of the following limitations:

1. The maximum amount of the exemption for any one taxpayer may not exceed 5% of the purchase price of production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008. A credit under Section 3-85 of this Act may not be earned by the purchase of production related tangible personal property for which an exemption is received under this Section.

2. The maximum aggregate amount of the exemptions for production related tangible personal property awarded under this Act and the Use Tax Act to all taxpayers may not exceed $10,000,000. If the claims for the exemption exceed $10,000,000, then the Department shall reduce the amount of the exemption to each taxpayer on a pro rata basis.

The Department may adopt rules to implement and administer the exemption for production related tangible personal property.

The manufacturing and assembling machinery and equipment exemption includes the sale of materials to a purchaser who produces exempted types of machinery, equipment, or tools and who rents or leases that machinery, equipment, or tools to a
manufacturer of tangible personal property. This exemption also includes the sale of materials to a purchaser who manufactures those materials into an exempted type of machinery, equipment, or tools that the purchaser uses himself or herself in the manufacturing of tangible personal property. The purchaser of the machinery and equipment who has an active resale registration number shall furnish that number to the seller at the time of purchase. A purchaser of the machinery, equipment, and tools without an active resale registration number shall furnish to the seller a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, and that certificate shall be available to the Department for inspection or audit. Informal rulings, opinions, or letters issued by the Department in response to an inquiry or request for an opinion from any person regarding the coverage and applicability of this exemption to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion, or letter contains trade secrets or other confidential information, where possible, the Department shall delete that information before publication. Whenever informal rulings, opinions, or letters contain a policy of general applicability, the Department shall formulate and adopt that policy as a rule in accordance with the Illinois Administrative Procedure Act.

The manufacturing and assembling machinery and equipment
exemption is exempt from the provisions of Section 2-70.
(Source: P.A. 98-583, eff. 1-1-14.)

(35 ILCS 120/2-55) (from Ch. 120, par. 441-55)

Sec. 2-55. Serviceman transfer. Tangible personal property purchased by a serviceman, as defined in Section 2 of the Service Occupation Tax Act, is subject to the tax imposed by this Act when purchased for transfer by the serviceman incidental to completion of a maintenance agreement. Effective January 1, 2018, purchases of tangible personal property purchased for transfer incidental to performance of a taxable service is not subject to the tax imposed by this Act.
(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 120/2a) (from Ch. 120, par. 441a)

Sec. 2a. It is unlawful for any person to engage in the business of selling tangible personal property or taxable service at retail in this State without a certificate of registration from the Department. Application for a certificate of registration shall be made to the Department upon forms furnished by it. Each such application shall be signed and verified and shall state: (1) the name and social security number of the applicant; (2) the address of his principal place of business; (3) the address of the principal place of business from which he engages in the business of selling tangible personal property or taxable service at retail
in this State and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application), from which he engages in the business of selling tangible personal property or taxable service at retail in this State; (4) the name and address of the person or persons who will be responsible for filing returns and payment of taxes due under this Act; (5) in the case of a publicly traded corporation, the name and title of the Chief Financial Officer, Chief Operating Officer, and any other officer or employee with responsibility for preparing tax returns under this Act, along with the last 4 digits of each of their social security numbers, and, in the case of all other corporations, the name, title, and social security number of each corporate officer; (6) in the case of a limited liability company, the name, social security number, and FEIN number of each manager and member; and (7) such other information as the Department may reasonably require. The application shall contain an acceptance of responsibility signed by the person or persons who will be responsible for filing returns and payment of the taxes due under this Act. If the applicant will sell tangible personal property at retail through vending machines, his application to register shall indicate the number of vending machines to be so operated. If requested by the Department at any time, that person shall verify the total number of vending machines he or she uses in his or her business of selling tangible personal property at
The Department may deny a certificate of registration to any applicant if a person who is named as the owner, a partner, a manager or member of a limited liability company, or a corporate officer of the applicant on the application for the certificate of registration is or has been named as the owner, a partner, a manager or member of a limited liability company, or a corporate officer on the application for the certificate of registration of another retailer that is in default for moneys due under this Act or any other tax or fee Act administered by the Department. For purposes of this paragraph only, in determining whether a person is in default for moneys due, the Department shall include only amounts established as a final liability within the 20 years prior to the date of the Department's notice of denial of a certificate of registration.

The Department may require an applicant for a certificate of registration hereunder to, at the time of filing such application, furnish a bond from a surety company authorized to do business in the State of Illinois, or an irrevocable bank letter of credit or a bond signed by 2 personal sureties who have filed, with the Department, sworn statements disclosing net assets equal to at least 3 times the amount of the bond to be required of such applicant, or a bond secured by an assignment of a bank account or certificate of deposit, stocks or bonds, conditioned upon the applicant paying to the State of Illinois all moneys becoming due under this Act and under any
other State tax law or municipal or county tax ordinance or
resolution under which the certificate of registration that is
issued to the applicant under this Act will permit the
applicant to engage in business without registering separately
under such other law, ordinance or resolution. In making a
determination as to whether to require a bond or other
security, the Department shall take into consideration whether
the owner, any partner, any manager or member of a limited
liability company, or a corporate officer of the applicant is
or has been the owner, a partner, a manager or member of a
limited liability company, or a corporate officer of another
retailer that is in default for moneys due under this Act or
any other tax or fee Act administered by the Department; and
whether the owner, any partner, any manager or member of a
limited liability company, or a corporate officer of the
applicant is or has been the owner, a partner, a manager or
member of a limited liability company, or a corporate officer
of another retailer whose certificate of registration has been
revoked within the previous 5 years under this Act or any other
tax or fee Act administered by the Department. If a bond or
other security is required, the Department shall fix the amount
of the bond or other security, taking into consideration the
amount of money expected to become due from the applicant under
this Act and under any other State tax law or municipal or
county tax ordinance or resolution under which the certificate
of registration that is issued to the applicant under this Act
will permit the applicant to engage in business without registering separately under such other law, ordinance, or resolution. The amount of security required by the Department shall be such as, in its opinion, will protect the State of Illinois against failure to pay the amount which may become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution, but the amount of the security required by the Department shall not exceed three times the amount of the applicant's average monthly tax liability, or $50,000.00, whichever amount is lower.

No certificate of registration under this Act shall be issued by the Department until the applicant provides the Department with satisfactory security, if required, as herein provided for.

Upon receipt of the application for certificate of registration in proper form, and upon approval by the Department of the security furnished by the applicant, if required, the Department shall issue to such applicant a certificate of registration which shall permit the person to whom it is issued to engage in the business of selling tangible personal property at retail in this State. The certificate of registration shall be conspicuously displayed at the place of
business which the person so registered states in his application to be the principal place of business from which he engages in the business of selling tangible personal property at retail in this State.

No certificate of registration issued to a taxpayer who files returns required by this Act on a monthly basis shall be valid after the expiration of 5 years from the date of its issuance or last renewal. The expiration date of a sub-certificate of registration shall be that of the certificate of registration to which the sub-certificate relates. A certificate of registration shall automatically be renewed, subject to revocation as provided by this Act, for an additional 5 years from the date of its expiration unless otherwise notified by the Department as provided by this paragraph. Where a taxpayer to whom a certificate of registration is issued under this Act is in default to the State of Illinois for delinquent returns or for moneys due under this Act or any other State tax law or municipal or county ordinance administered or enforced by the Department, the Department shall, not less than 60 days before the expiration date of such certificate of registration, give notice to the taxpayer to whom the certificate was issued of the account period of the delinquent returns, the amount of tax, penalty and interest due and owing from the taxpayer, and that the certificate of registration shall not be automatically renewed upon its expiration date unless the taxpayer, on or
before the date of expiration, has filed and paid the
delinquent returns or paid the defaulted amount in full. A
taxpayer to whom such a notice is issued shall be deemed an
applicant for renewal. The Department shall promulgate
regulations establishing procedures for taxpayers who file
returns on a monthly basis but desire and qualify to change to
a quarterly or yearly filing basis and will no longer be
subject to renewal under this Section, and for taxpayers who
file returns on a yearly or quarterly basis but who desire or
are required to change to a monthly filing basis and will be
subject to renewal under this Section.

The Department may in its discretion approve renewal by an
applicant who is in default if, at the time of application for
renewal, the applicant files all of the delinquent returns or
pays to the Department such percentage of the defaulted amount
as may be determined by the Department and agrees in writing to
waive all limitations upon the Department for collection of the
remaining defaulted amount to the Department over a period not
to exceed 5 years from the date of renewal of the certificate;
however, no renewal application submitted by an applicant who
is in default shall be approved if the immediately preceding
renewal by the applicant was conditioned upon the installment
payment agreement described in this Section. The payment
agreement herein provided for shall be in addition to and not
in lieu of the security that may be required by this Section of
a taxpayer who is no longer considered a prior continuous
compliance taxpayer. The execution of the payment agreement as provided in this Act shall not toll the accrual of interest at the statutory rate.

