



Rep. Michael J. Zalewski

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1 AMENDMENT TO SENATE BILL 1199

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1199, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Department of Commerce and Economic  
6 Opportunity Law of the Civil Administrative Code of Illinois is  
7 amended by changing Section 605-1025 as follows:

8 (20 ILCS 605/605-1025)

9 Sec. 605-1025. Data center investment.

10 (a) The Department shall issue certificates of exemption  
11 from the Retailers' Occupation Tax Act, the Use Tax Act, the  
12 Service Use Tax Act, and the Service Occupation Tax Act, all  
13 locally-imposed retailers' occupation taxes administered and  
14 collected by the Department, the Chicago non-titled Use Tax,  
15 and a credit certification against the taxes imposed under  
16 subsections (a) and (b) of Section 201 of the Illinois Income

1 Tax Act to qualifying Illinois data centers.

2 (b) For taxable years beginning on or after January 1,  
3 2019, the Department shall award credits against the taxes  
4 imposed under subsections (a) and (b) of Section 201 of the  
5 Illinois Income Tax Act as provided in Section 229 of the  
6 Illinois Income Tax Act.

7 (c) For purposes of this Section:

8 "Data center" means a facility: (1) whose primary  
9 services are the storage, management, and processing of  
10 digital data; and (2) that is used to house (i) computer  
11 and network systems, including associated components such  
12 as servers, network equipment and appliances,  
13 telecommunications, and data storage systems, (ii) systems  
14 for monitoring and managing infrastructure performance,  
15 (iii) Internet-related equipment and services, (iv) data  
16 communications connections, (v) environmental controls,  
17 (vi) fire protection systems, and (vii) security systems  
18 and services.

19 "Qualifying Illinois data center" means a new or  
20 existing data center that:

21 (1) is located in the State of Illinois;

22 (2) in the case of an existing data center, made a  
23 capital investment of at least \$250,000,000  
24 collectively by the data center operator and the  
25 tenants of the data center over the 60-month period  
26 immediately prior to January 1, 2020 or committed to

1 make a capital investment of at least \$250,000,000 over  
2 a 60-month period commencing before January 1, 2020 and  
3 ending after January 1, 2020; or

4 (3) in the case of a new data center, or an  
5 existing data center making an upgrade, makes a capital  
6 investment of at least \$250,000,000 over a 60-month  
7 period beginning on or after January 1, 2020; and

8 (4) in the case of both existing and new data  
9 centers, results in the creation of at least 20  
10 full-time or full-time equivalent new jobs over a  
11 period of 60 months by the data center operator and the  
12 tenants of the data center, collectively, associated  
13 with the operation or maintenance of the data center;  
14 those jobs must have a total compensation equal to or  
15 greater than 120% of the average wage paid to full-time  
16 employees in the county where the data center is  
17 located, as determined by the U.S. Bureau of Labor  
18 Statistics; and

19 (5) within 2 years ~~90 days~~ after being placed in  
20 service, certifies to the Department that it is carbon  
21 neutral or has attained certification under one or more  
22 of the following green building standards:

23 (A) BREEAM for New Construction or BREEAM  
24 In-Use;

25 (B) ENERGY STAR;

26 (C) Envision;

1 (D) ISO 50001-energy management;

2 (E) LEED for Building Design and Construction  
3 or LEED for Operations and Maintenance;

4 (F) Green Globes for New Construction or Green  
5 Globes for Existing Buildings;

6 (G) UL 3223; or

7 (H) an equivalent program approved by the  
8 Department of Commerce and Economic Opportunity.

9 "Full-time equivalent job" means a job in which the new  
10 employee works for the owner, operator, contractor, or  
11 tenant of a data center or for a corporation under contract  
12 with the owner, operator or tenant of a data center at a  
13 rate of at least 35 hours per week. An owner, operator or  
14 tenant who employs labor or services at a specific site or  
15 facility under contract with another may declare one  
16 full-time, permanent job for every 1,820 man hours worked  
17 per year under that contract. Vacations, paid holidays, and  
18 sick time are included in this computation. Overtime is not  
19 considered a part of regular hours.

20 "Qualified tangible personal property" means:  
21 electrical systems and equipment; climate control and  
22 chilling equipment and systems; mechanical systems and  
23 equipment; monitoring and secure systems; emergency  
24 generators; hardware; computers; servers; data storage  
25 devices; network connectivity equipment; racks; cabinets;  
26 telecommunications cabling infrastructure; raised floor

1 systems; peripheral components or systems; software;  
2 mechanical, electrical, or plumbing systems; battery  
3 systems; cooling systems and towers; temperature control  
4 systems; other cabling; and other data center  
5 infrastructure equipment and systems necessary to operate  
6 qualified tangible personal property, including fixtures;  
7 and component parts of any of the foregoing, including  
8 installation, maintenance, repair, refurbishment, and  
9 replacement of qualified tangible personal property to  
10 generate, transform, transmit, distribute, or manage  
11 electricity necessary to operate qualified tangible  
12 personal property; and all other tangible personal  
13 property that is essential to the operations of a computer  
14 data center. "Qualified tangible personal property" also  
15 includes building materials physically incorporated in to  
16 the qualifying data center.

17 To document the exemption allowed under this Section, the  
18 retailer must obtain from the purchaser a copy of the  
19 certificate of eligibility issued by the Department.

20 (d) New and existing data centers seeking a certificate of  
21 exemption for new or existing facilities shall apply to the  
22 Department in the manner specified by the Department. The  
23 Department shall determine the duration of the certificate of  
24 exemption awarded under this Act. The duration of the  
25 certificate of exemption may not exceed 20 calendar years. The  
26 Department and any data center seeking the exemption, including

1 a data center operator on behalf of itself and its tenants,  
2 must enter into a memorandum of understanding that at a minimum  
3 provides:

4 (1) the details for determining the amount of capital  
5 investment to be made;

6 (2) the number of new jobs created;

7 (3) the timeline for achieving the capital investment  
8 and new job goals;

9 (4) the repayment obligation should those goals not be  
10 achieved and any conditions under which repayment by the  
11 qualifying data center or data center tenant claiming the  
12 exemption will be required;

13 (5) the duration of the exemption; and

14 (6) other provisions as deemed necessary by the  
15 Department.

16 (e) Beginning July 1, 2021, and each year thereafter, the  
17 Department shall annually report to the Governor and the  
18 General Assembly on the outcomes and effectiveness of Public  
19 Act 101-31 that shall include the following:

20 (1) the name of each recipient business;

21 (2) the location of the project;

22 (3) the estimated value of the credit;

23 (4) the number of new jobs and, if applicable, retained  
24 jobs pledged as a result of the project; and

25 (5) whether or not the project is located in an  
26 underserved area.

1           (f) New and existing data centers seeking a certificate of  
2 exemption related to the rehabilitation or construction of data  
3 centers in the State shall require the contractor and all  
4 subcontractors to comply with the requirements of Section 30-22  
5 of the Illinois Procurement Code as they apply to responsible  
6 bidders and to present satisfactory evidence of that compliance  
7 to the Department.

8           (g) New and existing data centers seeking a certificate of  
9 exemption for the rehabilitation or construction of data  
10 centers in the State shall require the contractor to enter into  
11 a project labor agreement approved by the Department.

12           (h) Any qualifying data center issued a certificate of  
13 exemption under this Section must annually report to the  
14 Department the total data center tax benefits that are received  
15 by the business. Reports are due no later than May 31 of each  
16 year and shall cover the previous calendar year. The first  
17 report is for the 2019 calendar year and is due no later than  
18 May 31, 2020.

19           To the extent that a business issued a certificate of  
20 exemption under this Section has obtained an Enterprise Zone  
21 Building Materials Exemption Certificate or a High Impact  
22 Business Building Materials Exemption Certificate, no  
23 additional reporting for those building materials exemption  
24 benefits is required under this Section.

25           Failure to file a report under this subsection (h) may  
26 result in suspension or revocation of the certificate of

1 exemption. Factors to be considered in determining whether a  
2 data center certificate of exemption shall be suspended or  
3 revoked include, but are not limited to, prior compliance with  
4 the reporting requirements, cooperation in discontinuing and  
5 correcting violations, the extent of the violation, and whether  
6 the violation was willful or inadvertent.

7 (i) The Department shall not issue any new certificates of  
8 exemption under the provisions of this Section after July 1,  
9 2029. This sunset shall not affect any existing certificates of  
10 exemption in effect on July 1, 2029.

11 (j) The Department shall adopt rules to implement and  
12 administer this Section.

13 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 12-13-19.)

14 Section 10. The Brownfields Redevelopment and Intermodal  
15 Promotion Act is amended by changing Section 3-20 as follows:

16 (20 ILCS 607/3-20)

17 Sec. 3-20. South Suburban Brownfields Redevelopment Fund;  
18 eligible projects. In State fiscal years 2015 through 2022  
19 ~~2021~~, all moneys in the South Suburban Brownfields  
20 Redevelopment Fund shall be held solely to fund eligible  
21 projects undertaken pursuant to the provisions of Section 3-35  
22 of this Act and performed either directly by Cook County  
23 through a development agreement with the Department, by an  
24 entity designated by Cook County through a development



1 agreement with the Department to perform specific tasks, or by  
2 an Eligible Developer or an Eligible Employer through a  
3 development agreement. All Eligible Projects are subject to  
4 review and approval by the Managing Partner and by the  
5 Department. The life span of the Fund may be extended past 2026  
6 by law.

7 (Source: P.A. 101-275, eff. 8-9-19.)

8 Section 15. The Illinois Income Tax Act is amended by  
9 changing Section 203 as follows:

10 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

11 Sec. 203. Base income defined.

12 (a) Individuals.

13 (1) In general. In the case of an individual, base  
14 income means an amount equal to the taxpayer's adjusted  
15 gross income for the taxable year as modified by paragraph  
16 (2).

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

20 (A) An amount equal to all amounts paid or accrued  
21 to the taxpayer as interest or dividends during the  
22 taxable year to the extent excluded from gross income  
23 in the computation of adjusted gross income, except  
24 stock dividends of qualified public utilities

1 described in Section 305(e) of the Internal Revenue  
2 Code;

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

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

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

23 (D-5) An amount, to the extent not included in  
24 adjusted gross income, equal to the amount of money  
25 withdrawn by the taxpayer in the taxable year from a  
26 medical care savings account and the interest earned on

1 the account in the taxable year of a withdrawal  
2 pursuant to subsection (b) of Section 20 of the Medical  
3 Care Savings Account Act or subsection (b) of Section  
4 20 of the Medical Care Savings Account Act of 2000;

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

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

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

22 If the taxpayer continues to own property through  
23 the last day of the last tax year for which the  
24 taxpayer may claim a depreciation deduction for  
25 federal income tax purposes and for which the taxpayer  
26 was allowed in any taxable year to make a subtraction

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

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

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

1 included in gross income under Sections 951 through 964  
2 of the Internal Revenue Code and amounts included in  
3 gross income under Section 78 of the Internal Revenue  
4 Code) with respect to the stock of the same person to  
5 whom the interest was paid, accrued, or incurred.

6 This paragraph shall not apply to the following:

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

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

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

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

1 terms; or

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

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

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

24 (D-18) An amount equal to the amount of intangible  
25 expenses and costs otherwise allowed as a deduction in  
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable  
2 years ending on or after December 31, 2004, to a  
3 foreign person who would be a member of the same  
4 unitary business group but for the fact that the  
5 foreign person's business activity outside the United  
6 States is 80% or more of that person's total business  
7 activity and (ii) for taxable years ending on or after  
8 December 31, 2008, to a person who would be a member of  
9 the same unitary business group but for the fact that  
10 the person is prohibited under Section 1501(a)(27)  
11 from being included in the unitary business group  
12 because he or she is ordinarily required to apportion  
13 business income under different subsections of Section  
14 304. The addition modification required by this  
15 subparagraph shall be reduced to the extent that  
16 dividends were included in base income of the unitary  
17 group for the same taxable year and received by the  
18 taxpayer or by a member of the taxpayer's unitary  
19 business group (including amounts included in gross  
20 income under Sections 951 through 964 of the Internal  
21 Revenue Code and amounts included in gross income under  
22 Section 78 of the Internal Revenue Code) with respect  
23 to the stock of the same person to whom the intangible  
24 expenses and costs were directly or indirectly paid,  
25 incurred, or accrued. The preceding sentence does not  
26 apply to the extent that the same dividends caused a

1 reduction to the addition modification required under  
2 Section 203(a)(2)(D-17) of this Act. As used in this  
3 subparagraph, the term "intangible expenses and costs"  
4 includes (1) expenses, losses, and costs for, or  
5 related to, the direct or indirect acquisition, use,  
6 maintenance or management, ownership, sale, exchange,  
7 or any other disposition of intangible property; (2)  
8 losses incurred, directly or indirectly, from  
9 factoring transactions or discounting transactions;  
10 (3) royalty, patent, technical, and copyright fees;  
11 (4) licensing fees; and (5) other similar expenses and  
12 costs. For purposes of this subparagraph, "intangible  
13 property" includes patents, patent applications, trade  
14 names, trademarks, service marks, copyrights, mask  
15 works, trade secrets, and similar types of intangible  
16 assets.

17 This paragraph shall not apply to the following:

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

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



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

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

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

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

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

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

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

1 directly or indirectly paid, incurred, or accrued. The  
2 preceding sentence does not apply to the extent that  
3 the same dividends caused a reduction to the addition  
4 modification required under Section 203(a)(2)(D-17) or  
5 Section 203(a)(2)(D-18) of this Act;~~;~~

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

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

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

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

1 excluded from gross income under Section 529A(c) (1) (B)  
2 of the Internal Revenue Code;

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

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

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

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

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

1           (D-24) For taxable years ending on or after  
2           December 31, 2017, an amount equal to the deduction  
3           allowed under Section 199 of the Internal Revenue Code  
4           for the taxable year;  
5           and by deducting from the total so obtained the sum of the  
6           following amounts:

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

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

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

23 (G) The valuation limitation amount;

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



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

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

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

23           (L) For taxable years ending after December 31,  
24 1983, an amount equal to all social security benefits  
25 and railroad retirement benefits included in such  
26 total pursuant to Sections 72(r) and 86 of the Internal

1 Revenue Code;

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

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

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

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

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

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

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

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

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

14           (V) Beginning with tax years ending on or after  
15 December 31, 1995 and ending with tax years ending on  
16 or before December 31, 2004, an amount equal to the  
17 amount paid by a taxpayer who is a self-employed  
18 taxpayer, a partner of a partnership, or a shareholder  
19 in a Subchapter S corporation for health insurance or  
20 long-term care insurance for that taxpayer or that  
21 taxpayer's spouse or dependents, to the extent that the  
22 amount paid for that health insurance or long-term care  
23 insurance may be deducted under Section 213 of the  
24 Internal Revenue Code, has not been deducted on the  
25 federal income tax return of the taxpayer, and does not  
26 exceed the taxable income attributable to that

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

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

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

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

1           (Y) For taxable years beginning on or after January  
2           1, 2002 and ending on or before December 31, 2004,  
3           moneys contributed in the taxable year to a College  
4           Savings Pool account under Section 16.5 of the State  
5           Treasurer Act, except that amounts excluded from gross  
6           income under Section 529(c)(3)(C)(i) of the Internal  
7           Revenue Code shall not be considered moneys  
8           contributed under this subparagraph (Y). For taxable  
9           years beginning on or after January 1, 2005, a maximum  
10          of \$10,000 contributed in the taxable year to (i) a  
11          College Savings Pool account under Section 16.5 of the  
12          State Treasurer Act or (ii) the Illinois Prepaid  
13          Tuition Trust Fund, except that amounts excluded from  
14          gross income under Section 529(c)(3)(C)(i) of the  
15          Internal Revenue Code shall not be considered moneys  
16          contributed under this subparagraph (Y). For purposes  
17          of this subparagraph, contributions made by an  
18          employer on behalf of an employee, or matching  
19          contributions made by an employee, shall be treated as  
20          made by the employee. This subparagraph (Y) is exempt  
21          from the provisions of Section 250;

22          (Z) For taxable years 2001 and thereafter, for the  
23          taxable year in which the bonus depreciation deduction  
24          is taken on the taxpayer's federal income tax return  
25          under subsection (k) of Section 168 of the Internal  
26          Revenue Code and for each applicable taxable year

1           thereafter, an amount equal to "x", where:

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

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

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

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

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

24           The aggregate amount deducted under this  
25           subparagraph in all taxable years for any one piece of  
26           property may not exceed the amount of the bonus



1 depreciation deduction taken on that property on the  
2 taxpayer's federal income tax return under subsection  
3 (k) of Section 168 of the Internal Revenue Code. This  
4 subparagraph (Z) is exempt from the provisions of  
5 Section 250;

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

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

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

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

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

26 (CC) The amount of (i) any interest income (net of

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

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

1 group but for the fact that the person is prohibited  
2 under Section 1501(a)(27) from being included in the  
3 unitary business group because he or she is ordinarily  
4 required to apportion business income under different  
5 subsections of Section 304, but not to exceed the  
6 addition modification required to be made for the same  
7 taxable year under Section 203(a)(2)(D-17) for  
8 interest paid, accrued, or incurred, directly or  
9 indirectly, to the same person. This subparagraph (DD)  
10 is exempt from the provisions of Section 250;

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

1 taxable year under Section 203(a)(2)(D-18) for  
2 intangible expenses and costs paid, accrued, or  
3 incurred, directly or indirectly, to the same foreign  
4 person. This subparagraph (EE) is exempt from the  
5 provisions of Section 250;

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

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

1 (HH) For taxable years beginning on or after  
2 January 1, 2018 and prior to January 1, 2023, a maximum  
3 of \$10,000 contributed in the taxable year to a  
4 qualified ABLE account under Section 16.6 of the State  
5 Treasurer Act, except that amounts excluded from gross  
6 income under Section 529(c)(3)(C)(i) or Section  
7 529A(c)(1)(C) of the Internal Revenue Code shall not be  
8 considered moneys contributed under this subparagraph  
9 (HH). For purposes of this subparagraph (HH),  
10 contributions made by an employer on behalf of an  
11 employee, or matching contributions made by an  
12 employee, shall be treated as made by the employee.