The Department may suspend a certificate of registration if the Department finds that the person to whom the certificate of registration has been issued knowingly sold contraband cigarettes.

A certificate of registration issued under this Act more than 5 years before the effective date of this amendatory Act of 1989 shall expire and be subject to the renewal provisions of this Section on the next anniversary of the date of issuance of such certificate which occurs more than 6 months after the effective date of this amendatory Act of 1989. A certificate of registration issued less than 5 years before the effective date of this amendatory Act of 1989 shall expire and be subject to the renewal provisions of this Section on the 5th anniversary of the issuance of the certificate.

If the person so registered states that he operates other places of business from which he engages in the business of selling tangible personal property or taxable service at retail in this State, the Department shall furnish him with a sub-certificate of registration for each such place of business, and the applicant shall display the appropriate sub-certificate of registration at each such place of business. All sub-certificates of registration shall bear the same registration number as that appearing upon the certificate of
registration to which such sub-certificates relate.

If the applicant will sell tangible personal property at retail through vending machines, the Department shall furnish him with a sub-certificate of registration for each such vending machine, and the applicant shall display the appropriate sub-certificate of registration on each such vending machine by attaching the sub-certificate of registration to a conspicuous part of such vending machine. If a person who is registered to sell tangible personal property at retail through vending machines adds an additional vending machine or additional vending machines to the number of vending machines he or she uses in his or her business of selling tangible personal property at retail, he or she shall notify the Department, on a form prescribed by the Department, to request an additional sub-certificate or additional sub-certificates of registration, as applicable. With each such request, the applicant shall report the number of sub-certificates of registration he or she is requesting as well as the total number of vending machines from which he or she makes retail sales.

Where the same person engages in 2 or more businesses of selling tangible personal property or taxable service at retail in this State, which businesses are substantially different in character or engaged in under different trade names or engaged in under other substantially dissimilar circumstances (so that it is more practicable, from an accounting, auditing or
bookkeeping standpoint, for such businesses to be separately registered), the Department may require or permit such person (subject to the same requirements concerning the furnishing of security as those that are provided for hereinbefore in this Section as to each application for a certificate of registration) to apply for and obtain a separate certificate of registration for each such business or for any of such businesses, under a single certificate of registration supplemented by related sub-certificates of registration.

Any person who is registered under the "Retailers' Occupation Tax Act" as of March 8, 1963, and who, during the 3-year period immediately prior to March 8, 1963, or during a continuous 3-year period part of which passed immediately before and the remainder of which passes immediately after March 8, 1963, has been so registered continuously and who is determined by the Department not to have been either delinquent or deficient in the payment of tax liability during that period under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the registrant under this Act will permit the registrant to engage in business without registering separately under such other law, ordinance or resolution, shall be considered to be a Prior Continuous Compliance taxpayer. Also any taxpayer who has, as verified by the Department, faithfully and continuously complied with the condition of his bond or other security under the provisions of
this Act for a period of 3 consecutive years shall be considered to be a Prior Continuous Compliance taxpayer.

Every Prior Continuous Compliance taxpayer shall be exempt from all requirements under this Act concerning the furnishing of a bond or other security as a condition precedent to his being authorized to engage in the business of selling tangible personal property or taxable service at retail in this State. This exemption shall continue for each such taxpayer until such time as he may be determined by the Department to be delinquent in the filing of any returns, or is determined by the Department (either through the Department's issuance of a final assessment which has become final under the Act, or by the taxpayer's filing of a return which admits tax that is not paid to be due) to be delinquent or deficient in the paying of any tax under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the registrant under this Act will permit the registrant to engage in business without registering separately under such other law, ordinance or resolution, at which time that taxpayer shall become subject to all the financial responsibility requirements of this Act and, as a condition of being allowed to continue to engage in the business of selling tangible personal property or taxable service at retail, may be required to post bond or other acceptable security with the Department covering liability which such taxpayer may thereafter incur. Any taxpayer who
fails to pay an admitted or established liability under this Act may also be required to post bond or other acceptable security with this Department guaranteeing the payment of such admitted or established liability.

No certificate of registration shall be issued to any person who is in default to the State of Illinois for moneys due under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution.

Any person aggrieved by any decision of the Department under this Section may, within 20 days after notice of such decision, protest and request a hearing, whereupon the Department shall give notice to such person of the time and place fixed for such hearing and shall hold a hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to such person. In the absence of such a protest within 20 days, the Department's decision shall become final without any further determination being made or notice given.

With respect to security other than bonds (upon which the Department may sue in the event of a forfeiture), if the taxpayer fails to pay, when due, any amount whose payment such security guarantees, the Department shall, after such
liability is admitted by the taxpayer or established by the
Department through the issuance of a final assessment that has
become final under the law, convert the security which that
taxpayer has furnished into money for the State, after first
giving the taxpayer at least 10 days' written notice, by
registered or certified mail, to pay the liability or forfeit
such security to the Department. If the security consists of
stocks or bonds or other securities which are listed on a
public exchange, the Department shall sell such securities
through such public exchange. If the security consists of an
irrevocable bank letter of credit, the Department shall convert
the security in the manner provided for in the Uniform
Commercial Code. If the security consists of a bank certificate
of deposit, the Department shall convert the security into
money by demanding and collecting the amount of such bank
certificate of deposit from the bank which issued such
certificate. If the security consists of a type of stocks or
other securities which are not listed on a public exchange, the
Department shall sell such security to the highest and best
bidder after giving at least 10 days' notice of the date, time
and place of the intended sale by publication in the "State
Official Newspaper". If the Department realizes more than the
amount of such liability from the security, plus the expenses
incurred by the Department in converting the security into
money, the Department shall pay such excess to the taxpayer who
furnished such security, and the balance shall be paid into the
State Treasury.

The Department shall discharge any surety and shall release and return any security deposited, assigned, pledged or otherwise provided to it by a taxpayer under this Section within 30 days after:

(1) such taxpayer becomes a Prior Continuous Compliance taxpayer; or

(2) such taxpayer has ceased to collect receipts on which he is required to remit tax to the Department, has filed a final tax return, and has paid to the Department an amount sufficient to discharge his remaining tax liability, as determined by the Department, under this Act and under every other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration issued under this Act permits the registrant to engage in business without registering separately under such other law, ordinance or resolution. The Department shall make a final determination of the taxpayer's outstanding tax liability as expeditiously as possible after his final tax return has been filed; if the Department cannot make such final determination within 45 days after receiving the final tax return, within such period it shall so notify the taxpayer, stating its reasons therefor.

(Source: P.A. 97-335, eff. 1-1-12; 98-496, eff. 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 98-974, eff. 1-1-15.)
Sec. 2b. The Department may, after notice and a hearing as provided herein, revoke the certificate of registration of any person who violates any of the provisions of this Act. Before revocation of a certificate of registration the Department shall, within 90 days after non-compliance and at least 7 days prior to the date of the hearing, give the person so accused notice in writing of the charge against him or her, and on the date designated shall conduct a hearing upon this matter. The lapse of such 90 day period shall not preclude the Department from conducting revocation proceedings at a later date if necessary. Any hearing held under this Section shall be conducted by the Director of Revenue or by any officer or employee of the Department designated, in writing, by the Director of Revenue.

Upon the hearing of any such proceeding, the Director of Revenue, or any officer or employee of the Department designated, in writing, by the Director of Revenue, may administer oaths and the Department may procure by its subpoena the attendance of witnesses and, by its subpoena duces tecum, the production of relevant books and papers. Any circuit court, upon application either of the accused or of the Department, may, by order duly entered, require the attendance of witnesses and the production of relevant books and papers, before the Department in any hearing relating to the revocation of
certificates of registration. Upon refusal or neglect to obey the order of the court, the court may compel obedience thereof by proceedings for contempt.

The Department may, by application to any circuit court, obtain an injunction restraining any person who engages in the business of selling tangible personal property or taxable service at retail in this State without a certificate of registration (either because the certificate of registration has been revoked or because of a failure to obtain a certificate of registration in the first instance) from engaging in such business until such person, as if he or she were a new applicant for a certificate of registration, shall comply with all of the conditions, restrictions and requirements of Section 2a of this Act and qualify for and obtain a certificate of registration. Upon refusal or neglect to obey the order of the court, the court may compel obedience thereof by proceedings for contempt.

It shall not be a defense in a proceeding before the Department to revoke a certificate of registration issued under the Act, or in any action by the Department to collect any tax due under this Act, that the holder of the certificate is a party to an installment payment agreement under Section 2a of this Act if the liability which is the basis of the revocation proceeding, or the tax that is sought to be collected: (1) was incurred after the date of the agreement was approved by the Department; or (2) was incurred prior to the date the agreement
was approved by the Department, but was not included in the agreement; or (3) was included in the agreement, but the taxpayer is in default of the agreement.