13 (b) Corporations.

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

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

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

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

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

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

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

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

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

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

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

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

26           (E-10) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken  
2 on the taxpayer's federal income tax return for the  
3 taxable year under subsection (k) of Section 168 of the  
4 Internal Revenue Code;

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

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

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

22 (E-12) An amount equal to the amount otherwise  
23 allowed as a deduction in computing base income for  
24 interest paid, accrued, or incurred, directly or  
25 indirectly, (i) for taxable years ending on or after  
26 December 31, 2004, to a foreign person who would be a



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

23 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

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

8 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

23 (E-14) For taxable years ending on or after  
24 December 31, 2008, an amount equal to the amount of  
25 insurance premium expenses and costs otherwise allowed  
26 as a deduction in computing base income, and that were

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

23                 (E-15) For taxable years beginning after December  
24                 31, 2008, any deduction for dividends paid by a captive  
25                 real estate investment trust that is allowed to a real  
26                 estate investment trust under Section 857(b)(2)(B) of

1 the Internal Revenue Code for dividends paid;

2 (E-16) An amount equal to the credit allowable to  
3 the taxpayer under Section 218(a) of this Act,  
4 determined without regard to Section 218(c) of this  
5 Act;

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

10 (E-18) for taxable years beginning after December  
11 31, 2018, an amount equal to the deduction allowed  
12 under Section 250(a)(1)(A) of the Internal Revenue  
13 Code for the taxable year.

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

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

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

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

26 (I) With the exception of any amounts subtracted



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

26 (J) An amount equal to all amounts included in such

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

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

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

26 (M) For any taxpayer that is a financial

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

22 (M-1) For any taxpayer that is a financial  
23 organization within the meaning of Section 304(c) of  
24 this Act, an amount included in such total as interest  
25 income from a loan or loans made by such taxpayer to a  
26 borrower, to the extent that such a loan is secured by

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

21 (N) Two times any contribution made during the  
22 taxable year to a designated zone organization to the  
23 extent that the contribution (i) qualifies as a  
24 charitable contribution under subsection (c) of  
25 Section 170 of the Internal Revenue Code and (ii) must,  
26 by its terms, be used for a project approved by the

1 Department of Commerce and Economic Opportunity under  
2 Section 11 of the Illinois Enterprise Zone Act or under  
3 Section 10-10 of the River Edge Redevelopment Zone Act.  
4 This subparagraph (N) is exempt from the provisions of  
5 Section 250;

6 (O) An amount equal to: (i) 85% for taxable years  
7 ending on or before December 31, 1992, or, a percentage  
8 equal to the percentage allowable under Section  
9 243(a)(1) of the Internal Revenue Code of 1986 for  
10 taxable years ending after December 31, 1992, of the  
11 amount by which dividends included in taxable income  
12 and received from a corporation that is not created or  
13 organized under the laws of the United States or any  
14 state or political subdivision thereof, including, for  
15 taxable years ending on or after December 31, 1988,  
16 dividends received or deemed received or paid or deemed  
17 paid under Sections 951 through 965 of the Internal  
18 Revenue Code, exceed the amount of the modification  
19 provided under subparagraph (G) of paragraph (2) of  
20 this subsection (b) which is related to such dividends,  
21 and including, for taxable years ending on or after  
22 December 31, 2008, dividends received from a captive  
23 real estate investment trust; plus (ii) 100% of the  
24 amount by which dividends, included in taxable income  
25 and received, including, for taxable years ending on or  
26 after December 31, 1988, dividends received or deemed

1 received or paid or deemed paid under Sections 951  
2 through 964 of the Internal Revenue Code and including,  
3 for taxable years ending on or after December 31, 2008,  
4 dividends received from a captive real estate  
5 investment trust, from any such corporation specified  
6 in clause (i) that would but for the provisions of  
7 Section 1504(b)(3) of the Internal Revenue Code be  
8 treated as a member of the affiliated group which  
9 includes the dividend recipient, exceed the amount of  
10 the modification provided under subparagraph (G) of  
11 paragraph (2) of this subsection (b) which is related  
12 to such dividends. This subparagraph (O) is exempt from  
13 the provisions of Section 250 of this Act;

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

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

22 (R) On and after July 20, 1999, in the case of an  
23 attorney-in-fact with respect to whom an interinsurer  
24 or a reciprocal insurer has made the election under  
25 Section 835 of the Internal Revenue Code, 26 U.S.C.  
26 835, an amount equal to the excess, if any, of the

1 amounts paid or incurred by that interinsurer or  
2 reciprocal insurer in the taxable year to the  
3 attorney-in-fact over the deduction allowed to that  
4 interinsurer or reciprocal insurer with respect to the  
5 attorney-in-fact under Section 835(b) of the Internal  
6 Revenue Code for the taxable year; the provisions of  
7 this subparagraph are exempt from the provisions of  
8 Section 250;

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

1 subsections of Section 304, but not to exceed the  
2 addition modification required to be made for the same  
3 taxable year under Section 203(b)(2)(E-13) for  
4 intangible expenses and costs paid, accrued, or  
5 incurred, directly or indirectly, to the same foreign  
6 person. This subparagraph (X) is exempt from the  
7 provisions of Section 250;

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

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

1 Section 965(e) (2) (A) of the Internal Revenue Code, and  
2 without regard to any net operating loss deduction.  
3 This subparagraph (Z) is exempt from the provisions of  
4 Section 250.

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

13 (c) Trusts and estates.

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

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

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

25 (B) In the case of (i) an estate, \$600; (ii) a

1 trust which, under its governing instrument, is  
2 required to distribute all of its income currently,  
3 \$300; and (iii) any other trust, \$100, but in each such  
4 case, only to the extent such amount was deducted in  
5 the computation of taxable income;

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

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

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

23 (i) the addition modification relating to the  
24 net operating loss carried back or forward to the  
25 taxable year from any taxable year ending prior to  
26 December 31, 1986 shall be reduced by the amount of

1 addition modification under this subparagraph (E)  
2 which related to that net operating loss and which  
3 was taken into account in calculating the base  
4 income of an earlier taxable year, and

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

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

17 (F) For taxable years ending on or after January 1,  
18 1989, an amount equal to the tax deducted pursuant to  
19 Section 164 of the Internal Revenue Code if the trust  
20 or estate is claiming the same tax for purposes of the  
21 Illinois foreign tax credit under Section 601 of this  
22 Act;

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

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

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

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

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

25 The taxpayer is required to make the addition  
26 modification under this subparagraph only once with



1           respect to any one piece of property;

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

1 same person to whom the interest was paid, accrued, or  
2 incurred.

3 This paragraph shall not apply to the following:

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

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

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

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

25 (iii) the taxpayer can establish, based on  
26 clear and convincing evidence, that the interest

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

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

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

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

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

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

14 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

1 modification required under Section 203(c)(2)(G-12) or  
2 Section 203(c)(2)(G-13) of this Act;

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

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

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

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

24 (I) The valuation limitation amount;

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



1 and included in such total for the taxable year;

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

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

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

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

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

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

23 (P) An amount equal to the amount of the deduction  
24 used to compute the federal income tax credit for  
25 restoration of substantial amounts held under claim of  
26 right for the taxable year pursuant to Section 1341 of

1 the Internal Revenue Code;

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

1 persecution for racial or religious reasons by Nazi  
2 Germany or any other Axis regime or as an heir of the  
3 victim. The amount of and the eligibility for any  
4 public assistance, benefit, or similar entitlement is  
5 not affected by the inclusion of items (i) and (ii) of  
6 this paragraph in gross income for federal income tax  
7 purposes. This paragraph is exempt from the provisions  
8 of Section 250;

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

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

22 (2) for taxable years ending on or before  
23 December 31, 2005, "x" equals "y" multiplied by 30  
24 and then divided by 70 (or "y" multiplied by  
25 0.429); and

26 (3) for taxable years ending after December

1           31, 2005:

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

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

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

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

24           If the taxpayer continues to own property through  
25           the last day of the last tax year for which the  
26           taxpayer may claim a depreciation deduction for

1 federal income tax purposes and for which the taxpayer  
2 was required in any taxable year to make an addition  
3 modification under subparagraph (G-10), then an amount  
4 equal to that addition modification.

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

8 This subparagraph (S) is exempt from the  
9 provisions of Section 250;

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

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

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

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

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

23 (X) an amount equal to the refund included in such  
24 total of any tax deducted for federal income tax  
25 purposes, to the extent that deduction was added back  
26 under subparagraph (F). This subparagraph (X) is



1 exempt from the provisions of Section 250;

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

17 (Z) For taxable years beginning after December 31,  
18 2018 and before January 1, 2026, the amount of excess  
19 business loss of the taxpayer disallowed as a deduction  
20 by Section 461(1)(1)(B) of the Internal Revenue Code.

21 (3) Limitation. The amount of any modification  
22 otherwise required under this subsection shall, under  
23 regulations prescribed by the Department, be adjusted by  
24 any amounts included therein which were properly paid,  
25 credited, or required to be distributed, or permanently set  
26 aside for charitable purposes pursuant to Internal Revenue

1 Code Section 642(c) during the taxable year.

2 (d) Partnerships.

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

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

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

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

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

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

23 (D-5) For taxable years 2001 and thereafter, an  
24 amount equal to the bonus depreciation deduction taken  
25 on the taxpayer's federal income tax return for the

1 taxable year under subsection (k) of Section 168 of the  
2 Internal Revenue Code;

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

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

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

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

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

21 This paragraph shall not apply to the following:

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

1 with respect to such interest; or

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

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

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

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

23 (iv) an item of interest paid, accrued, or  
24 incurred, directly or indirectly, to a person if  
25 the taxpayer establishes by clear and convincing  
26 evidence that the adjustments are unreasonable; or

1           if the taxpayer and the Director agree in writing  
2           to the application or use of an alternative method  
3           of apportionment under Section 304(f).

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

13          (D-8) An amount equal to the amount of intangible  
14          expenses and costs otherwise allowed as a deduction in  
15          computing base income, and that were paid, accrued, or  
16          incurred, directly or indirectly, (i) for taxable  
17          years ending on or after December 31, 2004, to a  
18          foreign person who would be a member of the same  
19          unitary business group but for the fact that the  
20          foreign person's business activity outside the United  
21          States is 80% or more of that person's total business  
22          activity and (ii) for taxable years ending on or after  
23          December 31, 2008, to a person who would be a member of  
24          the same unitary business group but for the fact that  
25          the person is prohibited under Section 1501(a)(27)  
26          from being included in the unitary business group

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

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

6 This paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the  
24 intangible expense or cost between the  
25 taxpayer and the person did not have as a  
26 principal purpose the avoidance of Illinois



1 income tax, and is paid pursuant to a contract  
2 or agreement that reflects arm's-length terms;  
3 or

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

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

21 (D-9) For taxable years ending on or after December  
22 31, 2008, an amount equal to the amount of insurance  
23 premium expenses and costs otherwise allowed as a  
24 deduction in computing base income, and that were paid,  
25 accrued, or incurred, directly or indirectly, to a  
26 person who would be a member of the same unitary

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

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

25 (D-11) For taxable years ending on or after  
26 December 31, 2017, an amount equal to the deduction

1           allowed under Section 199 of the Internal Revenue Code  
2           for the taxable year;  
3       and by deducting from the total so obtained the following  
4       amounts:

5           (E) The valuation limitation amount;

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

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

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

1           (I) An amount equal to all amounts of income  
2           distributable to an entity subject to the Personal  
3           Property Tax Replacement Income Tax imposed by  
4           subsections (c) and (d) of Section 201 of this Act  
5           including amounts distributable to organizations  
6           exempt from federal income tax by reason of Section  
7           501(a) of the Internal Revenue Code; this subparagraph  
8           (I) is exempt from the provisions of Section 250;

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

25          (K) An amount equal to those dividends included in  
26          such total which were paid by a corporation which

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

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

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

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

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

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

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

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

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

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

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

26 The aggregate amount deducted under this

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

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

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

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

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

25          (Q) The amount of (i) any interest income (net of  
26          the deductions allocable thereto) taken into account

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

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



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

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

1 intangible expenses and costs paid, accrued, or  
2 incurred, directly or indirectly, to the same person.

3 This subparagraph (S) is exempt from Section 250; and

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

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

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

1 purposes for the taxable year under the provisions of the  
2 Internal Revenue Code; provided that, with respect to an  
3 individual, for purposes of this Section, for taxable years  
4 beginning after December 31, 2019, adjusted gross income  
5 properly reportable for federal income tax purposes shall  
6 be computed with the following adjustments: (i) the  
7 provisions of Section 172(a)(1) of the Internal Revenue  
8 Code shall apply by substituting "January 1, 2020" for  
9 "January 1, 2021", (ii) the provisions of Section 172(a)(2)  
10 of the Internal Revenue Code shall apply by substituting  
11 "December 31, 2019" for "December 31, 2020", (iii) the  
12 provisions of Section 172(b)(1)(D)(i) of the Internal  
13 Revenue Code shall apply by substituting "January 1, 2020"  
14 for "January 1, 2021", (iv) the provisions of Section  
15 172(b)(2)(C) shall apply by substituting "December 31,  
16 2019" for "December 31, 2020", and (v) the provisions of  
17 Section 461(1)(1)(B) of the Internal Revenue Code shall  
18 apply by substituting "December 31, 2019" for "December 31,  
19 2020". Taxable income may be less than zero. However, for  
20 taxable years ending on or after December 31, 1986, net  
21 operating loss carryforwards from taxable years ending  
22 prior to December 31, 1986, may not exceed the sum of  
23 federal taxable income for the taxable year before net  
24 operating loss deduction, plus the excess of addition  
25 modifications over subtraction modifications for the  
26 taxable year. For taxable years ending prior to December

1 31, 1986, taxable income may never be an amount in excess  
2 of the net operating loss for the taxable year as defined  
3 in subsections (c) and (d) of Section 172 of the Internal  
4 Revenue Code, provided that when taxable income of a  
5 corporation (other than a Subchapter S corporation),  
6 trust, or estate is less than zero and addition  
7 modifications, other than those provided by subparagraph  
8 (E) of paragraph (2) of subsection (b) for corporations or  
9 subparagraph (E) of paragraph (2) of subsection (c) for  
10 trusts and estates, exceed subtraction modifications, an  
11 addition modification must be made under those  
12 subparagraphs for any other taxable year to which the  
13 taxable income less than zero (net operating loss) is  
14 applied under Section 172 of the Internal Revenue Code or  
15 under subparagraph (E) of paragraph (2) of this subsection  
16 (e) applied in conjunction with Section 172 of the Internal  
17 Revenue Code.