(Source: P.A. 86-338; 86-383; 86-1028.)

(35 ILCS 120/2c) (from Ch. 120, par. 441c)

Sec. 2c. If the purchaser is not registered with the Department as a taxpayer, but claims to be a reseller of the tangible personal property or taxable service in such a way that such resales are not taxable under this Act or under some other tax law which the Department may administer, such purchaser (except in the case of an out-of-State purchaser who will always resell and deliver the property to his customers outside Illinois) shall apply to the Department for a resale number. Such applicant shall state facts which will show the Department why such applicant is not liable for tax under this Act or under some other tax law which the Department may administer on any of his resales and shall furnish such additional information as the Department may reasonably require.

Upon approval of the application, the Department shall assign a resale number to the applicant and shall certify such number to him. The Department may cancel any such number which is obtained through misrepresentation, or which is used to make a purchase tax-free when the purchase in fact is not a purchase for resale, or which no longer applies because of the
purchaser's having discontinued the making of tax exempt resales of the property.

The Department may restrict the use of the number to one year at a time or to some other definite period if the Department finds it impracticable or otherwise inadvisable to issue such numbers for indefinite periods.

Except as provided hereinabove in this Section, a sale shall be made tax-free on the ground of being a sale for resale if the purchaser has an active registration number or resale number from the Department and furnishes that number to the seller in connection with certifying to the seller that any sale to such purchaser is nontaxable because of being a sale for resale.

Failure to present an active registration number or resale number and a certification to the seller that a sale is for resale creates a presumption that a sale is not for resale. This presumption may be rebutted by other evidence that all of the seller's sales are sale for resale, or that a particular sale is a sale for resale.

(Source: P.A. 83-1463.)

(35 ILCS 120/3) (from Ch. 120, par. 442)

Sec. 3. Except as provided in this Section, on or before the twentieth day of each calendar month, every person engaged in the business of selling tangible personal property or taxable service at retail in this State during the preceding
calendar month shall file a return with the Department, stating:

1. The name of the seller;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling tangible personal property or taxable service at retail in this State;

3. Total amount of receipts received by him during the preceding calendar month or quarter, as the case may be, from sales of tangible personal property and taxable service, and from services other than taxable services furnished, by him during such preceding calendar month or quarter;

4. Total amount received by him during the preceding calendar month or quarter on charge and time sales of tangible personal property and taxable service, and from services other than taxable services furnished, by him prior to the month or quarter for which the return is filed;

5. Deductions allowed by law;

6. Gross receipts which were received by him during the preceding calendar month or quarter and upon the basis of which the tax is imposed;

7. The amount of credit provided in Section 2d of this
Act;

8. The amount of tax due;
9. The signature of the taxpayer; and
10. Such other reasonable information as the Department may require.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Each return shall be accompanied by the statement of prepaid tax issued pursuant to Section 2e for which credit is claimed.

Prior to October 1, 2003, and on and after September 1, 2004 a retailer may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Use Tax as provided in Section 3-85 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit certification, accepted by a retailer prior to October 1, 2003 and on and after September 1, 2004 as provided in Section 3-85 of the Use Tax Act, may be used by that retailer to satisfy Retailers' Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to
September 1, 2004 shall be disallowed. Manufacturer's Purchaser Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;
2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;
3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property and taxable services by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;
4. The amount of credit provided in Section 2d of this Act;
5. The amount of tax due; and
6. Such other reasonable information as the Department may require.

Beginning on October 1, 2003, any person who is not a licensed distributor, importing distributor, or manufacturer, as defined in the Liquor Control Act of 1934, but is engaged in the business of selling, at retail, alcoholic liquor shall file a statement with the Department of Revenue, in a format and at a time prescribed by the Department, showing the total amount paid for alcoholic liquor purchased during the preceding month and such other information as is reasonably required by the Department. The Department may adopt rules to require that this statement be filed in an electronic or telephonic format. Such rules may provide for exceptions from the filing requirements of this paragraph. For the purposes of this paragraph, the term "alcoholic liquor" shall have the meaning prescribed in the Liquor Control Act of 1934.

Beginning on October 1, 2003, every distributor, importing distributor, and manufacturer of alcoholic liquor as defined in the Liquor Control Act of 1934, shall file a statement with the Department of Revenue, no later than the 10th day of the month for the preceding month during which transactions occurred, by electronic means, showing the total amount of gross receipts from the sale of alcoholic liquor sold or distributed during the preceding month to purchasers; identifying the purchaser to whom it was sold or distributed; the purchaser's tax registration number; and such other information reasonably
required by the Department. A distributor, importing
distributor, or manufacturer of alcoholic liquor must
personally deliver, mail, or provide by electronic means to
each retailer listed on the monthly statement a report
containing a cumulative total of that distributor's, importing
distributor's, or manufacturer's total sales of alcoholic
liquor to that retailer no later than the 10th day of the month
for the preceding month during which the transaction occurred.
The distributor, importing distributor, or manufacturer shall
notify the retailer as to the method by which the distributor,
importing distributor, or manufacturer will provide the sales
information. If the retailer is unable to receive the sales
information by electronic means, the distributor, importing
distributor, or manufacturer shall furnish the sales
information by personal delivery or by mail. For purposes of
this paragraph, the term "electronic means" includes, but is
not limited to, the use of a secure Internet website, e-mail,
or facsimile.

If a total amount of less than $1 is payable, refundable or
creditable, such amount shall be disregarded if it is less than
50 cents and shall be increased to $1 if it is 50 cents or more.

Beginning October 1, 1993, a taxpayer who has an average
monthly tax liability of $150,000 or more shall make all
payments required by rules of the Department by electronic
funds transfer. Beginning October 1, 1994, a taxpayer who has
an average monthly tax liability of $100,000 or more shall make
all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic
funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Any amount which is required to be shown or reported on any return or other document under this Act shall, if such amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount in any case where the fractional part of a dollar is 50 cents or more, and decreased to the nearest whole-dollar amount where the fractional part of a dollar is less than 50 cents.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 20 of such year; with the return for April, May and June of a given year being due by July 20 of such year; with the return for July, August and September of a given year being due by October 20 of such year, and with the return for October, November and December of a given year being due by
January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability with the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

Where the same person has more than one business registered with the Department under separate registrations under this Act, such person may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every retailer selling this kind of tangible personal property shall file, with the Department,
upon a form to be prescribed and supplied by the Department, a
separate return for each such item of tangible personal
property which the retailer sells, except that if, in the same
transaction, (i) a retailer of aircraft, watercraft, motor
vehicles or trailers transfers more than one aircraft,
watercraft, motor vehicle or trailer to another aircraft,
watercraft, motor vehicle retailer or trailer retailer for the
purpose of resale or (ii) a retailer of aircraft, watercraft,
motor vehicles, or trailers transfers more than one aircraft,
watercraft, motor vehicle, or trailer to a purchaser for use as
a qualifying rolling stock as provided in Section 2-5 of this
Act, then that seller may report the transfer of all aircraft,
watercraft, motor vehicles or trailers involved in that
transaction to the Department on the same uniform
invoice-transaction reporting return form. For purposes of
this Section, "watercraft" means a Class 2, Class 3, or Class 4
watercraft as defined in Section 3-2 of the Boat Registration
and Safety Act, a personal watercraft, or any boat equipped
with an inboard motor.

Any retailer who sells only motor vehicles, watercraft,
aircraft, or trailers that are required to be registered with
an agency of this State, so that all retailers' occupation tax
liability is required to be reported, and is reported, on such
transaction reporting returns and who is not otherwise required
to file monthly or quarterly returns, need not file monthly or
quarterly returns. However, those retailers shall be required
to file returns on an annual basis.

The transaction reporting return, in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of The Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of The Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft or aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for
traded-in property, if any; the amount allowed by the retailer
for the traded-in tangible personal property, if any, to the
extent to which Section 1 of this Act allows an exemption for
the value of traded-in property; the balance payable after
deducting such trade-in allowance from the total selling price;
the amount of tax due from the retailer with respect to such
transaction; the amount of tax collected from the purchaser by
the retailer on such transaction (or satisfactory evidence that
such tax is not due in that particular instance, if that is
claimed to be the fact); the place and date of the sale, a
sufficient identification of the property sold, and such other
information as the Department may reasonably require.

Such transaction reporting return shall be filed not later
than 20 days after the day of delivery of the item that is
being sold, but may be filed by the retailer at any time sooner
than that if he chooses to do so. The transaction reporting
return and tax remittance or proof of exemption from the
Illinois use tax may be transmitted to the Department by way of
the State agency with which, or State officer with whom the
tangible personal property must be titled or registered (if
titling or registration is required) if the Department and such
agency or State officer determine that this procedure will
expedite the processing of applications for title or
registration.