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

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

1 Internal Revenue Code;

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

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

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

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

26 (F) Cooperatives. In the case of a cooperative

1 corporation or association, the taxable income of such  
2 organization determined in accordance with the  
3 provisions of Section 1381 through 1388 of the Internal  
4 Revenue Code, but without regard to the prohibition  
5 against offsetting losses from patronage activities  
6 against income from nonpatronage activities; except  
7 that a cooperative corporation or association may make  
8 an election to follow its federal income tax treatment  
9 of patronage losses and nonpatronage losses. In the  
10 event such election is made, such losses shall be  
11 computed and carried over in a manner consistent with  
12 subsection (a) of Section 207 of this Act and  
13 apportioned by the apportionment factor reported by  
14 the cooperative on its Illinois income tax return filed  
15 for the taxable year in which the losses are incurred.  
16 The election shall be effective for all taxable years  
17 with original returns due on or after the date of the  
18 election. In addition, the cooperative may file an  
19 amended return or returns, as allowed under this Act,  
20 to provide that the election shall be effective for  
21 losses incurred or carried forward for taxable years  
22 occurring prior to the date of the election. Once made,  
23 the election may only be revoked upon approval of the  
24 Director. The Department shall adopt rules setting  
25 forth requirements for documenting the elections and  
26 any resulting Illinois net loss and the standards to be

1           used by the Director in evaluating requests to revoke  
2           elections. Public Act 96-932 is declaratory of  
3           existing law;

4           (G) Subchapter S corporations. In the case of: (i)  
5           a Subchapter S corporation for which there is in effect  
6           an election for the taxable year under Section 1362 of  
7           the Internal Revenue Code, the taxable income of such  
8           corporation determined in accordance with Section  
9           1363(b) of the Internal Revenue Code, except that  
10          taxable income shall take into account those items  
11          which are required by Section 1363(b)(1) of the  
12          Internal Revenue Code to be separately stated; and (ii)  
13          a Subchapter S corporation for which there is in effect  
14          a federal election to opt out of the provisions of the  
15          Subchapter S Revision Act of 1982 and have applied  
16          instead the prior federal Subchapter S rules as in  
17          effect on July 1, 1982, the taxable income of such  
18          corporation determined in accordance with the federal  
19          Subchapter S rules as in effect on July 1, 1982; and

20          (H) Partnerships. In the case of a partnership,  
21          taxable income determined in accordance with Section  
22          703 of the Internal Revenue Code, except that taxable  
23          income shall take into account those items which are  
24          required by Section 703(a)(1) to be separately stated  
25          but which would be taken into account by an individual  
26          in calculating his taxable income.

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

18          (f) Valuation limitation amount.

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

22           (A) The sum of the pre-August 1, 1969 appreciation  
23          amounts (to the extent consisting of gain reportable  
24          under the provisions of Section 1245 or 1250 of the  
25          Internal Revenue Code) for all property in respect of



1 which such gain was reported for the taxable year; plus

2 (B) The lesser of (i) the sum of the pre-August 1,  
3 1969 appreciation amounts (to the extent consisting of  
4 capital gain) for all property in respect of which such  
5 gain was reported for federal income tax purposes for  
6 the taxable year, or (ii) the net capital gain for the  
7 taxable year, reduced in either case by any amount of  
8 such gain included in the amount determined under  
9 subsection (a) (2) (F) or (c) (2) (H).

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

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

22 (B) If the fair market value of property referred  
23 to in paragraph (1) was not readily ascertainable on  
24 August 1, 1969, the pre-August 1, 1969 appreciation  
25 amount for such property is that amount which bears the  
26 same ratio to the total gain reported in respect of the

1 property for federal income tax purposes for the  
2 taxable year, as the number of full calendar months in  
3 that part of the taxpayer's holding period for the  
4 property ending July 31, 1969 bears to the number of  
5 full calendar months in the taxpayer's entire holding  
6 period for the property.

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

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

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

22 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;  
23 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

1           Section 20. The Service Use Tax Act is amended by changing  
2 Section 3-10 as follows:

3           (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

4           Sec. 3-10. Rate of tax. Unless otherwise provided in this  
5 Section, the tax imposed by this Act is at the rate of 6.25% of  
6 the selling price of tangible personal property transferred as  
7 an incident to the sale of service, but, for the purpose of  
8 computing this tax, in no event shall the selling price be less  
9 than the cost price of the property to the serviceman.

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

14           With respect to gasohol, as defined in the Use Tax Act, the  
15 tax imposed by this Act applies to (i) 70% of the selling price  
16 of property transferred as an incident to the sale of service  
17 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
18 of the selling price of property transferred as an incident to  
19 the sale of service on or after July 1, 2003 and on or before  
20 July 1, 2017, and (iii) 100% of the selling price thereafter.  
21 If, at any time, however, the tax under this Act on sales of  
22 gasohol, as defined in the Use Tax Act, is imposed at the rate  
23 of 1.25%, then the tax imposed by this Act applies to 100% of  
24 the proceeds of sales of gasohol made during that time.

25           With respect to majority blended ethanol fuel, as defined

1 in the Use Tax Act, the tax imposed by this Act does not apply  
2 to the selling price of property transferred as an incident to  
3 the sale of service on or after July 1, 2003 and on or before  
4 December 31, 2023 but applies to 100% of the selling price  
5 thereafter.

6 With respect to biodiesel blends, as defined in the Use Tax  
7 Act, with no less than 1% and no more than 10% biodiesel, the  
8 tax imposed by this Act applies to (i) 80% of the selling price  
9 of property transferred as an incident to the sale of service  
10 on or after July 1, 2003 and on or before December 31, 2018 and  
11 (ii) 100% of the proceeds of the selling price thereafter. If,  
12 at any time, however, the tax under this Act on sales of  
13 biodiesel blends, as defined in the Use Tax Act, with no less  
14 than 1% and no more than 10% biodiesel is imposed at the rate  
15 of 1.25%, then the tax imposed by this Act applies to 100% of  
16 the proceeds of sales of biodiesel blends with no less than 1%  
17 and no more than 10% biodiesel made during that time.

18 With respect to 100% biodiesel, as defined in the Use Tax  
19 Act, and biodiesel blends, as defined in the Use Tax Act, with  
20 more than 10% but no more than 99% biodiesel, the tax imposed  
21 by this Act does not apply to the proceeds of the selling price  
22 of property transferred as an incident to the sale of service  
23 on or after July 1, 2003 and on or before December 31, 2023 but  
24 applies to 100% of the selling price thereafter.

25 At the election of any registered serviceman made for each  
26 fiscal year, sales of service in which the aggregate annual

1 cost price of tangible personal property transferred as an  
2 incident to the sales of service is less than 35%, or 75% in  
3 the case of servicemen transferring prescription drugs or  
4 servicemen engaged in graphic arts production, of the aggregate  
5 annual total gross receipts from all sales of service, the tax  
6 imposed by this Act shall be based on the serviceman's cost  
7 price of the tangible personal property transferred as an  
8 incident to the sale of those services.

9 The tax shall be imposed at the rate of 1% on food prepared  
10 for immediate consumption and transferred incident to a sale of  
11 service subject to this Act or the Service Occupation Tax Act  
12 by an entity licensed under the Hospital Licensing Act, the  
13 Nursing Home Care Act, the Assisted Living and Shared Housing  
14 Act, the ID/DD Community Care Act, the MC/DD Act, the  
15 Specialized Mental Health Rehabilitation Act of 2013, ~~or~~ the  
16 Child Care Act of 1969, or an entity that holds a permit issued  
17 pursuant to the Life Care Facilities Act. The tax shall also be  
18 imposed at the rate of 1% on food for human consumption that is  
19 to be consumed off the premises where it is sold (other than  
20 alcoholic beverages, food consisting of or infused with adult  
21 use cannabis, soft drinks, and food that has been prepared for  
22 immediate consumption and is not otherwise included in this  
23 paragraph) and prescription and nonprescription medicines,  
24 drugs, medical appliances, products classified as Class III  
25 medical devices by the United States Food and Drug  
26 Administration that are used for cancer treatment pursuant to a

1 prescription, as well as any accessories and components related  
2 to those devices, modifications to a motor vehicle for the  
3 purpose of rendering it usable by a person with a disability,  
4 and insulin, urine testing materials, syringes, and needles  
5 used by diabetics, for human use. For the purposes of this  
6 Section, until September 1, 2009: the term "soft drinks" means  
7 any complete, finished, ready-to-use, non-alcoholic drink,  
8 whether carbonated or not, including but not limited to soda  
9 water, cola, fruit juice, vegetable juice, carbonated water,  
10 and all other preparations commonly known as soft drinks of  
11 whatever kind or description that are contained in any closed  
12 or sealed bottle, can, carton, or container, regardless of  
13 size; but "soft drinks" does not include coffee, tea,  
14 non-carbonated water, infant formula, milk or milk products as  
15 defined in the Grade A Pasteurized Milk and Milk Products Act,  
16 or drinks containing 50% or more natural fruit or vegetable  
17 juice.

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

24 Until August 1, 2009, and notwithstanding any other  
25 provisions of this Act, "food for human consumption that is to  
26 be consumed off the premises where it is sold" includes all

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

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

19 Notwithstanding any other provisions of this Act,  
20 beginning September 1, 2009, "nonprescription medicines and  
21 drugs" does not include grooming and hygiene products. For  
22 purposes of this Section, "grooming and hygiene products"  
23 includes, but is not limited to, soaps and cleaning solutions,  
24 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
25 lotions and screens, unless those products are available by  
26 prescription only, regardless of whether the products meet the

1 definition of "over-the-counter-drugs". For the purposes of  
2 this paragraph, "over-the-counter-drug" means a drug for human  
3 use that contains a label that identifies the product as a drug  
4 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
5 label includes:

6 (A) A "Drug Facts" panel; or

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

10 Beginning on January 1, 2014 (the effective date of Public  
11 Act 98-122), "prescription and nonprescription medicines and  
12 drugs" includes medical cannabis purchased from a registered  
13 dispensing organization under the Compassionate Use of Medical  
14 Cannabis Program Act.

15 As used in this Section, "adult use cannabis" means  
16 cannabis subject to tax under the Cannabis Cultivation  
17 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and  
18 does not include cannabis subject to tax under the  
19 Compassionate Use of Medical Cannabis Program Act.

20 If the property that is acquired from a serviceman is  
21 acquired outside Illinois and used outside Illinois before  
22 being brought to Illinois for use here and is taxable under  
23 this Act, the "selling price" on which the tax is computed  
24 shall be reduced by an amount that represents a reasonable  
25 allowance for depreciation for the period of prior out-of-state  
26 use.



1 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;  
2 101-593, eff. 12-4-19.)

3 Section 25. The Service Occupation Tax Act is amended by  
4 changing Section 3-10 as follows:

5 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
7 Section, the tax imposed by this Act is at the rate of 6.25% of  
8 the "selling price", as defined in Section 2 of the Service Use  
9 Tax Act, of the tangible personal property. For the purpose of  
10 computing this tax, in no event shall the "selling price" be  
11 less than the cost price to the serviceman of the tangible  
12 personal property transferred. The selling price of each item  
13 of tangible personal property transferred as an incident of a  
14 sale of service may be shown as a distinct and separate item on  
15 the serviceman's billing to the service customer. If the  
16 selling price is not so shown, the selling price of the  
17 tangible personal property is deemed to be 50% of the  
18 serviceman's entire billing to the service customer. When,  
19 however, a serviceman contracts to design, develop, and produce  
20 special order machinery or equipment, the tax imposed by this  
21 Act shall be based on the serviceman's cost price of the  
22 tangible personal property transferred incident to the  
23 completion of the contract.

24 Beginning on July 1, 2000 and through December 31, 2000,

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

4 With respect to gasohol, as defined in the Use Tax Act, the  
5 tax imposed by this Act shall apply to (i) 70% of the cost  
6 price of property transferred as an incident to the sale of  
7 service on or after January 1, 1990, and before July 1, 2003,  
8 (ii) 80% of the selling price of property transferred as an  
9 incident to the sale of service on or after July 1, 2003 and on  
10 or before July 1, 2017, and (iii) 100% of the cost price  
11 thereafter. If, at any time, however, the tax under this Act on  
12 sales of gasohol, as defined in the Use Tax Act, is imposed at  
13 the rate of 1.25%, then the tax imposed by this Act applies to  
14 100% of the proceeds of sales of gasohol made during that time.

15 With respect to majority blended ethanol fuel, as defined  
16 in the Use Tax Act, the tax imposed by this Act does not apply  
17 to the selling price of property transferred as an incident to  
18 the sale of service on or after July 1, 2003 and on or before  
19 December 31, 2023 but applies to 100% of the selling price  
20 thereafter.

21 With respect to biodiesel blends, as defined in the Use Tax  
22 Act, with no less than 1% and no more than 10% biodiesel, the  
23 tax imposed by this Act applies to (i) 80% of the selling price  
24 of property transferred as an incident to the sale of service  
25 on or after July 1, 2003 and on or before December 31, 2018 and  
26 (ii) 100% of the proceeds of the selling price thereafter. If,

1 at any time, however, the tax under this Act on sales of  
2 biodiesel blends, as defined in the Use Tax Act, with no less  
3 than 1% and no more than 10% biodiesel is imposed at the rate  
4 of 1.25%, then the tax imposed by this Act applies to 100% of  
5 the proceeds of sales of biodiesel blends with no less than 1%  
6 and no more than 10% biodiesel made during that time.

7 With respect to 100% biodiesel, as defined in the Use Tax  
8 Act, and biodiesel blends, as defined in the Use Tax Act, with  
9 more than 10% but no more than 99% biodiesel material, the tax  
10 imposed by this Act does not apply to the proceeds of the  
11 selling price of property transferred as an incident to the  
12 sale of service on or after July 1, 2003 and on or before  
13 December 31, 2023 but applies to 100% of the selling price  
14 thereafter.

15 At the election of any registered serviceman made for each  
16 fiscal year, sales of service in which the aggregate annual  
17 cost price of tangible personal property transferred as an  
18 incident to the sales of service is less than 35%, or 75% in  
19 the case of servicemen transferring prescription drugs or  
20 servicemen engaged in graphic arts production, of the aggregate  
21 annual total gross receipts from all sales of service, the tax  
22 imposed by this Act shall be based on the serviceman's cost  
23 price of the tangible personal property transferred incident to  
24 the sale of those services.

25 The tax shall be imposed at the rate of 1% on food prepared  
26 for immediate consumption and transferred incident to a sale of

1 service subject to this Act or the Service Occupation Tax Act  
2 by an entity licensed under the Hospital Licensing Act, the  
3 Nursing Home Care Act, the Assisted Living and Shared Housing  
4 Act, the ID/DD Community Care Act, the MC/DD Act, the  
5 Specialized Mental Health Rehabilitation Act of 2013, ~~or~~ the  
6 Child Care Act of 1969, or an entity that holds a permit issued  
7 pursuant to the Life Care Facilities Act. The tax shall also be  
8 imposed at the rate of 1% on food for human consumption that is  
9 to be consumed off the premises where it is sold (other than  
10 alcoholic beverages, food consisting of or infused with adult  
11 use cannabis, soft drinks, and food that has been prepared for  
12 immediate consumption and is not otherwise included in this  
13 paragraph) and prescription and nonprescription medicines,  
14 drugs, medical appliances, products classified as Class III  
15 medical devices by the United States Food and Drug  
16 Administration that are used for cancer treatment pursuant to a  
17 prescription, as well as any accessories and components related  
18 to those devices, modifications to a motor vehicle for the  
19 purpose of rendering it usable by a person with a disability,  
20 and insulin, urine testing materials, syringes, and needles  
21 used by diabetics, for human use. For the purposes of this  
22 Section, until September 1, 2009: the term "soft drinks" means  
23 any complete, finished, ready-to-use, non-alcoholic drink,  
24 whether carbonated or not, including but not limited to soda  
25 water, cola, fruit juice, vegetable juice, carbonated water,  
26 and all other preparations commonly known as soft drinks of

1 whatever kind or description that are contained in any closed  
2 or sealed can, carton, or container, regardless of size; but  
3 "soft drinks" does not include coffee, tea, non-carbonated  
4 water, infant formula, milk or milk products as defined in the  
5 Grade A Pasteurized Milk and Milk Products Act, or drinks  
6 containing 50% or more natural fruit or vegetable juice.

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

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

25 Notwithstanding any other provisions of this Act,  
26 beginning September 1, 2009, "food for human consumption that

1 is to be consumed off the premises where it is sold" does not  
2 include candy. For purposes of this Section, "candy" means a  
3 preparation of sugar, honey, or other natural or artificial  
4 sweeteners in combination with chocolate, fruits, nuts or other  
5 ingredients or flavorings in the form of bars, drops, or  
6 pieces. "Candy" does not include any preparation that contains  
7 flour or requires refrigeration.

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

21 (A) A "Drug Facts" panel; or

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

25 Beginning on January 1, 2014 (the effective date of Public  
26 Act 98-122), "prescription and nonprescription medicines and

1 drugs" includes medical cannabis purchased from a registered  
2 dispensing organization under the Compassionate Use of Medical  
3 Cannabis Program Act.

4 As used in this Section, "adult use cannabis" means  
5 cannabis subject to tax under the Cannabis Cultivation  
6 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and  
7 does not include cannabis subject to tax under the  
8 Compassionate Use of Medical Cannabis Program Act.

9 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;  
10 101-593, eff. 12-4-19.)

11 Section 30. The Retailers' Occupation Tax Act is amended by  
12 changing Sections 1, 2-5, and 3 as follows:

13 (35 ILCS 120/1) (from Ch. 120, par. 440)

14 Sec. 1. Definitions. "Sale at retail" means any transfer of  
15 the ownership of or title to tangible personal property to a  
16 purchaser, for the purpose of use or consumption, and not for  
17 the purpose of resale in any form as tangible personal property  
18 to the extent not first subjected to a use for which it was  
19 purchased, for a valuable consideration: Provided that the  
20 property purchased is deemed to be purchased for the purpose of  
21 resale, despite first being used, to the extent to which it is  
22 resold as an ingredient of an intentionally produced product or  
23 byproduct of manufacturing. For this purpose, slag produced as  
24 an incident to manufacturing pig iron or steel and sold is

1 considered to be an intentionally produced byproduct of  
2 manufacturing. Transactions whereby the possession of the  
3 property is transferred but the seller retains the title as  
4 security for payment of the selling price shall be deemed to be  
5 sales.

6 "Sale at retail" shall be construed to include any transfer  
7 of the ownership of or title to tangible personal property to a  
8 purchaser, for use or consumption by any other person to whom  
9 such purchaser may transfer the tangible personal property  
10 without a valuable consideration, and to include any transfer,  
11 whether made for or without a valuable consideration, for  
12 resale in any form as tangible personal property unless made in  
13 compliance with Section 2c of this Act.

14 Sales of tangible personal property, which property, to the  
15 extent not first subjected to a use for which it was purchased,  
16 as an ingredient or constituent, goes into and forms a part of  
17 tangible personal property subsequently the subject of a "Sale  
18 at retail", are not sales at retail as defined in this Act:  
19 Provided that the property purchased is deemed to be purchased  
20 for the purpose of resale, despite first being used, to the  
21 extent to which it is resold as an ingredient of an  
22 intentionally produced product or byproduct of manufacturing.

23 "Sale at retail" shall be construed to include any Illinois  
24 florist's sales transaction in which the purchase order is  
25 received in Illinois by a florist and the sale is for use or  
26 consumption, but the Illinois florist has a florist in another



1 state deliver the property to the purchaser or the purchaser's  
2 donee in such other state.

3 Nonreusable tangible personal property that is used by  
4 persons engaged in the business of operating a restaurant,  
5 cafeteria, or drive-in is a sale for resale when it is  
6 transferred to customers in the ordinary course of business as  
7 part of the sale of food or beverages and is used to deliver,  
8 package, or consume food or beverages, regardless of where  
9 consumption of the food or beverages occurs. Examples of those  
10 items include, but are not limited to nonreusable, paper and  
11 plastic cups, plates, baskets, boxes, sleeves, buckets or other  
12 containers, utensils, straws, placemats, napkins, doggie bags,  
13 and wrapping or packaging materials that are transferred to  
14 customers as part of the sale of food or beverages in the  
15 ordinary course of business.

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

20 A person whose activities are organized and conducted  
21 primarily as a not-for-profit service enterprise, and who  
22 engages in selling tangible personal property at retail  
23 (whether to the public or merely to members and their guests)  
24 is engaged in the business of selling tangible personal  
25 property at retail with respect to such transactions, excepting  
26 only a person organized and operated exclusively for

1 charitable, religious or educational purposes either (1), to  
2 the extent of sales by such person to its members, students,  
3 patients or inmates of tangible personal property to be used  
4 primarily for the purposes of such person, or (2), to the  
5 extent of sales by such person of tangible personal property  
6 which is not sold or offered for sale by persons organized for  
7 profit. The selling of school books and school supplies by  
8 schools at retail to students is not "primarily for the  
9 purposes of" the school which does such selling. The provisions  
10 of this paragraph shall not apply to nor subject to taxation  
11 occasional dinners, socials or similar activities of a person  
12 organized and operated exclusively for charitable, religious  
13 or educational purposes, whether or not such activities are  
14 open to the public.

15 A person who is the recipient of a grant or contract under  
16 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and  
17 serves meals to participants in the federal Nutrition Program  
18 for the Elderly in return for contributions established in  
19 amount by the individual participant pursuant to a schedule of  
20 suggested fees as provided for in the federal Act is not  
21 engaged in the business of selling tangible personal property  
22 at retail with respect to such transactions.

23 "Purchaser" means anyone who, through a sale at retail,  
24 acquires the ownership of or title to tangible personal  
25 property for a valuable consideration.

26 "Reseller of motor fuel" means any person engaged in the

1 business of selling or delivering or transferring title of  
2 motor fuel to another person other than for use or consumption.  
3 No person shall act as a reseller of motor fuel within this  
4 State without first being registered as a reseller pursuant to  
5 Section 2c or a retailer pursuant to Section 2a.

6 "Selling price" or the "amount of sale" means the  
7 consideration for a sale valued in money whether received in  
8 money or otherwise, including cash, credits, property, other  
9 than as hereinafter provided, and services, but, prior to  
10 January 1, 2020, not including the value of or credit given for  
11 traded-in tangible personal property where the item that is  
12 traded-in is of like kind and character as that which is being  
13 sold; beginning January 1, 2020, "selling price" includes the  
14 portion of the value of or credit given for traded-in motor  
15 vehicles of the First Division as defined in Section 1-146 of  
16 the Illinois Vehicle Code of like kind and character as that  
17 which is being sold that exceeds \$10,000. "Selling price" shall  
18 be determined without any deduction on account of the cost of  
19 the property sold, the cost of materials used, labor or service  
20 cost or any other expense whatsoever, but does not include  
21 charges that are added to prices by sellers on account of the  
22 seller's tax liability under this Act, or on account of the  
23 seller's duty to collect, from the purchaser, the tax that is  
24 imposed by the Use Tax Act, or, except as otherwise provided  
25 with respect to any cigarette tax imposed by a home rule unit,  
26 on account of the seller's tax liability under any local

1 occupation tax administered by the Department, or, except as  
2 otherwise provided with respect to any cigarette tax imposed by  
3 a home rule unit on account of the seller's duty to collect,  
4 from the purchasers, the tax that is imposed under any local  
5 use tax administered by the Department. Effective December 1,  
6 1985, "selling price" shall include charges that are added to  
7 prices by sellers on account of the seller's tax liability  
8 under the Cigarette Tax Act, on account of the sellers' duty to  
9 collect, from the purchaser, the tax imposed under the  
10 Cigarette Use Tax Act, and on account of the seller's duty to  
11 collect, from the purchaser, any cigarette tax imposed by a  
12 home rule unit.

13 Notwithstanding any law to the contrary, for any motor  
14 vehicle, as defined in Section 1-146 of the Vehicle Code, that  
15 is sold on or after January 1, 2015 for the purpose of leasing  
16 the vehicle for a defined period that is longer than one year  
17 and (1) is a motor vehicle of the second division that: (A) is  
18 a self-contained motor vehicle designed or permanently  
19 converted to provide living quarters for recreational,  
20 camping, or travel use, with direct walk through access to the  
21 living quarters from the driver's seat; (B) is of the van  
22 configuration designed for the transportation of not less than  
23 7 nor more than 16 passengers; or (C) has a gross vehicle  
24 weight rating of 8,000 pounds or less or (2) is a motor vehicle  
25 of the first division, "selling price" or "amount of sale"  
26 means the consideration received by the lessor pursuant to the

1 lease contract, including amounts due at lease signing and all  
2 monthly or other regular payments charged over the term of the  
3 lease. Also included in the selling price is any amount  
4 received by the lessor from the lessee for the leased vehicle  
5 that is not calculated at the time the lease is executed,  
6 including, but not limited to, excess mileage charges and  
7 charges for excess wear and tear. For sales that occur in  
8 Illinois, with respect to any amount received by the lessor  
9 from the lessee for the leased vehicle that is not calculated  
10 at the time the lease is executed, the lessor who purchased the  
11 motor vehicle does not incur the tax imposed by the Use Tax Act  
12 on those amounts, and the retailer who makes the retail sale of  
13 the motor vehicle to the lessor is not required to collect the  
14 tax imposed by the Use Tax Act or to pay the tax imposed by this  
15 Act on those amounts. However, the lessor who purchased the  
16 motor vehicle assumes the liability for reporting and paying  
17 the tax on those amounts directly to the Department in the same  
18 form (Illinois Retailers' Occupation Tax, and local retailers'  
19 occupation taxes, if applicable) in which the retailer would  
20 have reported and paid such tax if the retailer had accounted  
21 for the tax to the Department. For amounts received by the  
22 lessor from the lessee that are not calculated at the time the  
23 lease is executed, the lessor must file the return and pay the  
24 tax to the Department by the due date otherwise required by  
25 this Act for returns other than transaction returns. If the  
26 retailer is entitled under this Act to a discount for

1 collecting and remitting the tax imposed under this Act to the  
2 Department with respect to the sale of the motor vehicle to the  
3 lessor, then the right to the discount provided in this Act  
4 shall be transferred to the lessor with respect to the tax paid  
5 by the lessor for any amount received by the lessor from the  
6 lessee for the leased vehicle that is not calculated at the  
7 time the lease is executed; provided that the discount is only  
8 allowed if the return is timely filed and for amounts timely  
9 paid. The "selling price" of a motor vehicle that is sold on or  
10 after January 1, 2015 for the purpose of leasing for a defined  
11 period of longer than one year shall not be reduced by the  
12 value of or credit given for traded-in tangible personal  
13 property owned by the lessor, nor shall it be reduced by the  
14 value of or credit given for traded-in tangible personal  
15 property owned by the lessee, regardless of whether the  
16 trade-in value thereof is assigned by the lessee to the lessor.  
17 In the case of a motor vehicle that is sold for the purpose of  
18 leasing for a defined period of longer than one year, the sale  
19 occurs at the time of the delivery of the vehicle, regardless  
20 of the due date of any lease payments. A lessor who incurs a  
21 Retailers' Occupation Tax liability on the sale of a motor  
22 vehicle coming off lease may not take a credit against that  
23 liability for the Use Tax the lessor paid upon the purchase of  
24 the motor vehicle (or for any tax the lessor paid with respect  
25 to any amount received by the lessor from the lessee for the  
26 leased vehicle that was not calculated at the time the lease

1 was executed) if the selling price of the motor vehicle at the  
2 time of purchase was calculated using the definition of  
3 "selling price" as defined in this paragraph. Notwithstanding  
4 any other provision of this Act to the contrary, lessors shall  
5 file all returns and make all payments required under this  
6 paragraph to the Department by electronic means in the manner  
7 and form as required by the Department. This paragraph does not  
8 apply to leases of motor vehicles for which, at the time the  
9 lease is entered into, the term of the lease is not a defined  
10 period, including leases with a defined initial period with the  
11 option to continue the lease on a month-to-month or other basis  
12 beyond the initial defined period.

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

21 "Gross receipts" from the sales of tangible personal  
22 property at retail means the total selling price or the amount  
23 of such sales, as hereinbefore defined. In the case of charge  
24 and time sales, the amount thereof shall be included only as  
25 and when payments are received by the seller. Receipts or other  
26 consideration derived by a seller from the sale, transfer or

1 assignment of accounts receivable to a wholly owned subsidiary  
2 will not be deemed payments prior to the time the purchaser  
3 makes payment on such accounts.

4 "Department" means the Department of Revenue.

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

10 The isolated or occasional sale of tangible personal  
11 property at retail by a person who does not hold himself out as  
12 being engaged (or who does not habitually engage) in selling  
13 such tangible personal property at retail, or a sale through a  
14 bulk vending machine, does not constitute engaging in a  
15 business of selling such tangible personal property at retail  
16 within the meaning of this Act; provided that any person who is  
17 engaged in a business which is not subject to the tax imposed  
18 by this Act because of involving the sale of or a contract to  
19 sell real estate or a construction contract to improve real  
20 estate or a construction contract to engineer, install, and  
21 maintain an integrated system of products, but who, in the  
22 course of conducting such business, transfers tangible  
23 personal property to users or consumers in the finished form in  
24 which it was purchased, and which does not become real estate  
25 or was not engineered and installed, under any provision of a  
26 construction contract or real estate sale or real estate sales



1 agreement entered into with some other person arising out of or  
2 because of such nontaxable business, is engaged in the business  
3 of selling tangible personal property at retail to the extent  
4 of the value of the tangible personal property so transferred.  
5 If, in such a transaction, a separate charge is made for the  
6 tangible personal property so transferred, the value of such  
7 property, for the purpose of this Act, shall be the amount so  
8 separately charged, but not less than the cost of such property  
9 to the transferor; if no separate charge is made, the value of  
10 such property, for the purposes of this Act, is the cost to the  
11 transferor of such tangible personal property. Construction  
12 contracts for the improvement of real estate consisting of  
13 engineering, installation, and maintenance of voice, data,  
14 video, security, and all telecommunication systems do not  
15 constitute engaging in a business of selling tangible personal  
16 property at retail within the meaning of this Act if they are  
17 sold at one specified contract price.

18 A person who holds himself or herself out as being engaged  
19 (or who habitually engages) in selling tangible personal  
20 property at retail is a person engaged in the business of  
21 selling tangible personal property at retail hereunder with  
22 respect to such sales (and not primarily in a service  
23 occupation) notwithstanding the fact that such person designs  
24 and produces such tangible personal property on special order  
25 for the purchaser and in such a way as to render the property  
26 of value only to such purchaser, if such tangible personal

1 property so produced on special order serves substantially the  
2 same function as stock or standard items of tangible personal  
3 property that are sold at retail.