With each such transaction reporting return, the retailer
shall remit the proper amount of tax due (or shall submit
satisfactory evidence that the sale is not taxable if that is
the case), to the Department or its agents, whereupon the
Department shall issue, in the purchaser's name, a use tax
receipt (or a certificate of exemption if the Department is
satisfied that the particular sale is tax exempt) which such
purchaser may submit to the agency with which, or State officer
with whom, he must title or register the tangible personal
property that is involved (if titling or registration is
required) in support of such purchaser's application for an
Illinois certificate or other evidence of title or registration
to such tangible personal property.

No retailer's failure or refusal to remit tax under this
Act precludes a user, who has paid the proper tax to the
retailer, from obtaining his certificate of title or other
evidence of title or registration (if titling or registration
is required) upon satisfying the Department that such user has
paid the proper tax (if tax is due) to the retailer. The
Department shall adopt appropriate rules to carry out the
mandate of this paragraph.

If the user who would otherwise pay tax to the retailer
wants the transaction reporting return filed and the payment of
the tax or proof of exemption made to the Department before the
retailer is willing to take these actions and such user has not
paid the tax to the retailer, such user may certify to the fact
of such delay by the retailer and may (upon the Department
being satisfied of the truth of such certification) transmit
the information required by the transaction reporting return
and the remittance for tax or proof of exemption directly to
the Department and obtain his tax receipt or exemption
determination, in which event the transaction reporting return
and tax remittance (if a tax payment was required) shall be
credited by the Department to the proper retailer's account
with the Department, but without the 2.1% or 1.75% discount
provided for in this Section being allowed. When the user pays
the tax directly to the Department, he shall pay the tax in the
same amount and in the same form in which it would be remitted
if the tax had been remitted to the Department by the retailer.

Refunds made by the seller during the preceding return
period to purchasers, on account of tangible personal property
returned to the seller or taxable services not performed in
full, shall be allowed as a deduction under subdivision 5 of
his monthly or quarterly return, as the case may be, in case
the seller had theretofore included the receipts from the sale
of such tangible personal property in a return filed by him and
had paid the tax imposed by this Act with respect to such
receipts.

Where the seller is a corporation, the return filed on
behalf of such corporation shall be signed by the president,
vice-president, secretary or treasurer or by the properly
accredited agent of such corporation.

Where the seller is a limited liability company, the return
filed on behalf of the limited liability company shall be
signed by a manager, member, or properly accredited agent of
the limited liability company.

Except as provided in this Section, the retailer filing the
return under this Section shall, at the time of filing such
return, pay to the Department the amount of tax imposed by this
Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
on and after January 1, 1990, or $5 per calendar year,
whichever is greater, which is allowed to reimburse the
retailer for the expenses incurred in keeping records,
preparing and filing returns, remitting the tax and supplying
data to the Department on request. Any prepayment made pursuant
to Section 2d of this Act shall be included in the amount on
which such 2.1% or 1.75% discount is computed. In the case of
retailers who report and pay the tax on a transaction by
transaction basis, as provided in this Section, such discount
shall be taken with each such tax remittance instead of when
such retailer files his periodic return. The Department may
disallow the discount for retailers whose certificate of
registration is revoked at the time the return is filed, but
only if the Department's decision to revoke the certificate of
registration has become final.

Before October 1, 2000, if the taxpayer's average monthly
tax liability to the Department under this Act, the Use Tax
Act, the Service Occupation Tax Act, and the Service Use Tax
Act, excluding any liability for prepaid sales tax to be
remitted in accordance with Section 2d of this Act, was $10,000
or more during the preceding 4 complete calendar quarters, he
shall file a return with the Department each month by the 20th
day of the month next following the month during which such tax
liability is incurred and shall make payments to the Department
on or before the 7th, 15th, 22nd and last day of the month
during which such liability is incurred. On and after October
1, 2000, if the taxpayer's average monthly tax liability to the
Department under this Act, the Use Tax Act, the Service
Occupation Tax Act, and the Service Use Tax Act, excluding any
liability for prepaid sales tax to be remitted in accordance
with Section 2d of this Act, was $20,000 or more during the
preceding 4 complete calendar quarters, he shall file a return
with the Department each month by the 20th day of the month
next following the month during which such tax liability is
incurred and shall make payment to the Department on or before
the 7th, 15th, 22nd and last day of the month during which such
liability is incurred. If the month during which such tax
liability is incurred began prior to January 1, 1985, each
payment shall be in an amount equal to 1/4 of the taxpayer's
actual liability for the month or an amount set by the
Department not to exceed 1/4 of the average monthly liability
of the taxpayer to the Department for the preceding 4 complete
calendar quarters (excluding the month of highest liability and
the month of lowest liability in such 4 quarter period). If the
month during which such tax liability is incurred begins on or
after January 1, 1985 and prior to January 1, 1987, each
payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987 and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $10,000 or more as determined in the manner provided above
shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $20,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate
that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due as a payment and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

The provisions of this paragraph apply before October 1, 2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes which average in excess of $25,000 per month during the preceding 2 complete calendar quarters, shall file a return with the Department as required by Section 2f and shall make payments to the
Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to September 1, 1985 (the effective date of Public Act 84-221) this amendatory Act of 1985, each payment shall be in an amount not less than 22.5% of the taxpayer's actual liability under Section 2d. If the month during which such tax liability is incurred begins on or after January 1, 1986, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding calendar year. If the month during which such tax liability is incurred begins on or after January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or Section 2f, as the case may be. Once applicable, the requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until such taxpayer's average monthly prepaid tax collections during the preceding 2 complete calendar quarters is $25,000 or less. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer
has previously made payments for that month in excess of the minimum payments previously due.

The provisions of this paragraph apply on and after October 1, 2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes that average in excess of $20,000 per month during the preceding 4 complete calendar quarters shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which the liability is incurred. Each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of the quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or Section 2f, as the case may be. Once applicable, the requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until the taxpayer's average monthly prepaid tax collections during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar
quarters is less than $20,000. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

If any payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Use Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown on an original monthly return, the Department shall, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by such credit memorandum may be assigned by the taxpayer to a similar taxpayer under this Act, the Use Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determined that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's 2.1% and 1.75% vendor's discount shall be reduced by 2.1% or 1.75% of the difference between the credit taken and that actually
due, and that taxpayer shall be liable for penalties and
interest on such difference.

If a retailer of motor fuel is entitled to a credit under
Section 2d of this Act which exceeds the taxpayer's liability
to the Department under this Act for the month which the
taxpayer is filing a return, the Department shall issue the
taxpayer a credit memorandum for the excess.

Beginning January 1, 1990, each month the Department shall
pay into the Local Government Tax Fund, a special fund in the
State treasury which is hereby created, the net revenue
realized for the preceding month from the 1% tax on sales of
food for human consumption which is to be consumed off the
premises where it is sold (other than alcoholic beverages, soft
drinks and food which has been prepared for immediate
consumption) and prescription and nonprescription medicines,
drugs, medical appliances, products classified as Class III
medical devices by the United States Food and Drug
Administration that are used for cancer treatment pursuant to a
prescription, as well as any accessories and components related
to those devices, and insulin, urine testing materials,
syringes and needles used by diabetics.

Beginning January 1, 1990, each month the Department shall
pay into the County and Mass Transit District Fund, a special
fund in the State treasury which is hereby created, 4% of the
net revenue realized for the preceding month from the 6.25%
general rate.
Beginning August 1, 2000, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. Beginning September 1, 2010, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of sales tax holiday items.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

From July 1, 2017 through June 30, 2018, no deposits shall be made into the County and Mass Transit District Fund or the Local Government Tax Fund from the net revenue realized from the 6.25% general rate on taxable services. Beginning July 1, 2018 and through June 30, 2019, each month the Department shall pay into the County and Mass Transit District Fund 1.4% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of taxable services and shall pay into the Local Government Tax Fund 5.6% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of taxable services. Beginning July 1, 2019 and through June 30, 2020, each month the Department shall pay into the County and Mass Transit District Fund 2.6% of the net revenue realized for the preceding month from the 6.25% general
rate on the selling price of taxable services and shall pay
into the Local Government Tax Fund 10.4% of the net revenue
realized for the preceding month from the 6.25% general rate on
the selling price of taxable services. Beginning July 1, 2020,
each month the Department shall pay into the County and Mass
Transit District Fund 4% of the net revenue realized for the
preceding month from the 6.25% general rate on the selling
price of taxable services and shall pay into the Local
Government Tax Fund 16% of the net revenue realized for the
preceding month from the 6.25% general rate on the selling
price of taxable services.

Beginning August 1, 2000, each month the Department shall
pay into the Local Government Tax Fund 80% of the net revenue
realized for the preceding month from the 1.25% rate on the
selling price of motor fuel and gasohol. Beginning September 1,
2010, each month the Department shall pay into the Local
Government Tax Fund 80% of the net revenue realized for the
preceding month from the 1.25% rate on the selling price of
sales tax holiday items.