4 Persons who engage in the business of transferring tangible  
5 personal property upon the redemption of trading stamps are  
6 engaged in the business of selling such property at retail and  
7 shall be liable for and shall pay the tax imposed by this Act  
8 on the basis of the retail value of the property transferred  
9 upon redemption of such stamps.

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

16 "Remote retailer" means a retailer that does not maintain  
17 within this State, directly or by a subsidiary, an office,  
18 distribution house, sales house, warehouse or other place of  
19 business, or any agent or other representative operating within  
20 this State under the authority of the retailer or its  
21 subsidiary, irrespective of whether such place of business or  
22 agent is located here permanently or temporarily or whether  
23 such retailer or subsidiary is licensed to do business in this  
24 State.

25 "Marketplace" means a physical or electronic place, forum,  
26 platform, application, or other method by which a marketplace

1 seller sells or offers to sell items.

2 "Marketplace facilitator" means a person who, pursuant to  
3 an agreement with an unrelated third-party marketplace seller,  
4 directly or indirectly through one or more affiliates  
5 facilitates a retail sale by an unrelated third party  
6 marketplace seller by:

7 (1) listing or advertising for sale by the marketplace  
8 seller in a marketplace, tangible personal property that is  
9 subject to tax under this Act; and

10 (2) either directly or indirectly, through agreements  
11 or arrangements with third parties, collecting payment  
12 from the customer and transmitting that payment to the  
13 marketplace seller regardless of whether the marketplace  
14 facilitator receives compensation or other consideration  
15 in exchange for its services.

16 A person who provides advertising services, including  
17 listing products for sale, is not considered a marketplace  
18 facilitator, so long as the advertising service platform or  
19 forum does not engage, directly or indirectly through one or  
20 more affiliated persons, in the activities described in  
21 paragraph (2) of this definition of "marketplace facilitator".

22 "Marketplace facilitator" does not include any person  
23 licensed under the Auction License Act. This exemption does not  
24 apply to any person who is an Internet auction listing service,  
25 as defined by the Auction License Act.

26 "Marketplace seller" means a person that makes sales

1 through a marketplace operated by an unrelated third party  
2 marketplace facilitator.

3 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20.)

4 (35 ILCS 120/2-5)

5 Sec. 2-5. Exemptions. Gross receipts from proceeds from the  
6 sale of the following tangible personal property are exempt  
7 from the tax imposed by this Act:

8 (1) Farm chemicals.

9 (2) Farm machinery and equipment, both new and used,  
10 including that manufactured on special order, certified by  
11 the purchaser to be used primarily for production  
12 agriculture or State or federal agricultural programs,  
13 including individual replacement parts for the machinery  
14 and equipment, including machinery and equipment purchased  
15 for lease, and including implements of husbandry defined in  
16 Section 1-130 of the Illinois Vehicle Code, farm machinery  
17 and agricultural chemical and fertilizer spreaders, and  
18 nurse wagons required to be registered under Section 3-809  
19 of the Illinois Vehicle Code, but excluding other motor  
20 vehicles required to be registered under the Illinois  
21 Vehicle Code. Horticultural polyhouses or hoop houses used  
22 for propagating, growing, or overwintering plants shall be  
23 considered farm machinery and equipment under this item

24 (2). Agricultural chemical tender tanks and dry boxes shall  
25 include units sold separately from a motor vehicle required

1 to be licensed and units sold mounted on a motor vehicle  
2 required to be licensed, if the selling price of the tender  
3 is separately stated.

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

12 Farm machinery and equipment also includes computers,  
13 sensors, software, and related equipment used primarily in  
14 the computer-assisted operation of production agriculture  
15 facilities, equipment, and activities such as, but not  
16 limited to, the collection, monitoring, and correlation of  
17 animal and crop data for the purpose of formulating animal  
18 diets and agricultural chemicals. This item (2) is exempt  
19 from the provisions of Section 2-70.

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

1           (4) Until July 1, 2003 and beginning again September 1,  
2           2004 through August 30, 2014, graphic arts machinery and  
3           equipment, including repair and replacement parts, both  
4           new and used, and including that manufactured on special  
5           order or purchased for lease, certified by the purchaser to  
6           be used primarily for graphic arts production. Equipment  
7           includes chemicals or chemicals acting as catalysts but  
8           only if the chemicals or chemicals acting as catalysts  
9           effect a direct and immediate change upon a graphic arts  
10          product. Beginning on July 1, 2017, graphic arts machinery  
11          and equipment is included in the manufacturing and  
12          assembling machinery and equipment exemption under  
13          paragraph (14).

14          (5) A motor vehicle that is used for automobile  
15          renting, as defined in the Automobile Renting Occupation  
16          and Use Tax Act. This paragraph is exempt from the  
17          provisions of Section 2-70.

18          (6) Personal property sold by a teacher-sponsored  
19          student organization affiliated with an elementary or  
20          secondary school located in Illinois.

21          (7) Until July 1, 2003, proceeds of that portion of the  
22          selling price of a passenger car the sale of which is  
23          subject to the Replacement Vehicle Tax.

24          (8) Personal property sold to an Illinois county fair  
25          association for use in conducting, operating, or promoting  
26          the county fair.

1           (9) Personal property sold to a not-for-profit arts or  
2           cultural organization that establishes, by proof required  
3           by the Department by rule, that it has received an  
4           exemption under Section 501(c)(3) of the Internal Revenue  
5           Code and that is organized and operated primarily for the  
6           presentation or support of arts or cultural programming,  
7           activities, or services. These organizations include, but  
8           are not limited to, music and dramatic arts organizations  
9           such as symphony orchestras and theatrical groups, arts and  
10          cultural service organizations, local arts councils,  
11          visual arts organizations, and media arts organizations.  
12          On and after July 1, 2001 (the effective date of Public Act  
13          92-35), however, an entity otherwise eligible for this  
14          exemption shall not make tax-free purchases unless it has  
15          an active identification number issued by the Department.

16          (10) Personal property sold by a corporation, society,  
17          association, foundation, institution, or organization,  
18          other than a limited liability company, that is organized  
19          and operated as a not-for-profit service enterprise for the  
20          benefit of persons 65 years of age or older if the personal  
21          property was not purchased by the enterprise for the  
22          purpose of resale by the enterprise.

23          (11) Personal property sold to a governmental body, to  
24          a corporation, society, association, foundation, or  
25          institution organized and operated exclusively for  
26          charitable, religious, or educational purposes, or to a

1 not-for-profit corporation, society, association,  
2 foundation, institution, or organization that has no  
3 compensated officers or employees and that is organized and  
4 operated primarily for the recreation of persons 55 years  
5 of age or older. A limited liability company may qualify  
6 for the exemption under this paragraph only if the limited  
7 liability company is organized and operated exclusively  
8 for educational purposes. On and after July 1, 1987,  
9 however, no entity otherwise eligible for this exemption  
10 shall make tax-free purchases unless it has an active  
11 identification number issued by the Department.

12 (12) (Blank).

13 (12-5) On and after July 1, 2003 and through June 30,  
14 2004, motor vehicles of the second division with a gross  
15 vehicle weight in excess of 8,000 pounds that are subject  
16 to the commercial distribution fee imposed under Section  
17 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
18 2004 and through June 30, 2005, the use in this State of  
19 motor vehicles of the second division: (i) with a gross  
20 vehicle weight rating in excess of 8,000 pounds; (ii) that  
21 are subject to the commercial distribution fee imposed  
22 under Section 3-815.1 of the Illinois Vehicle Code; and  
23 (iii) that are primarily used for commercial purposes.  
24 Through June 30, 2005, this exemption applies to repair and  
25 replacement parts added after the initial purchase of such  
26 a motor vehicle if that motor vehicle is used in a manner



1           that would qualify for the rolling stock exemption  
2 otherwise provided for in this Act. For purposes of this  
3 paragraph, "used for commercial purposes" means the  
4 transportation of persons or property in furtherance of any  
5 commercial or industrial enterprise whether for-hire or  
6 not.

7           (13) Proceeds from sales to owners, lessors, or  
8 shippers of tangible personal property that is utilized by  
9 interstate carriers for hire for use as rolling stock  
10 moving in interstate commerce and equipment operated by a  
11 telecommunications provider, licensed as a common carrier  
12 by the Federal Communications Commission, which is  
13 permanently installed in or affixed to aircraft moving in  
14 interstate commerce.

15           (14) Machinery and equipment that will be used by the  
16 purchaser, or a lessee of the purchaser, primarily in the  
17 process of manufacturing or assembling tangible personal  
18 property for wholesale or retail sale or lease, whether the  
19 sale or lease is made directly by the manufacturer or by  
20 some other person, whether the materials used in the  
21 process are owned by the manufacturer or some other person,  
22 or whether the sale or lease is made apart from or as an  
23 incident to the seller's engaging in the service occupation  
24 of producing machines, tools, dies, jigs, patterns,  
25 gauges, or other similar items of no commercial value on  
26 special order for a particular purchaser. The exemption

1 provided by this paragraph (14) does not include machinery  
2 and equipment used in (i) the generation of electricity for  
3 wholesale or retail sale; (ii) the generation or treatment  
4 of natural or artificial gas for wholesale or retail sale  
5 that is delivered to customers through pipes, pipelines, or  
6 mains; or (iii) the treatment of water for wholesale or  
7 retail sale that is delivered to customers through pipes,  
8 pipelines, or mains. The provisions of Public Act 98-583  
9 are declaratory of existing law as to the meaning and scope  
10 of this exemption. Beginning on July 1, 2017, the exemption  
11 provided by this paragraph (14) includes, but is not  
12 limited to, graphic arts machinery and equipment, as  
13 defined in paragraph (4) of this Section.

14 (15) Proceeds of mandatory service charges separately  
15 stated on customers' bills for purchase and consumption of  
16 food and beverages, to the extent that the proceeds of the  
17 service charge are in fact turned over as tips or as a  
18 substitute for tips to the employees who participate  
19 directly in preparing, serving, hosting or cleaning up the  
20 food or beverage function with respect to which the service  
21 charge is imposed.

22 (16) Tangible personal property sold to a purchaser if  
23 the purchaser is exempt from use tax by operation of  
24 federal law. This paragraph is exempt from the provisions  
25 of Section 2-70.

26 (17) Tangible personal property sold to a common

1 carrier by rail or motor that receives the physical  
2 possession of the property in Illinois and that transports  
3 the property, or shares with another common carrier in the  
4 transportation of the property, out of Illinois on a  
5 standard uniform bill of lading showing the seller of the  
6 property as the shipper or consignor of the property to a  
7 destination outside Illinois, for use outside Illinois.

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

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

22 (20) Photoprocessing machinery and equipment,  
23 including repair and replacement parts, both new and used,  
24 including that manufactured on special order, certified by  
25 the purchaser to be used primarily for photoprocessing, and  
26 including photoprocessing machinery and equipment

1 purchased for lease.

2 (21) Until July 1, 2023, coal and aggregate  
3 exploration, mining, off-highway hauling, processing,  
4 maintenance, and reclamation equipment, including  
5 replacement parts and equipment, and including equipment  
6 purchased for lease, but excluding motor vehicles required  
7 to be registered under the Illinois Vehicle Code. The  
8 changes made to this Section by Public Act 97-767 apply on  
9 and after July 1, 2003, but no claim for credit or refund  
10 is allowed on or after August 16, 2013 (the effective date  
11 of Public Act 98-456) for such taxes paid during the period  
12 beginning July 1, 2003 and ending on August 16, 2013 (the  
13 effective date of Public Act 98-456).

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

21 Beginning July 1, 2013, fuel and petroleum products  
22 sold to or used by an air carrier, certified by the carrier  
23 to be used for consumption, shipment, or storage in the  
24 conduct of its business as an air common carrier, for a  
25 flight that (i) is engaged in foreign trade or is engaged  
26 in trade between the United States and any of its

1           possessions and (ii) transports at least one individual or  
2           package for hire from the city of origination to the city  
3           of final destination on the same aircraft, without regard  
4           to a change in the flight number of that aircraft.

5           (23) A transaction in which the purchase order is  
6           received by a florist who is located outside Illinois, but  
7           who has a florist located in Illinois deliver the property  
8           to the purchaser or the purchaser's donee in Illinois.

9           (24) Fuel consumed or used in the operation of ships,  
10          barges, or vessels that are used primarily in or for the  
11          transportation of property or the conveyance of persons for  
12          hire on rivers bordering on this State if the fuel is  
13          delivered by the seller to the purchaser's barge, ship, or  
14          vessel while it is afloat upon that bordering river.

15          (25) Except as provided in item (25-5) of this Section,  
16          a motor vehicle sold in this State to a nonresident even  
17          though the motor vehicle is delivered to the nonresident in  
18          this State, if the motor vehicle is not to be titled in  
19          this State, and if a drive-away permit is issued to the  
20          motor vehicle as provided in Section 3-603 of the Illinois  
21          Vehicle Code or if the nonresident purchaser has vehicle  
22          registration plates to transfer to the motor vehicle upon  
23          returning to his or her home state. The issuance of the  
24          drive-away permit or having the out-of-state registration  
25          plates to be transferred is prima facie evidence that the  
26          motor vehicle will not be titled in this State.

1           (25-5) The exemption under item (25) does not apply if  
2           the state in which the motor vehicle will be titled does  
3           not allow a reciprocal exemption for a motor vehicle sold  
4           and delivered in that state to an Illinois resident but  
5           titled in Illinois. The tax collected under this Act on the  
6           sale of a motor vehicle in this State to a resident of  
7           another state that does not allow a reciprocal exemption  
8           shall be imposed at a rate equal to the state's rate of tax  
9           on taxable property in the state in which the purchaser is  
10          a resident, except that the tax shall not exceed the tax  
11          that would otherwise be imposed under this Act. At the time  
12          of the sale, the purchaser shall execute a statement,  
13          signed under penalty of perjury, of his or her intent to  
14          title the vehicle in the state in which the purchaser is a  
15          resident within 30 days after the sale and of the fact of  
16          the payment to the State of Illinois of tax in an amount  
17          equivalent to the state's rate of tax on taxable property  
18          in his or her state of residence and shall submit the  
19          statement to the appropriate tax collection agency in his  
20          or her state of residence. In addition, the retailer must  
21          retain a signed copy of the statement in his or her  
22          records. Nothing in this item shall be construed to require  
23          the removal of the vehicle from this state following the  
24          filing of an intent to title the vehicle in the purchaser's  
25          state of residence if the purchaser titles the vehicle in  
26          his or her state of residence within 30 days after the date

1 of sale. The tax collected under this Act in accordance  
2 with this item (25-5) shall be proportionately distributed  
3 as if the tax were collected at the 6.25% general rate  
4 imposed under this Act.

5 (25-7) Beginning on July 1, 2007, no tax is imposed  
6 under this Act on the sale of an aircraft, as defined in  
7 Section 3 of the Illinois Aeronautics Act, if all of the  
8 following conditions are met:

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

16 (2) the aircraft is not based or registered in this  
17 State after the sale of the aircraft; and

18 (3) the seller retains in his or her books and  
19 records and provides to the Department a signed and  
20 dated certification from the purchaser, on a form  
21 prescribed by the Department, certifying that the  
22 requirements of this item (25-7) are met. The  
23 certificate must also include the name and address of  
24 the purchaser, the address of the location where the  
25 aircraft is to be titled or registered, the address of  
26 the primary physical location of the aircraft, and

1 other information that the Department may reasonably  
2 require.

3 For purposes of this item (25-7):

4 "Based in this State" means hangared, stored, or  
5 otherwise used, excluding post-sale customizations as  
6 defined in this Section, for 10 or more days in each  
7 12-month period immediately following the date of the sale  
8 of the aircraft.

9 "Registered in this State" means an aircraft  
10 registered with the Department of Transportation,  
11 Aeronautics Division, or titled or registered with the  
12 Federal Aviation Administration to an address located in  
13 this State.

14 This paragraph (25-7) is exempt from the provisions of  
15 Section 2-70.

16 (26) Semen used for artificial insemination of  
17 livestock for direct agricultural production.

18 (27) Horses, or interests in horses, registered with  
19 and meeting the requirements of any of the Arabian Horse  
20 Club Registry of America, Appaloosa Horse Club, American  
21 Quarter Horse Association, United States Trotting  
22 Association, or Jockey Club, as appropriate, used for  
23 purposes of breeding or racing for prizes. This item (27)  
24 is exempt from the provisions of Section 2-70, and the  
25 exemption provided for under this item (27) applies for all  
26 periods beginning May 30, 1995, but no claim for credit or



1 refund is allowed on or after January 1, 2008 (the  
2 effective date of Public Act 95-88) for such taxes paid  
3 during the period beginning May 30, 2000 and ending on  
4 January 1, 2008 (the effective date of Public Act 95-88).

5 (28) Computers and communications equipment utilized  
6 for any hospital purpose and equipment used in the  
7 diagnosis, analysis, or treatment of hospital patients  
8 sold to a lessor who leases the equipment, under a lease of  
9 one year or longer executed or in effect at the time of the  
10 purchase, to a hospital that has been issued an active tax  
11 exemption identification number by the Department under  
12 Section 1g of this Act.

13 (29) Personal property sold to a lessor who leases the  
14 property, under a lease of one year or longer executed or  
15 in effect at the time of the purchase, to a governmental  
16 body that has been issued an active tax exemption  
17 identification number by the Department under Section 1g of  
18 this Act.

19 (30) Beginning with taxable years ending on or after  
20 December 31, 1995 and ending with taxable years ending on  
21 or before December 31, 2004, personal property that is  
22 donated for disaster relief to be used in a State or  
23 federally declared disaster area in Illinois or bordering  
24 Illinois by a manufacturer or retailer that is registered  
25 in this State to a corporation, society, association,  
26 foundation, or institution that has been issued a sales tax

1 exemption identification number by the Department that  
2 assists victims of the disaster who reside within the  
3 declared disaster area.

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

17 (32) Beginning July 1, 1999, game or game birds sold at  
18 a "game breeding and hunting preserve area" as that term is  
19 used in the Wildlife Code. This paragraph is exempt from  
20 the provisions of Section 2-70.

21 (33) A motor vehicle, as that term is defined in  
22 Section 1-146 of the Illinois Vehicle Code, that is donated  
23 to a corporation, limited liability company, society,  
24 association, foundation, or institution that is determined  
25 by the Department to be organized and operated exclusively  
26 for educational purposes. For purposes of this exemption,

1 "a corporation, limited liability company, society,  
2 association, foundation, or institution organized and  
3 operated exclusively for educational purposes" means all  
4 tax-supported public schools, private schools that offer  
5 systematic instruction in useful branches of learning by  
6 methods common to public schools and that compare favorably  
7 in their scope and intensity with the course of study  
8 presented in tax-supported schools, and vocational or  
9 technical schools or institutes organized and operated  
10 exclusively to provide a course of study of not less than 6  
11 weeks duration and designed to prepare individuals to  
12 follow a trade or to pursue a manual, technical,  
13 mechanical, industrial, business, or commercial  
14 occupation.

15 (34) Beginning January 1, 2000, personal property,  
16 including food, purchased through fundraising events for  
17 the benefit of a public or private elementary or secondary  
18 school, a group of those schools, or one or more school  
19 districts if the events are sponsored by an entity  
20 recognized by the school district that consists primarily  
21 of volunteers and includes parents and teachers of the  
22 school children. This paragraph does not apply to  
23 fundraising events (i) for the benefit of private home  
24 instruction or (ii) for which the fundraising entity  
25 purchases the personal property sold at the events from  
26 another individual or entity that sold the property for the

1 purpose of resale by the fundraising entity and that  
2 profits from the sale to the fundraising entity. This  
3 paragraph is exempt from the provisions of Section 2-70.

4 (35) Beginning January 1, 2000 and through December 31,  
5 2001, new or used automatic vending machines that prepare  
6 and serve hot food and beverages, including coffee, soup,  
7 and other items, and replacement parts for these machines.  
8 Beginning January 1, 2002 and through June 30, 2003,  
9 machines and parts for machines used in commercial,  
10 coin-operated amusement and vending business if a use or  
11 occupation tax is paid on the gross receipts derived from  
12 the use of the commercial, coin-operated amusement and  
13 vending machines. This paragraph is exempt from the  
14 provisions of Section 2-70.

15 (35-5) Beginning August 23, 2001 and through June 30,  
16 2016, food for human consumption that is to be consumed off  
17 the premises where it is sold (other than alcoholic  
18 beverages, soft drinks, and food that has been prepared for  
19 immediate consumption) and prescription and  
20 nonprescription medicines, drugs, medical appliances, and  
21 insulin, urine testing materials, syringes, and needles  
22 used by diabetics, for human use, when purchased for use by  
23 a person receiving medical assistance under Article V of  
24 the Illinois Public Aid Code who resides in a licensed  
25 long-term care facility, as defined in the Nursing Home  
26 Care Act, or a licensed facility as defined in the ID/DD

1 Community Care Act, the MC/DD Act, or the Specialized  
2 Mental Health Rehabilitation Act of 2013.

3 (36) Beginning August 2, 2001, computers and  
4 communications equipment utilized for any hospital purpose  
5 and equipment used in the diagnosis, analysis, or treatment  
6 of hospital patients sold to a lessor who leases the  
7 equipment, under a lease of one year or longer executed or  
8 in effect at the time of the purchase, to a hospital that  
9 has been issued an active tax exemption identification  
10 number by the Department under Section 1g of this Act. This  
11 paragraph is exempt from the provisions of Section 2-70.

12 (37) Beginning August 2, 2001, personal property sold  
13 to a lessor who leases the property, under a lease of one  
14 year or longer executed or in effect at the time of the  
15 purchase, to a governmental body that has been issued an  
16 active tax exemption identification number by the  
17 Department under Section 1g of this Act. This paragraph is  
18 exempt from the provisions of Section 2-70.

19 (38) Beginning on January 1, 2002 and through June 30,  
20 2016, tangible personal property purchased from an  
21 Illinois retailer by a taxpayer engaged in centralized  
22 purchasing activities in Illinois who will, upon receipt of  
23 the property in Illinois, temporarily store the property in  
24 Illinois (i) for the purpose of subsequently transporting  
25 it outside this State for use or consumption thereafter  
26 solely outside this State or (ii) for the purpose of being

1 processed, fabricated, or manufactured into, attached to,  
2 or incorporated into other tangible personal property to be  
3 transported outside this State and thereafter used or  
4 consumed solely outside this State. The Director of Revenue  
5 shall, pursuant to rules adopted in accordance with the  
6 Illinois Administrative Procedure Act, issue a permit to  
7 any taxpayer in good standing with the Department who is  
8 eligible for the exemption under this paragraph (38). The  
9 permit issued under this paragraph (38) shall authorize the  
10 holder, to the extent and in the manner specified in the  
11 rules adopted under this Act, to purchase tangible personal  
12 property from a retailer exempt from the taxes imposed by  
13 this Act. Taxpayers shall maintain all necessary books and  
14 records to substantiate the use and consumption of all such  
15 tangible personal property outside of the State of  
16 Illinois.

17 (39) Beginning January 1, 2008, tangible personal  
18 property used in the construction or maintenance of a  
19 community water supply, as defined under Section 3.145 of  
20 the Environmental Protection Act, that is operated by a  
21 not-for-profit corporation that holds a valid water supply  
22 permit issued under Title IV of the Environmental  
23 Protection Act. This paragraph is exempt from the  
24 provisions of Section 2-70.

25 (40) Beginning January 1, 2010 and continuing through  
26 December 31, 2024, materials, parts, equipment,

1 components, and furnishings incorporated into or upon an  
2 aircraft as part of the modification, refurbishment,  
3 completion, replacement, repair, or maintenance of the  
4 aircraft. This exemption includes consumable supplies used  
5 in the modification, refurbishment, completion,  
6 replacement, repair, and maintenance of aircraft, but  
7 excludes any materials, parts, equipment, components, and  
8 consumable supplies used in the modification, replacement,  
9 repair, and maintenance of aircraft engines or power  
10 plants, whether such engines or power plants are installed  
11 or uninstalled upon any such aircraft. "Consumable  
12 supplies" include, but are not limited to, adhesive, tape,  
13 sandpaper, general purpose lubricants, cleaning solution,  
14 latex gloves, and protective films. This exemption applies  
15 only to the sale of qualifying tangible personal property  
16 to persons who modify, refurbish, complete, replace, or  
17 maintain an aircraft and who (i) hold an Air Agency  
18 Certificate and are empowered to operate an approved repair  
19 station by the Federal Aviation Administration, (ii) have a  
20 Class IV Rating, and (iii) conduct operations in accordance  
21 with Part 145 of the Federal Aviation Regulations. The  
22 exemption does not include aircraft operated by a  
23 commercial air carrier providing scheduled passenger air  
24 service pursuant to authority issued under Part 121 or Part  
25 129 of the Federal Aviation Regulations. The changes made  
26 to this paragraph (40) by Public Act 98-534 are declarative

1 of existing law. It is the intent of the General Assembly  
2 that the exemption under this paragraph (40) applies  
3 continuously from January 1, 2010 through December 31,  
4 2024; however, no claim for credit or refund is allowed for  
5 taxes paid as a result of the disallowance of this  
6 exemption on or after January 1, 2015 and prior to the  
7 effective date of this amendatory Act of the 101st General  
8 Assembly.

9 (41) Tangible personal property sold to a  
10 public-facilities corporation, as described in Section  
11 11-65-10 of the Illinois Municipal Code, for purposes of  
12 constructing or furnishing a municipal convention hall,  
13 but only if the legal title to the municipal convention  
14 hall is transferred to the municipality without any further  
15 consideration by or on behalf of the municipality at the  
16 time of the completion of the municipal convention hall or  
17 upon the retirement or redemption of any bonds or other  
18 debt instruments issued by the public-facilities  
19 corporation in connection with the development of the  
20 municipal convention hall. This exemption includes  
21 existing public-facilities corporations as provided in  
22 Section 11-65-25 of the Illinois Municipal Code. This  
23 paragraph is exempt from the provisions of Section 2-70.

24 (42) Beginning January 1, 2017, menstrual pads,  
25 tampons, and menstrual cups.

26 (43) Merchandise that is subject to the Rental Purchase



1 Agreement Occupation and Use Tax. The purchaser must  
2 certify that the item is purchased to be rented subject to  
3 a rental purchase agreement, as defined in the Rental  
4 Purchase Agreement Act, and provide proof of registration  
5 under the Rental Purchase Agreement Occupation and Use Tax  
6 Act. This paragraph is exempt from the provisions of  
7 Section 2-70.

8 (44) Qualified tangible personal property used in the  
9 construction or operation of a data center that has been  
10 granted a certificate of exemption by the Department of  
11 Commerce and Economic Opportunity, whether that tangible  
12 personal property is purchased by the owner, operator, or  
13 tenant of the data center or by a contractor or  
14 subcontractor of the owner, operator, or tenant. Data  
15 centers that would have qualified for a certificate of  
16 exemption prior to January 1, 2020 had this amendatory Act  
17 of the 101st General Assembly been in effect, may apply for  
18 and obtain an exemption for subsequent purchases of  
19 computer equipment or enabling software purchased or  
20 leased to upgrade, supplement, or replace computer  
21 equipment or enabling software purchased or leased in the  
22 original investment that would have qualified.

23 The Department of Commerce and Economic Opportunity  
24 shall grant a certificate of exemption under this item (44)  
25 to qualified data centers as defined by Section 605-1025 of  
26 the Department of Commerce and Economic Opportunity Law of

1 the Civil Administrative Code of Illinois.

2 For the purposes of this item (44):

3 "Data center" means a building or a series of  
4 buildings rehabilitated or constructed to house  
5 working servers in one physical location or multiple  
6 sites within the State of Illinois.

7 "Qualified tangible personal property" means:  
8 electrical systems and equipment; climate control and  
9 chilling equipment and systems; mechanical systems and  
10 equipment; monitoring and secure systems; emergency  
11 generators; hardware; computers; servers; data storage  
12 devices; network connectivity equipment; racks;  
13 cabinets; telecommunications cabling infrastructure;  
14 raised floor systems; peripheral components or  
15 systems; software; mechanical, electrical, or plumbing  
16 systems; battery systems; cooling systems and towers;  
17 temperature control systems; other cabling; and other  
18 data center infrastructure equipment and systems  
19 necessary to operate qualified tangible personal  
20 property, including fixtures; and component parts of  
21 any of the foregoing, including installation,  
22 maintenance, repair, refurbishment, and replacement of  
23 qualified tangible personal property to generate,  
24 transform, transmit, distribute, or manage electricity  
25 necessary to operate qualified tangible personal  
26 property; and all other tangible personal property

1           that is essential to the operations of a computer data  
2           center. The term "qualified tangible personal  
3           property" also includes building materials physically  
4           incorporated in to the qualifying data center. To  
5           document the exemption allowed under this Section, the  
6           retailer must obtain from the purchaser a copy of the  
7           certificate of eligibility issued by the Department of  
8           Commerce and Economic Opportunity.

9           This item (44) is exempt from the provisions of Section  
10          2-70.

11          (45) Beginning January 1, 2020 and through December 31,  
12          2020, sales of tangible personal property made by a  
13          marketplace seller over a marketplace for which tax is due  
14          under this Act but for which use tax has been collected and  
15          remitted to the Department by a marketplace facilitator  
16          under Section 2d of the Use Tax Act are exempt from tax  
17          under this Act. A marketplace seller claiming this  
18          exemption shall maintain books and records demonstrating  
19          that the use tax on such sales has been collected and  
20          remitted by a marketplace facilitator. Marketplace sellers  
21          that have properly remitted tax under this Act on such  
22          sales may file a claim for credit as provided in Section 6  
23          of this Act. No claim is allowed, however, for such taxes  
24          for which a credit or refund has been issued to the  
25          marketplace facilitator under the Use Tax Act, or for which  
26          the marketplace facilitator has filed a claim for credit or

1           refund under the Use Tax Act.

2           (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;  
3           100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.  
4           8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,  
5           eff. 7-12-19; 101-629, eff. 2-5-20.)

6           (35 ILCS 120/3) (from Ch. 120, par. 442)

7           Sec. 3. Except as provided in this Section, on or before  
8           the twentieth day of each calendar month, every person engaged  
9           in the business of selling tangible personal property at retail  
10          in this State during the preceding calendar month shall file a  
11          return with the Department, stating:

12                 1. The name of the seller;

13                 2. His residence address and the address of his  
14                 principal place of business and the address of the  
15                 principal place of business (if that is a different  
16                 address) from which he engages in the business of selling  
17                 tangible personal property at retail in this State;

18                 3. Total amount of receipts received by him during the  
19                 preceding calendar month or quarter, as the case may be,  
20                 from sales of tangible personal property, and from services  
21                 furnished, by him during such preceding calendar month or  
22                 quarter;

23                 4. Total amount received by him during the preceding  
24                 calendar month or quarter on charge and time sales of  
25                 tangible personal property, and from services furnished,

1 by him prior to the month or quarter for which the return  
2 is filed;

3 5. Deductions allowed by law;

4 6. Gross receipts which were received by him during the  
5 preceding calendar month or quarter and upon the basis of  
6 which the tax is imposed;

7 7. The amount of credit provided in Section 2d of this  
8 Act;

9 8. The amount of tax due;

10 9. The signature of the taxpayer; and

11 10. Such other reasonable information as the  
12 Department may require.

13 On and after January 1, 2018, except for returns for motor  
14 vehicles, watercraft, aircraft, and trailers that are required  
15 to be registered with an agency of this State, with respect to  
16 retailers whose annual gross receipts average \$20,000 or more,  
17 all returns required to be filed pursuant to this Act shall be  
18 filed electronically. Retailers who demonstrate that they do  
19 not have access to the Internet or demonstrate hardship in  
20 filing electronically may petition the Department to waive the  
21 electronic filing requirement.