Beginning October 1, 2009, each month the Department shall
pay into the Capital Projects Fund an amount that is equal to
an amount estimated by the Department to represent 80% of the
net revenue realized for the preceding month from the sale of
candy, grooming and hygiene products, and soft drinks that had
been taxed at a rate of 1% prior to September 1, 2009 but that
are now taxed at 6.25%.
Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Use Tax Act shall not exceed $2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, each
month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to this Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as hereinafter defined), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; the "Annual Specified Amount" means the amounts specified below for fiscal years 1986 through 1993:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Specified Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>$54,800,000</td>
</tr>
<tr>
<td>1987</td>
<td>$76,650,000</td>
</tr>
<tr>
<td>1988</td>
<td>$80,480,000</td>
</tr>
<tr>
<td>Year</td>
<td>Amount</td>
</tr>
<tr>
<td>------</td>
<td>---------------</td>
</tr>
<tr>
<td>1989</td>
<td>$88,510,000</td>
</tr>
<tr>
<td>1990</td>
<td>$115,330,000</td>
</tr>
<tr>
<td>1991</td>
<td>$145,470,000</td>
</tr>
<tr>
<td>1992</td>
<td>$182,730,000</td>
</tr>
<tr>
<td>1993</td>
<td>$206,520,000;</td>
</tr>
</tbody>
</table>

and means the Certified Annual Debt Service Requirement (as defined in Section 13 of the Build Illinois Bond Act) or the Tax Act Amount, whichever is greater, for fiscal year 1994 and each fiscal year thereafter; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year. The amounts payable into the Build Illinois Fund under clause (b) of the first sentence in this paragraph shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and
outstanding pursuant to the Build Illinois Bond Act is
sufficient, taking into account any future investment income,
to fully provide, in accordance with such indenture, for the
defeasance of or the payment of the principal of, premium, if
any, and interest on the Bonds secured by such indenture and on
any Bonds expected to be issued thereafter and all fees and
costs payable with respect thereto, all as certified by the
Director of the Bureau of the Budget (now Governor's Office of
Management and Budget). If on the last business day of any
month in which Bonds are outstanding pursuant to the Build
Illinois Bond Act, the aggregate of moneys deposited in the
Build Illinois Bond Account in the Build Illinois Fund in such
month shall be less than the amount required to be transferred
in such month from the Build Illinois Bond Account to the Build
Illinois Bond Retirement and Interest Fund pursuant to Section
13 of the Build Illinois Bond Act, an amount equal to such
deficiency shall be immediately paid from other moneys received
by the Department pursuant to the Tax Acts to the Build
Illinois Fund; provided, however, that any amounts paid to the
Build Illinois Fund in any fiscal year pursuant to this
sentence shall be deemed to constitute payments pursuant to
clause (b) of the first sentence of this paragraph and shall
reduce the amount otherwise payable for such fiscal year
pursuant to that clause (b). The moneys received by the
Department pursuant to this Act and required to be deposited
into the Build Illinois Fund are subject to the pledge, claim
and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>$0</td>
</tr>
<tr>
<td>1994</td>
<td>53,000,000</td>
</tr>
<tr>
<td>1995</td>
<td>58,000,000</td>
</tr>
<tr>
<td>1996</td>
<td>61,000,000</td>
</tr>
<tr>
<td>1997</td>
<td>64,000,000</td>
</tr>
<tr>
<td>1998</td>
<td>68,000,000</td>
</tr>
<tr>
<td>1999</td>
<td>71,000,000</td>
</tr>
<tr>
<td>2000</td>
<td>75,000,000</td>
</tr>
<tr>
<td>2001</td>
<td>80,000,000</td>
</tr>
<tr>
<td>2002</td>
<td>93,000,000</td>
</tr>
<tr>
<td>Year</td>
<td>Value</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
</tr>
<tr>
<td>2003</td>
<td>99,000,000</td>
</tr>
<tr>
<td>2004</td>
<td>103,000,000</td>
</tr>
<tr>
<td>2005</td>
<td>108,000,000</td>
</tr>
<tr>
<td>2006</td>
<td>113,000,000</td>
</tr>
<tr>
<td>2007</td>
<td>119,000,000</td>
</tr>
<tr>
<td>2008</td>
<td>126,000,000</td>
</tr>
<tr>
<td>2009</td>
<td>132,000,000</td>
</tr>
<tr>
<td>2010</td>
<td>139,000,000</td>
</tr>
<tr>
<td>2011</td>
<td>146,000,000</td>
</tr>
<tr>
<td>2012</td>
<td>153,000,000</td>
</tr>
<tr>
<td>2013</td>
<td>161,000,000</td>
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<tr>
<td>2014</td>
<td>170,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>179,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>189,000,000</td>
</tr>
<tr>
<td>2017</td>
<td>199,000,000</td>
</tr>
<tr>
<td>2018</td>
<td>210,000,000</td>
</tr>
<tr>
<td>2019</td>
<td>221,000,000</td>
</tr>
<tr>
<td>2020</td>
<td>233,000,000</td>
</tr>
<tr>
<td>2021</td>
<td>246,000,000</td>
</tr>
<tr>
<td>2022</td>
<td>260,000,000</td>
</tr>
<tr>
<td>2023</td>
<td>275,000,000</td>
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<tr>
<td>2024</td>
<td>275,000,000</td>
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<tr>
<td>2025</td>
<td>275,000,000</td>
</tr>
<tr>
<td>2026</td>
<td>279,000,000</td>
</tr>
<tr>
<td>2027</td>
<td>292,000,000</td>
</tr>
<tr>
<td>2028</td>
<td>307,000,000</td>
</tr>
</tbody>
</table>
2029 322,000,000
2030 338,000,000
2031 350,000,000
2032 350,000,000

and

each fiscal year

thereafter that bonds
are outstanding under
Section 13.2 of the
Metropolitan Pier and
Exposition Authority Act,

but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal
year thereafter, one-eighth of the amount requested in the
certificate of the Chairman of the Metropolitan Pier and
Exposition Authority for that fiscal year, less the amount
deposited into the McCormick Place Expansion Project Fund by
the State Treasurer in the respective month under subsection
(g) of Section 13 of the Metropolitan Pier and Exposition
Authority Act, plus cumulative deficiencies in the deposits
required under this Section for previous months and years,
shall be deposited into the McCormick Place Expansion Project
Fund, until the full amount requested for the fiscal year, but
not in excess of the amount specified above as "Total Deposit",
has been deposited.

Subject to payment of amounts into the Build Illinois Fund
and the McCormick Place Expansion Project Fund pursuant to the
preceding paragraphs or in any amendments thereto hereafter
enacted, beginning July 1, 1993 and ending on September 30,
2013, the Department shall each month pay into the Illinois Tax
Increment Fund 0.27% of 80% of the net revenue realized for the
preceding month from the 6.25% general rate on the selling
price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund
and the McCormick Place Expansion Project Fund pursuant to the
preceding paragraphs or in any amendments thereto hereafter
enacted, beginning with the receipt of the first report of
taxes paid by an eligible business and continuing for a 25-year
period, the Department shall each month pay into the Energy
Infrastructure Fund 80% of the net revenue realized from the
6.25% general rate on the selling price of Illinois-mined coal
that was sold to an eligible business. For purposes of this
paragraph, the term "eligible business" means a new electric
generating facility certified pursuant to Section 605-332 of
the Department of Commerce and Economic Opportunity Law of the
Civil Administrative Code of Illinois.

Subject to payment of amounts into the Build Illinois Fund,
the McCormick Place Expansion Project Fund, the Illinois Tax
Increment Fund, and the Energy Infrastructure Fund pursuant to
the preceding paragraphs or in any amendments to this Section
hereafter enacted, beginning on the first day of the first
calendar month to occur on or after August 26, 2014 (the
effective date of Public Act 98-1098 this amendatory Act of the 98th General Assembly, each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State Treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement
of gross receipts as shown by the retailer's last Federal
income tax return. If the total receipts of the business as
reported in the Federal income tax return do not agree with the
gross receipts reported to the Department of Revenue for the
same period, the retailer shall attach to his annual return a
schedule showing a reconciliation of the 2 amounts and the
reasons for the difference. The retailer's annual return to the
Department shall also disclose the cost of goods sold by the
retailer during the year covered by such return, opening and
closing inventories of such goods for such year, costs of goods
used from stock or taken from stock and given away by the
retailer during such year, payroll information of the
retailer's business during such year and any additional
reasonable information which the Department deems would be
helpful in determining the accuracy of the monthly, quarterly
or annual returns filed by such retailer as provided for in
this Section.

If the annual information return required by this Section
is not filed when and as required, the taxpayer shall be liable
as follows:

   (i) Until January 1, 1994, the taxpayer shall be liable
for a penalty equal to 1/6 of 1% of the tax due from such
taxpayer under this Act during the period to be covered by
the annual return for each month or fraction of a month
until such return is filed as required, the penalty to be
assessed and collected in the same manner as any other
penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The provisions of this Section concerning the filing of an annual information return do not apply to a retailer who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for
overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

Any person who promotes, organizes, provides retail selling space for concessionaires or other types of sellers at the Illinois State Fair, DuQuoin State Fair, county fairs, local fairs, art shows, flea markets and similar exhibitions or events, including any transient merchant as defined by Section 2 of the Transient Merchant Act of 1987, is required to file a report with the Department providing the name of the merchant's business, the name of the person or persons engaged in merchant's business, the permanent address and Illinois Retailers Occupation Tax Registration Number of the merchant, the dates and location of the event and other reasonable information that the Department may require. The report must be filed not later than the 20th day of the month next following the month during which the event with retail sales was held. Any person who fails to file a report required by this Section commits a business offense and is subject to a fine not to exceed $250.

Any person engaged in the business of selling tangible
personal property or taxable service at retail as a
concessionaire or other type of seller at the Illinois State
Fair, county fairs, art shows, flea markets and similar
exhibitions or events, or any transient merchants, as defined
by Section 2 of the Transient Merchant Act of 1987, may be
required to make a daily report of the amount of such sales to
the Department and to make a daily payment of the full amount
of tax due. The Department shall impose this requirement when
it finds that there is a significant risk of loss of revenue to
the State at such an exhibition or event. Such a finding shall
be based on evidence that a substantial number of
concessionaires or other sellers who are not residents of
Illinois will be engaging in the business of selling tangible
personal property or taxable service at retail at the
exhibition or event, or other evidence of a significant risk of
loss of revenue to the State. The Department shall notify
concessionaires and other sellers affected by the imposition of
this requirement. In the absence of notification by the
Department, the concessionaires and other sellers shall file
their returns as otherwise required in this Section.
(Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
eff. 1-27-17; revised 2-3-17.)

(35 ILCS 120/7) (from Ch. 120, par. 446)
Sec. 7. Every person engaged in the business of selling tangible personal property or taxable service at retail in this State shall keep records and books of all sales of tangible personal property, together with invoices, bills of lading, sales records, copies of bills of sale, inventories prepared as of December 31 of each year or otherwise annually as has been the custom in the specific trade and other pertinent papers and documents. Every person who is engaged in the business of selling tangible personal property or taxable service at retail in this State and who, in connection with such business, also engages in other activities (including, but not limited to, engaging in a service occupation not subject to tax under this Act) shall keep such additional records and books of all such activities as will accurately reflect the character and scope of such activities and the amount of receipts realized therefrom. The Department may adopt rules that establish requirements, including record forms and formats, for records required to be kept and maintained by taxpayers. For purposes of this Section, "records" means all data maintained by the taxpayer, including data on paper, microfilm, microfiche or any type of machine-sensible data compilation.

All books and records and other papers and documents which are required by this Act to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.
To support deductions made on the tax return form, or authorized under this Act, on account of receipts from isolated or occasional sales of tangible personal property or taxable service, on account of receipts from sales of tangible personal property or taxable service for resale, on account of receipts from sales to governmental bodies or other exempted types of purchasers, on account of receipts from sales of tangible personal property or taxable service in interstate commerce, and on account of receipts from any other kind of transaction that is not taxable under this Act, entries in any books, records or other pertinent papers or documents of the taxpayer in relation thereto shall be in detail sufficient to show the name and address of the taxpayer's customer in each such transaction, the character of every such transaction, the date of every such transaction, the amount of receipts realized from every such transaction and such other information as may be necessary to establish the non-taxable character of such transaction under this Act.

Except in the case of a sale to a purchaser who will always resell and deliver the property to his customers outside Illinois, anyone claiming that he has made a nontaxable sale for resale in some form as tangible personal property shall also keep a record of the purchaser's registration number or resale number with the Department.

It shall be presumed that all sales of tangible personal property or taxable service are subject to tax under this Act.
until the contrary is established, and the burden of proving
that a transaction is not taxable hereunder shall be upon the
person who would be required to remit the tax to the Department
if such transaction is taxable. In the course of any audit or
investigation or hearing by the Department with reference to a
given taxpayer, if the Department finds that the taxpayer lacks
documentary evidence needed to support the taxpayer's claim to
exemption from tax hereunder, the Department is authorized to
notify the taxpayer in writing to produce such evidence, and
the taxpayer shall have 60 days subject to the right in the
Department to extend this period either on request for good
cause shown or on its own motion from the date when such notice
is sent to the taxpayer by certified or registered mail (or
delivered to the taxpayer if the notice is served personally)
in which to obtain and produce such evidence for the
Department's inspection, failing which the matter shall be
closed, and the transaction shall be conclusively presumed to
be taxable hereunder.

Books and records and other papers reflecting gross
receipts received during any period with respect to which the
Department is authorized to issue notices of tax liability as
provided by Sections 4 and 5 of this Act shall be preserved
until the expiration of such period unless the Department, in
writing, shall authorize their destruction or disposal prior to
such expiration.

(Source: P.A. 88-480.)
Sec. 13. Criminal penalties.

(a) When the amount due is under $300, any person engaged in the business of selling tangible personal property or taxable service at retail in this State who fails to file a return, or who files a fraudulent return, or any officer, employee or agent of a corporation, member, employee or agent of a partnership, or manager, member, agent, or employee of a limited liability company engaged in the business of selling tangible personal property or taxable service at retail in this State who, as such officer, employee, agent, manager, or member is under a duty to file a return, or any officer, agent or employee of a corporation, member, agent, or employee of a partnership, or manager, member, agent, or employee of a limited liability company engaged in the business of selling tangible personal property or taxable service at retail in this State who files or causes to be filed or signs or causes to be signed a fraudulent return filed on behalf of such corporation or limited liability company, or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act, is guilty of a Class 4 felony.

Any person who or any officer or director of any corporation, partner or member of any partnership, or manager or member of a limited liability company that: (a) violates Section 2a of this Act or (b) fails to keep books and records,
or fails to produce books and records as required by Section 7 or (c) willfully violates a rule or regulation of the Department for the administration and enforcement of this Act is guilty of a Class A misdemeanor. Any person, manager or member of a limited liability company, or officer or director of any corporation who engages in the business of selling tangible personal property at retail after the certificate of registration of that person, corporation, limited liability company, or partnership has been revoked is guilty of a Class A misdemeanor. Each day such person, corporation, or partnership is engaged in business without a certificate of registration or after the certificate of registration of that person, corporation, or partnership has been revoked constitutes a separate offense.

Any purchaser who obtains a registration number or resale number from the Department through misrepresentation, or who represents to a seller that such purchaser has a registration number or a resale number from the Department when he knows that he does not, or who uses his registration number or resale number to make a seller believe that he is buying tangible personal property for resale when such purchaser in fact knows that this is not the case is guilty of a Class 4 felony.

Any distributor, supplier or other reseller of motor fuel registered pursuant to Section 2a or 2c of this Act who fails to collect the prepaid tax on invoiced gallons of motor fuel sold or who fails to deliver a statement of tax paid to the
purchaser or to the Department as required by Sections 2d and
2e of this Act, respectively, shall be guilty of a Class A
misdemeanor if the amount due is under $300, and a Class 4
felony if the amount due is $300 or more.

When the amount due is under $300, any person who accepts
money that is due to the Department under this Act from a
taxpayer for the purpose of acting as the taxpayer's agent to
make the payment to the Department, but who fails to remit such
payment to the Department when due is guilty of a Class 4
felony.

Any seller who collects or attempts to collect an amount
(whatever designated) which purports to reimburse such seller
for retailers' occupation tax liability measured by receipts
which such seller knows are not subject to retailers'
occupation tax, or any seller who knowingly over-collects or
attempts to over-collect an amount purporting to reimburse such
seller for retailers' occupation tax liability in a transaction
which is subject to the tax that is imposed by this Act, shall
be guilty of a Class 4 felony for each such offense. This
paragraph does not apply to an amount collected by the seller
as reimbursement for the seller's retailers' occupation tax
liability on receipts which are subject to tax under this Act
as long as such collection is made in compliance with the tax
collection brackets prescribed by the Department in its Rules
and Regulations.

When the amount due is $300 or more, any person engaged in
the business of selling tangible personal property or taxable service at retail in this State who fails to file a return, or who files a fraudulent return, or any officer, employee or agent of a corporation, member, employee or agent of a partnership, or manager, member, agent, or employee of a limited liability company engaged in the business of selling tangible personal property or taxable service at retail in this State who, as such officer, employee, agent, manager, or member is under a duty to file a return and who fails to file such return or any officer, agent, or employee of a corporation, member, agent or employee of a partnership, or manager, member, agent, or employee of a limited liability company engaged in the business of selling tangible personal property or taxable service at retail in this State who files or causes to be filed or signs or causes to be signed a fraudulent return filed on behalf of such corporation or limited liability company, or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act is guilty of a Class 3 felony.