22 If a taxpayer fails to sign a return within 30 days after  
23 the proper notice and demand for signature by the Department,  
24 the return shall be considered valid and any amount shown to be  
25 due on the return shall be deemed assessed.

26 Each return shall be accompanied by the statement of

1 prepaid tax issued pursuant to Section 2e for which credit is  
2 claimed.

3 Prior to October 1, 2003, and on and after September 1,  
4 2004 a retailer may accept a Manufacturer's Purchase Credit  
5 certification from a purchaser in satisfaction of Use Tax as  
6 provided in Section 3-85 of the Use Tax Act if the purchaser  
7 provides the appropriate documentation as required by Section  
8 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit  
9 certification, accepted by a retailer prior to October 1, 2003  
10 and on and after September 1, 2004 as provided in Section 3-85  
11 of the Use Tax Act, may be used by that retailer to satisfy  
12 Retailers' Occupation Tax liability in the amount claimed in  
13 the certification, not to exceed 6.25% of the receipts subject  
14 to tax from a qualifying purchase. A Manufacturer's Purchase  
15 Credit reported on any original or amended return filed under  
16 this Act after October 20, 2003 for reporting periods prior to  
17 September 1, 2004 shall be disallowed. Manufacturer's  
18 Purchaser Credit reported on annual returns due on or after  
19 January 1, 2005 will be disallowed for periods prior to  
20 September 1, 2004. No Manufacturer's Purchase Credit may be  
21 used after September 30, 2003 through August 31, 2004 to  
22 satisfy any tax liability imposed under this Act, including any  
23 audit liability.

24 The Department may require returns to be filed on a  
25 quarterly basis. If so required, a return for each calendar  
26 quarter shall be filed on or before the twentieth day of the

1 calendar month following the end of such calendar quarter. The  
2 taxpayer shall also file a return with the Department for each  
3 of the first two months of each calendar quarter, on or before  
4 the twentieth day of the following calendar month, stating:

5 1. The name of the seller;

6 2. The address of the principal place of business from  
7 which he engages in the business of selling tangible  
8 personal property at retail in this State;

9 3. The total amount of taxable receipts received by him  
10 during the preceding calendar month from sales of tangible  
11 personal property by him during such preceding calendar  
12 month, including receipts from charge and time sales, but  
13 less all deductions allowed by law;

14 4. The amount of credit provided in Section 2d of this  
15 Act;

16 5. The amount of tax due; and

17 6. Such other reasonable information as the Department  
18 may require.

19 Every person engaged in the business of selling aviation  
20 fuel at retail in this State during the preceding calendar  
21 month shall, instead of reporting and paying tax as otherwise  
22 required by this Section, report and pay such tax on a separate  
23 aviation fuel tax return. The requirements related to the  
24 return shall be as otherwise provided in this Section.  
25 Notwithstanding any other provisions of this Act to the  
26 contrary, retailers selling aviation fuel shall file all

1 aviation fuel tax returns and shall make all aviation fuel tax  
2 payments by electronic means in the manner and form required by  
3 the Department. For purposes of this Section, "aviation fuel"  
4 means jet fuel and aviation gasoline.

5 Beginning on October 1, 2003, any person who is not a  
6 licensed distributor, importing distributor, or manufacturer,  
7 as defined in the Liquor Control Act of 1934, but is engaged in  
8 the business of selling, at retail, alcoholic liquor shall file  
9 a statement with the Department of Revenue, in a format and at  
10 a time prescribed by the Department, showing the total amount  
11 paid for alcoholic liquor purchased during the preceding month  
12 and such other information as is reasonably required by the  
13 Department. The Department may adopt rules to require that this  
14 statement be filed in an electronic or telephonic format. Such  
15 rules may provide for exceptions from the filing requirements  
16 of this paragraph. For the purposes of this paragraph, the term  
17 "alcoholic liquor" shall have the meaning prescribed in the  
18 Liquor Control Act of 1934.

19 Beginning on October 1, 2003, every distributor, importing  
20 distributor, and manufacturer of alcoholic liquor as defined in  
21 the Liquor Control Act of 1934, shall file a statement with the  
22 Department of Revenue, no later than the 10th day of the month  
23 for the preceding month during which transactions occurred, by  
24 electronic means, showing the total amount of gross receipts  
25 from the sale of alcoholic liquor sold or distributed during  
26 the preceding month to purchasers; identifying the purchaser to



1 whom it was sold or distributed; the purchaser's tax  
2 registration number; and such other information reasonably  
3 required by the Department. A distributor, importing  
4 distributor, or manufacturer of alcoholic liquor must  
5 personally deliver, mail, or provide by electronic means to  
6 each retailer listed on the monthly statement a report  
7 containing a cumulative total of that distributor's, importing  
8 distributor's, or manufacturer's total sales of alcoholic  
9 liquor to that retailer no later than the 10th day of the month  
10 for the preceding month during which the transaction occurred.  
11 The distributor, importing distributor, or manufacturer shall  
12 notify the retailer as to the method by which the distributor,  
13 importing distributor, or manufacturer will provide the sales  
14 information. If the retailer is unable to receive the sales  
15 information by electronic means, the distributor, importing  
16 distributor, or manufacturer shall furnish the sales  
17 information by personal delivery or by mail. For purposes of  
18 this paragraph, the term "electronic means" includes, but is  
19 not limited to, the use of a secure Internet website, e-mail,  
20 or facsimile.

21 If a total amount of less than \$1 is payable, refundable or  
22 creditable, such amount shall be disregarded if it is less than  
23 50 cents and shall be increased to \$1 if it is 50 cents or more.

24 Notwithstanding any other provision of this Act to the  
25 contrary, retailers subject to tax on cannabis shall file all  
26 cannabis tax returns and shall make all cannabis tax payments

1 by electronic means in the manner and form required by the  
2 Department.

3 Beginning October 1, 1993, a taxpayer who has an average  
4 monthly tax liability of \$150,000 or more shall make all  
5 payments required by rules of the Department by electronic  
6 funds transfer. Beginning October 1, 1994, a taxpayer who has  
7 an average monthly tax liability of \$100,000 or more shall make  
8 all payments required by rules of the Department by electronic  
9 funds transfer. Beginning October 1, 1995, a taxpayer who has  
10 an average monthly tax liability of \$50,000 or more shall make  
11 all payments required by rules of the Department by electronic  
12 funds transfer. Beginning October 1, 2000, a taxpayer who has  
13 an annual tax liability of \$200,000 or more shall make all  
14 payments required by rules of the Department by electronic  
15 funds transfer. The term "annual tax liability" shall be the  
16 sum of the taxpayer's liabilities under this Act, and under all  
17 other State and local occupation and use tax laws administered  
18 by the Department, for the immediately preceding calendar year.  
19 The term "average monthly tax liability" shall be the sum of  
20 the taxpayer's liabilities under this Act, and under all other  
21 State and local occupation and use tax laws administered by the  
22 Department, for the immediately preceding calendar year  
23 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
24 a tax liability in the amount set forth in subsection (b) of  
25 Section 2505-210 of the Department of Revenue Law shall make  
26 all payments required by rules of the Department by electronic

1 funds transfer.

2 Before August 1 of each year beginning in 1993, the  
3 Department shall notify all taxpayers required to make payments  
4 by electronic funds transfer. All taxpayers required to make  
5 payments by electronic funds transfer shall make those payments  
6 for a minimum of one year beginning on October 1.

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

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

14 The Department shall adopt such rules as are necessary to  
15 effectuate a program of electronic funds transfer and the  
16 requirements of this Section.

17 Any amount which is required to be shown or reported on any  
18 return or other document under this Act shall, if such amount  
19 is not a whole-dollar amount, be increased to the nearest  
20 whole-dollar amount in any case where the fractional part of a  
21 dollar is 50 cents or more, and decreased to the nearest  
22 whole-dollar amount where the fractional part of a dollar is  
23 less than 50 cents.

24 If the retailer is otherwise required to file a monthly  
25 return and if the retailer's average monthly tax liability to  
26 the Department does not exceed \$200, the Department may

1 authorize his returns to be filed on a quarter annual basis,  
2 with the return for January, February and March of a given year  
3 being due by April 20 of such year; with the return for April,  
4 May and June of a given year being due by July 20 of such year;  
5 with the return for July, August and September of a given year  
6 being due by October 20 of such year, and with the return for  
7 October, November and December of a given year being due by  
8 January 20 of the following year.

9 If the retailer is otherwise required to file a monthly or  
10 quarterly return and if the retailer's average monthly tax  
11 liability with the Department does not exceed \$50, the  
12 Department may authorize his returns to be filed on an annual  
13 basis, with the return for a given year being due by January 20  
14 of the following year.

15 Such quarter annual and annual returns, as to form and  
16 substance, shall be subject to the same requirements as monthly  
17 returns.

18 Notwithstanding any other provision in this Act concerning  
19 the time within which a retailer may file his return, in the  
20 case of any retailer who ceases to engage in a kind of business  
21 which makes him responsible for filing returns under this Act,  
22 such retailer shall file a final return under this Act with the  
23 Department not more than one month after discontinuing such  
24 business.

25 Where the same person has more than one business registered  
26 with the Department under separate registrations under this

1 Act, such person may not file each return that is due as a  
2 single return covering all such registered businesses, but  
3 shall file separate returns for each such registered business.

4 In addition, with respect to motor vehicles, watercraft,  
5 aircraft, and trailers that are required to be registered with  
6 an agency of this State, except as otherwise provided in this  
7 Section, every retailer selling this kind of tangible personal  
8 property shall file, with the Department, upon a form to be  
9 prescribed and supplied by the Department, a separate return  
10 for each such item of tangible personal property which the  
11 retailer sells, except that if, in the same transaction, (i) a  
12 retailer of aircraft, watercraft, motor vehicles or trailers  
13 transfers more than one aircraft, watercraft, motor vehicle or  
14 trailer to another aircraft, watercraft, motor vehicle  
15 retailer or trailer retailer for the purpose of resale or (ii)  
16 a retailer of aircraft, watercraft, motor vehicles, or trailers  
17 transfers more than one aircraft, watercraft, motor vehicle, or  
18 trailer to a purchaser for use as a qualifying rolling stock as  
19 provided in Section 2-5 of this Act, then that seller may  
20 report the transfer of all aircraft, watercraft, motor vehicles  
21 or trailers involved in that transaction to the Department on  
22 the same uniform invoice-transaction reporting return form.  
23 For purposes of this Section, "watercraft" means a Class 2,  
24 Class 3, or Class 4 watercraft as defined in Section 3-2 of the  
25 Boat Registration and Safety Act, a personal watercraft, or any  
26 boat equipped with an inboard motor.

1           In addition, with respect to motor vehicles, watercraft,  
2 aircraft, and trailers that are required to be registered with  
3 an agency of this State, every person who is engaged in the  
4 business of leasing or renting such items and who, in  
5 connection with such business, sells any such item to a  
6 retailer for the purpose of resale is, notwithstanding any  
7 other provision of this Section to the contrary, authorized to  
8 meet the return-filing requirement of this Act by reporting the  
9 transfer of all the aircraft, watercraft, motor vehicles, or  
10 trailers transferred for resale during a month to the  
11 Department on the same uniform invoice-transaction reporting  
12 return form on or before the 20th of the month following the  
13 month in which the transfer takes place. Notwithstanding any  
14 other provision of this Act to the contrary, all returns filed  
15 under this paragraph must be filed by electronic means in the  
16 manner and form as required by the Department.

17           Any retailer who sells only motor vehicles, watercraft,  
18 aircraft, or trailers that are required to be registered with  
19 an agency of this State, so that all retailers' occupation tax  
20 liability is required to be reported, and is reported, on such  
21 transaction reporting returns and who is not otherwise required  
22 to file monthly or quarterly returns, need not file monthly or  
23 quarterly returns. However, those retailers shall be required  
24 to file returns on an annual basis.

25           The transaction reporting return, in the case of motor  
26 vehicles or trailers that are required to be registered with an

1 agency of this State, shall be the same document as the Uniform  
2 Invoice referred to in Section 5-402 of the Illinois Vehicle  
3 Code and must show the name and address of the seller; the name  
4 and address of the purchaser; the amount of the selling price  
5 including the amount allowed by the retailer for traded-in  
6 property, if any; the amount allowed by the retailer for the  
7 traded-in tangible personal property, if any, to the extent to  
8 which Section 1 of this Act allows an exemption for the value  
9 of traded-in property; the balance payable after deducting such  
10 trade-in allowance from the total selling price; the amount of  
11 tax due from the retailer with respect to such transaction; the  
12 amount of tax collected from the purchaser by the retailer on  
13 such transaction (or satisfactory evidence that such tax is not  
14 due in that particular instance, if that is claimed to be the  
15 fact); the place and date of the sale; a sufficient  
16 identification of the property sold; such other information as  
17 is required in Section 5-402 of the Illinois Vehicle Code, and  
18 such other information as the Department may reasonably  
19 require.

20 The transaction reporting return in the case of watercraft  
21 or aircraft must show the name and address of the seller; the  
22 name and address of the purchaser; the amount of the selling  
23 price including the amount allowed by the retailer for  
24 traded-in property, if any; the amount allowed by the retailer  
25 for the traded-in tangible personal property, if any, to the  
26 extent to which Section 1 of this Act allows an exemption for

1 the value of traded-in property; the balance payable after  
2 deducting such trade-in allowance from the total selling price;  
3 the amount of tax due from the retailer with respect to such  
4 transaction; the amount of tax collected from the purchaser by  
5 the retailer on such transaction (or satisfactory evidence that  
6 such tax is not due in that particular instance, if that is  
7 claimed to be the fact); the place and date of the sale, a  
8 sufficient identification of the property sold, and such other  
9 information as the Department may reasonably require.

10 Such transaction reporting return shall be filed not later  
11 than 20 days after the day of delivery of the item that is  
12 being sold, but may be filed by the retailer at any time sooner  
13 than that if he chooses to do so. The transaction reporting  
14 return and tax remittance or proof of exemption from the  
15 Illinois use tax may be transmitted to the Department by way of  
16 the State agency with which, or State officer with whom the  
17 tangible personal property must be titled or registered (if  
18 titling or registration is required) if the Department and such  
19 agency or State officer determine that this procedure will  
20 expedite the processing of applications for title or  
21 registration.

22 With each such transaction reporting return, the retailer  
23 shall remit the proper amount of tax due (or shall submit  
24 satisfactory evidence that the sale is not taxable if that is  
25 the case), to the Department or its agents, whereupon the  
26 Department shall issue, in the purchaser's name, a use tax



1 receipt (or a certificate of exemption if the Department is  
2 satisfied that the particular sale is tax exempt) which such  
3 purchaser may submit to the agency with which, or State officer  
4 with whom, he must title or register the tangible personal  
5 property that is involved (if titling or registration is  
6 required) in support of such purchaser's application for an  
7 Illinois certificate or other evidence of title or registration  
8 to such tangible personal property.

9 No retailer's failure or refusal to remit tax under this  
10 Act precludes a user, who has paid the proper tax to the  
11 retailer, from obtaining his certificate of title or other  
12 evidence of title or registration (if titling or registration  
13 is required) upon satisfying the Department that such user has  
14 paid the proper tax (if tax is due) to the retailer. The  
15 Department shall adopt appropriate rules to carry out the  
16 mandate of this paragraph.