When the amount due is $300 or more, any person engaged in the business of selling tangible personal property at retail in this State who accepts money that is due to the Department under this Act from a taxpayer for the purpose of acting as the taxpayer's agent to make payment to the Department but fails to remit such payment to the Department when due, is guilty of a Class 3 felony.
Any person whose principal place of business is in this State and who is charged with a violation under this Section shall be tried in the county where his principal place of business is located unless he asserts a right to be tried in another venue.

Any taxpayer or agent of a taxpayer who with the intent to defraud purports to make a payment due to the Department by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository, shall be guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 2012.

(b) A person commits the offense of sales tax evasion under this Act when he knowingly attempts in any manner to evade or defeat the tax imposed on him or on any other person, or the payment thereof, and he commits an affirmative act in furtherance of the evasion. For purposes of this Section, an "affirmative act in furtherance of the evasion" means an act designed in whole or in part to (i) conceal, misrepresent, falsify, or manipulate any material fact or (ii) tamper with or destroy documents or materials related to a person's tax liability under this Act. Two or more acts of sales tax evasion may be charged as a single count in any indictment, information, or complaint and the amount of tax deficiency may be aggregated for purposes of determining the amount of tax which is attempted to be or is evaded and the period between
the first and last acts may be alleged as the date of the offense.

(1) When the amount of tax, the assessment or payment of which is attempted to be or is evaded is less than $500, a person is guilty of a Class 4 felony.

(2) When the amount of tax, the assessment or payment of which is attempted to be or is evaded is $500 or more but less than $10,000, a person is guilty of a Class 3 felony.

(3) When the amount of tax, the assessment or payment of which is attempted to be or is evaded is $10,000 or more but less than $100,000, a person is guilty of a Class 2 felony.

(4) When the amount of tax, the assessment or payment of which is attempted to be or is evaded is $100,000 or more, a person is guilty of a Class 1 felony.

Any person who knowingly sells, purchases, installs, transfers, possesses, uses, or accesses any automated sales suppression device, zapper, or phantom-ware in this State is guilty of a Class 3 felony.

For the purposes of this Section:

"Automated sales suppression device" or "zapper" means a software program that falsifies the electronic records of an electronic cash register or other point-of-sale system, including, but not limited to, transaction data and transaction reports. The term includes the software program, any device
that carries the software program, or an Internet link to the
software program.

"Phantom-ware" means a hidden programming option embedded
in the operating system of an electronic cash register or
hardwired into an electronic cash register that can be used to
create a second set of records or that can eliminate or
manipulate transaction records in an electronic cash register.

"Electronic cash register" means a device that keeps a
register or supporting documents through the use of an
electronic device or computer system designed to record
transaction data for the purpose of computing, compiling, or
processing retail sales transaction data in any manner.

"Transaction data" includes: items purchased by a
customer; the price of each item; a taxability determination
for each item; a segregated tax amount for each taxed item; the
amount of cash or credit tendered; the net amount returned to
the customer in change; the date and time of the purchase; the
name, address, and identification number of the vendor; and the
receipt or invoice number of the transaction.

"Transaction report" means a report that documents,
without limitation, the sales, taxes, or fees collected, media
totals, and discount voids at an electronic cash register and
that is printed on a cash register tape at the end of a day or
shift, or a report that documents every action at an electronic
cash register and is stored electronically.

(c) A prosecution for any act in violation of this Section
may be commenced at any time within 5 years of the commission of that act.
(Source: P.A. 97-1074, eff. 1-1-13; 97-1150, eff. 1-25-13; 98-352, eff. 1-1-14.)

Section 30-50. The Counties Code is amended by changing Section 5-1009 and by adding Section 5-1008.10 as follows:

(55 ILCS 5/5-1008.10 new)

Sec. 5-1008.10. Taxable services. Notwithstanding any other provision of law, whenever a home rule or non-home rule county is authorized to impose a tax on the use or sale of tangible personal property, that county shall also be authorized to impose a tax at the same rate on taxable services, as defined in Section 2a-2 of the Use Tax Act.

(55 ILCS 5/5-1009) (from Ch. 34, par. 5-1009)

Sec. 5-1009. Limitation on home rule powers. Except as provided in Sections 5-1006, 5-1006.5, 5-1007 and 5-1008, on and after September 1, 1990, no home rule county has the authority to impose, pursuant to its home rule authority, a retailer's occupation tax, service occupation tax, use tax, sales tax or other tax on the (i) use, sale or purchase of tangible personal property based on the gross receipts from such sales or the selling or purchase price, (ii) gross receipts, or (iii) weight or volume from the use, sale, or
purchase of that said tangible personal property. Notwithstanding the foregoing, this Section does not preempt any home rule imposed tax such as the following: (1) a tax on alcoholic beverages, whether based on gross receipts, volume sold or any other measurement; (2) a tax based on the number of units of cigarettes or tobacco products; (3) a tax, however measured, based on the use of a hotel or motel room or similar facility; (4) a tax, however measured, on the sale or transfer of real property; (5) a tax, however measured, on lease receipts; (6) a tax on food prepared for immediate consumption and on alcoholic beverages sold by a business which provides for on premise consumption of said food or alcoholic beverages; or (7) other taxes not based on the selling or purchase price or gross receipts from the use, sale or purchase of tangible personal property; or (8) a tax on the sale of taxable services, as defined in the Use Tax Act. This Section does not preempt a home rule county from imposing a tax, however measured, on the use, for consideration, of a parking lot, garage, or other parking facility. This Section is a limitation, pursuant to subsection (g) of Section 6 of Article VII of the Illinois Constitution, on the power of home rule units to tax.

(Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

Section 30-55. The Illinois Municipal Code is amended by changing Section 8-11-6a and by adding Sections 8-3-20 as
follows:

(65 ILCS 5/8-3-20 new)

Sec. 8-3-20. Taxable services. Notwithstanding any other provision of law, whenever a home rule or non-home rule municipality is authorized to impose a tax on the use or sale of tangible personal property, that municipality shall also be authorized to impose a tax at the same rate on taxable services, as defined in Section 2a-2 of the Use Tax Act.

(65 ILCS 5/8-11-6a) (from Ch. 24, par. 8-11-6a)

Sec. 8-11-6a. Home rule municipalities; preemption of certain taxes. Except as provided in Sections 8-11-1, 8-11-5, 8-11-6, 8-11-6b, 8-11-6c, and 11-74.3-6 on and after September 1, 1990, no home rule municipality has the authority to impose, pursuant to its home rule authority, a retailer's occupation tax, service occupation tax, use tax, sales tax or other tax on the use, sale or purchase of tangible personal property based on (i) the selling or purchase price, (ii) the gross receipts, or (iii) the weight or volume from the use, sale, or purchase from such sales or the selling or purchase price of said tangible personal property. Notwithstanding the foregoing, this Section does not preempt any home rule imposed tax such as the following: (1) a tax on alcoholic beverages, whether based on gross receipts, volume sold or any other measurement; (2) a tax based on the number of units of cigarettes or tobacco
products (provided, however, that a home rule municipality that has not imposed a tax based on the number of units of cigarettes or tobacco products before July 1, 1993, shall not impose such a tax after that date); (3) a tax, however measured, based on the use of a hotel or motel room or similar facility; (4) a tax, however measured, on the sale or transfer of real property; (5) a tax, however measured, on lease receipts; (6) a tax on food prepared for immediate consumption and on alcoholic beverages sold by a business which provides for on premise consumption of said food or alcoholic beverages; or (7) other taxes not based on (i) the selling or purchase price, (ii) the gross receipts, or (iii) the weight or volume from the use, sale or purchase of tangible personal property; or (8) a tax on the sale of taxable services, as defined in the Use Tax Act. This Section does not preempt a home rule municipality with a population of more than 2,000,000 from imposing a tax, however measured, on the use, for consideration, of a parking lot, garage, or other parking facility. This Section is not intended to affect any existing tax on food and beverages prepared for immediate consumption on the premises where the sale occurs, or any existing tax on alcoholic beverages, or any existing tax imposed on the charge for renting a hotel or motel room, which was in effect January 15, 1988, or any extension of the effective date of such an existing tax by ordinance of the municipality imposing the tax, which extension is hereby authorized, in any non-home rule
municipality in which the imposition of such a tax has been
upheld by judicial determination, nor is this Section intended
to preempt the authority granted by Public Act 85-1006. This
Section is a limitation, pursuant to subsection (g) of Section
6 of Article VII of the Illinois Constitution, on the power of
home rule units to tax.
(Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

Section 30-65. The Illinois False Claims Act is amended by
changing Section 3 as follows:

(740 ILCS 175/3) (from Ch. 127, par. 4103)
Sec. 3. False claims.
(a) Liability for certain acts.
(1) In general, any person who:
   (A) knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval;
   (B) knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim;
   (C) conspires to commit a violation of subparagraph (A), (B), (D), (E), (F), or (G);
   (D) has possession, custody, or control of property or money used, or to be used, by the State and knowingly delivers, or causes to be delivered, less than all the money or property;
(E) is authorized to make or deliver a document certifying receipt of property used, or to be used, by the State and, intending to defraud the State, makes or delivers the receipt without completely knowing that the information on the receipt is true;

(F) knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the State, or a member of the Guard, who lawfully may not sell or pledge property; or

(G) knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the State, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the State,

is liable to the State for a civil penalty of not less than $5,500 and not more than $11,000, plus 3 times the amount of damages which the State sustains because of the act of that person. The penalties in this Section are intended to be remedial rather than punitive, and shall not preclude, nor be precluded by, a criminal prosecution for the same conduct.

(2) A person violating this subsection shall also be liable to the State for the costs of a civil action brought to recover any such penalty or damages.

(b) Definitions. For purposes of this Section:
(1) The terms "knowing" and "knowingly":

(A) mean that a person, with respect to information:

   (i) has actual knowledge of the information;
   
   (ii) acts in deliberate ignorance of the truth or falsity of the information; or
   
   (iii) acts in reckless disregard of the truth or falsity of the information, and

(B) require no proof of specific intent to defraud.

(2) The term "claim":

(A) means any request or demand, whether under a contract or otherwise, for money or property and whether or not the State has title to the money or property, that

   (i) is presented to an officer, employee, or agent of the State; or

   (ii) is made to a contractor, grantee, or other recipient, if the money or property is to be spent or used on the State's behalf or to advance a State program or interest, and if the State:

      (I) provides or has provided any portion of the money or property requested or demanded; or

      (II) will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or
demanded; and

(B) does not include requests or demands for money or property that the State has paid to an individual as compensation for State employment or as an income subsidy with no restrictions on that individual's use of the money or property.

(3) The term "obligation" means an established duty, whether or not fixed, arising from an express or implied contractual, grantor-grantee, or licensor-licensee relationship, from a fee-based or similar relationship, from statute or regulation, or from the retention of any overpayment.

(4) The term "material" means having a natural tendency to influence, or be capable of influencing, the payment or receipt of money or property.

(c) Exclusion. This Section does not apply to any taxes imposed, collected, or administered by the State of Illinois claims, records, or statements made under the Illinois Income Tax Act.

(Source: P.A. 95-128, eff. 1-1-08; 96-1304, eff. 7-27-10.)

ARTICLE 32. LIMITED LIABILITY COMPANY ACT

Section 32-5. The Limited Liability Company Act is amended by changing Section 50-10 as follows:
Sec. 50-10. Fees.

(a) The Secretary of State shall charge and collect in accordance with the provisions of this Act and rules promulgated under its authority all of the following:

(1) Fees for filing documents.

(2) Miscellaneous charges.

(3) Fees for the sale of lists of filings and for copies of any documents.

(b) The Secretary of State shall charge and collect for all of the following:

(1) Filing articles of organization (domestic), application for admission (foreign), and restated articles of organization (domestic), $390. Notwithstanding the foregoing, the fee for filing articles of organization (domestic), application for admission (foreign), and restated articles of organization (domestic) in connection with a limited liability company with ability to establish series pursuant to Section 37-40 of this Act is $590.

(2) Filing articles of amendment or an amended application for admission, $150.

(3) Filing articles of dissolution or application for withdrawal, $100.

(4) Filing an application to reserve a name, $300.

(5) Filing a notice of cancellation of a reserved name,
$100.

(6) Filing a notice of a transfer of a reserved name, $100.

(7) Registration of a name, $300.

(8) Renewal of registration of a name, $100.

(9) Filing an application for use of an assumed name under Section 1-20 of this Act, $150 for each year or part thereof ending in 0 or 5, $120 for each year or part thereof ending in 1 or 6, $90 for each year or part thereof ending in 2 or 7, $60 for each year or part thereof ending in 3 or 8, $30 for each year or part thereof ending in 4 or 9, and a renewal for each assumed name, $150.

(10) Filing an application for change or cancellation of an assumed name, $100.

(11) Filing an annual report of a limited liability company or foreign limited liability company, $250, if filed as required by this Act, plus a penalty if delinquent. Notwithstanding the foregoing, the fee for filing an annual report of a limited liability company or foreign limited liability company with ability to establish series is $250 plus $50 for each series for which a certificate of designation has been filed pursuant to Section 37-40 of this Act and active on the last day of the third month preceding the company's anniversary month, plus a penalty if delinquent.

(12) Filing an application for reinstatement of a
limited liability company or foreign limited liability company $500.

(13) Filing Articles of Merger, $100 plus $50 for each party to the merger in excess of the first 2 parties.

(14) Filing an Agreement of Conversion or Statement of Conversion, $100.

(15) Filing a statement of change of address of registered office or change of registered agent, or both, or filing a statement of correction, $25.

(16) Filing a petition for refund, $15.

(17) Filing any other document, $100.

(18) Filing a certificate of designation of a limited liability company with the ability to establish series pursuant to Section 37-40 of this Act, $50.

(c) The Secretary of State shall charge and collect all of the following:

(1) For furnishing a copy or certified copy of any document, instrument, or paper relating to a limited liability company or foreign limited liability company, or for a certificate, $25.

(2) For the transfer of information by computer process media to any purchaser, fees established by rule.

(Source: P.A. 97-839, eff. 7-20-12.)

(Text of Section after amendment by P.A. 99-637)

Sec. 50-10. Fees.
(a) The Secretary of State shall charge and collect in accordance with the provisions of this Act and rules promulgated under its authority all of the following:

(1) Fees for filing documents.
(2) Miscellaneous charges.
(3) Fees for the sale of lists of filings and for copies of any documents.

(b) The Secretary of State shall charge and collect for all of the following:

(1) Filing articles of organization (domestic), application for admission (foreign), and restated articles of organization (domestic), $39 $500. Notwithstanding the foregoing, the fee for filing articles of organization (domestic), application for admission (foreign), and restated articles of organization (domestic) in connection with a limited liability company with a series or the ability to establish a series pursuant to Section 37-40 of this Act is $59 $750.
(2) Filing amendments (domestic or foreign), $150.
(3) Filing a statement of termination or application for withdrawal, $25.
(4) Filing an application to reserve a name, $300.
(5) Filing a notice of cancellation of a reserved name, $100.
(6) Filing a notice of a transfer of a reserved name, $100.
(7) Registration of a name, $300.

(8) Renewal of registration of a name, $100.

(9) Filing an application for use of an assumed name under Section 1-20 of this Act, $150 for each year or part thereof ending in 0 or 5, $120 for each year or part thereof ending in 1 or 6, $90 for each year or part thereof ending in 2 or 7, $60 for each year or part thereof ending in 3 or 8, $30 for each year or part thereof ending in 4 or 9, and a renewal for each assumed name, $150.

(10) Filing an application for change or cancellation of an assumed name, $100.

(11) Filing an annual report of a limited liability company or foreign limited liability company, $250, if filed as required by this Act, plus a penalty if delinquent. Notwithstanding the foregoing, the fee for filing an annual report of a limited liability company or foreign limited liability company is $250 plus $50 for each series for which a certificate of designation has been filed pursuant to Section 37-40 of this Act and is in effect on the last day of the third month preceding the company's anniversary month, plus a penalty if delinquent.

(12) Filing an application for reinstatement of a limited liability company or foreign limited liability company $500.

(13) Filing articles of merger, $100 plus $50 for each party to the merger in excess of the first 2 parties.
(14) Filing articles of conversion, $100.

(15) Filing a statement of change of address of registered office or change of registered agent, or both, or filing a statement of correction, $25.

(16) Filing a petition for refund, $15.

(17) Filing a certificate of designation of a limited liability company with a series pursuant to Section 37-40 of this Act, $50.

(18) Filing articles of domestication, $100.

(19) Filing, amending, or cancelling a statement of authority, $50.

(20) Filing, amending, or cancelling a statement of denial, $10.

(21) Filing any other document, $100.

(c) The Secretary of State shall charge and collect all of the following:

(1) For furnishing a copy or certified copy of any document, instrument, or paper relating to a limited liability company or foreign limited liability company, or for a certificate, $25.

(2) For the transfer of information by computer process media to any purchaser, fees established by rule.

(Source: P.A. 99-637, eff. 7-1-17.)

ARTICLE 95. NO ACCELERATION OR DELAY
Section 95-995. No acceleration or delay. Where this Act makes changes in a statute that is represented in this Act by text that is not yet or no longer in effect (for example, a Section represented by multiple versions), the use of that text does not accelerate or delay the taking effect of (i) the changes made by this Act or (ii) provisions derived from any other Public Act.

ARTICLE 99. EFFECTIVE DATE

Section 99-999. Effective date. This Act takes effect upon becoming law.