17 If the user who would otherwise pay tax to the retailer  
18 wants the transaction reporting return filed and the payment of  
19 the tax or proof of exemption made to the Department before the  
20 retailer is willing to take these actions and such user has not  
21 paid the tax to the retailer, such user may certify to the fact  
22 of such delay by the retailer and may (upon the Department  
23 being satisfied of the truth of such certification) transmit  
24 the information required by the transaction reporting return  
25 and the remittance for tax or proof of exemption directly to  
26 the Department and obtain his tax receipt or exemption

1 determination, in which event the transaction reporting return  
2 and tax remittance (if a tax payment was required) shall be  
3 credited by the Department to the proper retailer's account  
4 with the Department, but without the 2.1% or 1.75% discount  
5 provided for in this Section being allowed. When the user pays  
6 the tax directly to the Department, he shall pay the tax in the  
7 same amount and in the same form in which it would be remitted  
8 if the tax had been remitted to the Department by the retailer.

9 Refunds made by the seller during the preceding return  
10 period to purchasers, on account of tangible personal property  
11 returned to the seller, shall be allowed as a deduction under  
12 subdivision 5 of his monthly or quarterly return, as the case  
13 may be, in case the seller had theretofore included the  
14 receipts from the sale of such tangible personal property in a  
15 return filed by him and had paid the tax imposed by this Act  
16 with respect to such receipts.

17 Where the seller is a corporation, the return filed on  
18 behalf of such corporation shall be signed by the president,  
19 vice-president, secretary or treasurer or by the properly  
20 accredited agent of such corporation.

21 Where the seller is a limited liability company, the return  
22 filed on behalf of the limited liability company shall be  
23 signed by a manager, member, or properly accredited agent of  
24 the limited liability company.

25 Except as provided in this Section, the retailer filing the  
26 return under this Section shall, at the time of filing such

1 return, pay to the Department the amount of tax imposed by this  
2 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%  
3 on and after January 1, 1990, or \$5 per calendar year,  
4 whichever is greater, which is allowed to reimburse the  
5 retailer for the expenses incurred in keeping records,  
6 preparing and filing returns, remitting the tax and supplying  
7 data to the Department on request. On and after January 1,  
8 2021, a certified service provider, as defined in the Leveling  
9 the Playing Field for Illinois Retail Act, filing the return  
10 under this Section on behalf of a remote retailer shall, at the  
11 time of such return, pay to the Department the amount of tax  
12 imposed by this Act less a discount of 1.75%. A remote retailer  
13 using a certified service provider to file a return on its  
14 behalf, as provided in the Leveling the Playing Field for  
15 Illinois Retail Act, is not eligible for the discount. The  
16 discount under this Section is not allowed for the 1.25%  
17 portion of taxes paid on aviation fuel that is subject to the  
18 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
19 47133. Any prepayment made pursuant to Section 2d of this Act  
20 shall be included in the amount on which such 2.1% or 1.75%  
21 discount is computed. In the case of retailers who report and  
22 pay the tax on a transaction by transaction basis, as provided  
23 in this Section, such discount shall be taken with each such  
24 tax remittance instead of when such retailer files his periodic  
25 return. The discount allowed under this Section is allowed only  
26 for returns that are filed in the manner required by this Act.

1 The Department may disallow the discount for retailers whose  
2 certificate of registration is revoked at the time the return  
3 is filed, but only if the Department's decision to revoke the  
4 certificate of registration has become final.

5 Before October 1, 2000, if the taxpayer's average monthly  
6 tax liability to the Department under this Act, the Use Tax  
7 Act, the Service Occupation Tax Act, and the Service Use Tax  
8 Act, excluding any liability for prepaid sales tax to be  
9 remitted in accordance with Section 2d of this Act, was \$10,000  
10 or more during the preceding 4 complete calendar quarters, he  
11 shall file a return with the Department each month by the 20th  
12 day of the month next following the month during which such tax  
13 liability is incurred and shall make payments to the Department  
14 on or before the 7th, 15th, 22nd and last day of the month  
15 during which such liability is incurred. On and after October  
16 1, 2000, if the taxpayer's average monthly tax liability to the  
17 Department under this Act, the Use Tax Act, the Service  
18 Occupation Tax Act, and the Service Use Tax Act, excluding any  
19 liability for prepaid sales tax to be remitted in accordance  
20 with Section 2d of this Act, was \$20,000 or more during the  
21 preceding 4 complete calendar quarters, he shall file a return  
22 with the Department each month by the 20th day of the month  
23 next following the month during which such tax liability is  
24 incurred and shall make payment to the Department on or before  
25 the 7th, 15th, 22nd and last day of the month during which such  
26 liability is incurred. If the month during which such tax

1 liability is incurred began prior to January 1, 1985, each  
2 payment shall be in an amount equal to 1/4 of the taxpayer's  
3 actual liability for the month or an amount set by the  
4 Department not to exceed 1/4 of the average monthly liability  
5 of the taxpayer to the Department for the preceding 4 complete  
6 calendar quarters (excluding the month of highest liability and  
7 the month of lowest liability in such 4 quarter period). If the  
8 month during which such tax liability is incurred begins on or  
9 after January 1, 1985 and prior to January 1, 1987, each  
10 payment shall be in an amount equal to 22.5% of the taxpayer's  
11 actual liability for the month or 27.5% of the taxpayer's  
12 liability for the same calendar month of the preceding year. If  
13 the month during which such tax liability is incurred begins on  
14 or after January 1, 1987 and prior to January 1, 1988, each  
15 payment shall be in an amount equal to 22.5% of the taxpayer's  
16 actual liability for the month or 26.25% of the taxpayer's  
17 liability for the same calendar month of the preceding year. If  
18 the month during which such tax liability is incurred begins on  
19 or after January 1, 1988, and prior to January 1, 1989, or  
20 begins on or after January 1, 1996, each payment shall be in an  
21 amount equal to 22.5% of the taxpayer's actual liability for  
22 the month or 25% of the taxpayer's liability for the same  
23 calendar month of the preceding year. If the month during which  
24 such tax liability is incurred begins on or after January 1,  
25 1989, and prior to January 1, 1996, each payment shall be in an  
26 amount equal to 22.5% of the taxpayer's actual liability for

1 the month or 25% of the taxpayer's liability for the same  
2 calendar month of the preceding year or 100% of the taxpayer's  
3 actual liability for the quarter monthly reporting period. The  
4 amount of such quarter monthly payments shall be credited  
5 against the final tax liability of the taxpayer's return for  
6 that month. Before October 1, 2000, once applicable, the  
7 requirement of the making of quarter monthly payments to the  
8 Department by taxpayers having an average monthly tax liability  
9 of \$10,000 or more as determined in the manner provided above  
10 shall continue until such taxpayer's average monthly liability  
11 to the Department during the preceding 4 complete calendar  
12 quarters (excluding the month of highest liability and the  
13 month of lowest liability) is less than \$9,000, or until such  
14 taxpayer's average monthly liability to the Department as  
15 computed for each calendar quarter of the 4 preceding complete  
16 calendar quarter period is less than \$10,000. However, if a  
17 taxpayer can show the Department that a substantial change in  
18 the taxpayer's business has occurred which causes the taxpayer  
19 to anticipate that his average monthly tax liability for the  
20 reasonably foreseeable future will fall below the \$10,000  
21 threshold stated above, then such taxpayer may petition the  
22 Department for a change in such taxpayer's reporting status. On  
23 and after October 1, 2000, once applicable, the requirement of  
24 the making of quarter monthly payments to the Department by  
25 taxpayers having an average monthly tax liability of \$20,000 or  
26 more as determined in the manner provided above shall continue

1 until such taxpayer's average monthly liability to the  
2 Department during the preceding 4 complete calendar quarters  
3 (excluding the month of highest liability and the month of  
4 lowest liability) is less than \$19,000 or until such taxpayer's  
5 average monthly liability to the Department as computed for  
6 each calendar quarter of the 4 preceding complete calendar  
7 quarter period is less than \$20,000. However, if a taxpayer can  
8 show the Department that a substantial change in the taxpayer's  
9 business has occurred which causes the taxpayer to anticipate  
10 that his average monthly tax liability for the reasonably  
11 foreseeable future will fall below the \$20,000 threshold stated  
12 above, then such taxpayer may petition the Department for a  
13 change in such taxpayer's reporting status. The Department  
14 shall change such taxpayer's reporting status unless it finds  
15 that such change is seasonal in nature and not likely to be  
16 long term. If any such quarter monthly payment is not paid at  
17 the time or in the amount required by this Section, then the  
18 taxpayer shall be liable for penalties and interest on the  
19 difference between the minimum amount due as a payment and the  
20 amount of such quarter monthly payment actually and timely  
21 paid, except insofar as the taxpayer has previously made  
22 payments for that month to the Department in excess of the  
23 minimum payments previously due as provided in this Section.  
24 The Department shall make reasonable rules and regulations to  
25 govern the quarter monthly payment amount and quarter monthly  
26 payment dates for taxpayers who file on other than a calendar

1 monthly basis.

2       The provisions of this paragraph apply before October 1,  
3 2001. Without regard to whether a taxpayer is required to make  
4 quarter monthly payments as specified above, any taxpayer who  
5 is required by Section 2d of this Act to collect and remit  
6 prepaid taxes and has collected prepaid taxes which average in  
7 excess of \$25,000 per month during the preceding 2 complete  
8 calendar quarters, shall file a return with the Department as  
9 required by Section 2f and shall make payments to the  
10 Department on or before the 7th, 15th, 22nd and last day of the  
11 month during which such liability is incurred. If the month  
12 during which such tax liability is incurred began prior to  
13 September 1, 1985 (the effective date of Public Act 84-221),  
14 each payment shall be in an amount not less than 22.5% of the  
15 taxpayer's actual liability under Section 2d. If the month  
16 during which such tax liability is incurred begins on or after  
17 January 1, 1986, each payment shall be in an amount equal to  
18 22.5% of the taxpayer's actual liability for the month or 27.5%  
19 of the taxpayer's liability for the same calendar month of the  
20 preceding calendar year. If the month during which such tax  
21 liability is incurred begins on or after January 1, 1987, each  
22 payment shall be in an amount equal to 22.5% of the taxpayer's  
23 actual liability for the month or 26.25% of the taxpayer's  
24 liability for the same calendar month of the preceding year.  
25 The amount of such quarter monthly payments shall be credited  
26 against the final tax liability of the taxpayer's return for



1 that month filed under this Section or Section 2f, as the case  
2 may be. Once applicable, the requirement of the making of  
3 quarter monthly payments to the Department pursuant to this  
4 paragraph shall continue until such taxpayer's average monthly  
5 prepaid tax collections during the preceding 2 complete  
6 calendar quarters is \$25,000 or less. If any such quarter  
7 monthly payment is not paid at the time or in the amount  
8 required, the taxpayer shall be liable for penalties and  
9 interest on such difference, except insofar as the taxpayer has  
10 previously made payments for that month in excess of the  
11 minimum payments previously due.

12 The provisions of this paragraph apply on and after October  
13 1, 2001. Without regard to whether a taxpayer is required to  
14 make quarter monthly payments as specified above, any taxpayer  
15 who is required by Section 2d of this Act to collect and remit  
16 prepaid taxes and has collected prepaid taxes that average in  
17 excess of \$20,000 per month during the preceding 4 complete  
18 calendar quarters shall file a return with the Department as  
19 required by Section 2f and shall make payments to the  
20 Department on or before the 7th, 15th, 22nd and last day of the  
21 month during which the liability is incurred. Each payment  
22 shall be in an amount equal to 22.5% of the taxpayer's actual  
23 liability for the month or 25% of the taxpayer's liability for  
24 the same calendar month of the preceding year. The amount of  
25 the quarter monthly payments shall be credited against the  
26 final tax liability of the taxpayer's return for that month

1 filed under this Section or Section 2f, as the case may be.  
2 Once applicable, the requirement of the making of quarter  
3 monthly payments to the Department pursuant to this paragraph  
4 shall continue until the taxpayer's average monthly prepaid tax  
5 collections during the preceding 4 complete calendar quarters  
6 (excluding the month of highest liability and the month of  
7 lowest liability) is less than \$19,000 or until such taxpayer's  
8 average monthly liability to the Department as computed for  
9 each calendar quarter of the 4 preceding complete calendar  
10 quarters is less than \$20,000. If any such quarter monthly  
11 payment is not paid at the time or in the amount required, the  
12 taxpayer shall be liable for penalties and interest on such  
13 difference, except insofar as the taxpayer has previously made  
14 payments for that month in excess of the minimum payments  
15 previously due.

16 If any payment provided for in this Section exceeds the  
17 taxpayer's liabilities under this Act, the Use Tax Act, the  
18 Service Occupation Tax Act and the Service Use Tax Act, as  
19 shown on an original monthly return, the Department shall, if  
20 requested by the taxpayer, issue to the taxpayer a credit  
21 memorandum no later than 30 days after the date of payment. The  
22 credit evidenced by such credit memorandum may be assigned by  
23 the taxpayer to a similar taxpayer under this Act, the Use Tax  
24 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
25 in accordance with reasonable rules and regulations to be  
26 prescribed by the Department. If no such request is made, the

1 taxpayer may credit such excess payment against tax liability  
2 subsequently to be remitted to the Department under this Act,  
3 the Use Tax Act, the Service Occupation Tax Act or the Service  
4 Use Tax Act, in accordance with reasonable rules and  
5 regulations prescribed by the Department. If the Department  
6 subsequently determined that all or any part of the credit  
7 taken was not actually due to the taxpayer, the taxpayer's 2.1%  
8 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%  
9 of the difference between the credit taken and that actually  
10 due, and that taxpayer shall be liable for penalties and  
11 interest on such difference.

12 If a retailer of motor fuel is entitled to a credit under  
13 Section 2d of this Act which exceeds the taxpayer's liability  
14 to the Department under this Act for the month which the  
15 taxpayer is filing a return, the Department shall issue the  
16 taxpayer a credit memorandum for the excess.

17 Beginning January 1, 1990, each month the Department shall  
18 pay into the Local Government Tax Fund, a special fund in the  
19 State treasury which is hereby created, the net revenue  
20 realized for the preceding month from the 1% tax imposed under  
21 this Act.

22 Beginning January 1, 1990, each month the Department shall  
23 pay into the County and Mass Transit District Fund, a special  
24 fund in the State treasury which is hereby created, 4% of the  
25 net revenue realized for the preceding month from the 6.25%  
26 general rate other than aviation fuel sold on or after December

1 1, 2019. This exception for aviation fuel only applies for so  
2 long as the revenue use requirements of 49 U.S.C. 47107(b) and  
3 49 U.S.C. 47133 are binding on the State.

4 Beginning August 1, 2000, each month the Department shall  
5 pay into the County and Mass Transit District Fund 20% of the  
6 net revenue realized for the preceding month from the 1.25%  
7 rate on the selling price of motor fuel and gasohol. Beginning  
8 September 1, 2010, each month the Department shall pay into the  
9 County and Mass Transit District Fund 20% of the net revenue  
10 realized for the preceding month from the 1.25% rate on the  
11 selling price of sales tax holiday items.

12 Beginning January 1, 1990, each month the Department shall  
13 pay into the Local Government Tax Fund 16% of the net revenue  
14 realized for the preceding month from the 6.25% general rate on  
15 the selling price of tangible personal property other than  
16 aviation fuel sold on or after December 1, 2019. This exception  
17 for aviation fuel only applies for so long as the revenue use  
18 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
19 binding on the State.

20 For aviation fuel sold on or after December 1, 2019, each  
21 month the Department shall pay into the State Aviation Program  
22 Fund 20% of the net revenue realized for the preceding month  
23 from the 6.25% general rate on the selling price of aviation  
24 fuel, less an amount estimated by the Department to be required  
25 for refunds of the 20% portion of the tax on aviation fuel  
26 under this Act, which amount shall be deposited into the

1 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
2 pay moneys into the State Aviation Program Fund and the  
3 Aviation Fuel Sales Tax Refund Fund under this Act for so long  
4 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
5 U.S.C. 47133 are binding on the State.

6 Beginning August 1, 2000, each month the Department shall  
7 pay into the Local Government Tax Fund 80% of the net revenue  
8 realized for the preceding month from the 1.25% rate on the  
9 selling price of motor fuel and gasohol. Beginning September 1,  
10 2010, each month the Department shall pay into the Local  
11 Government Tax Fund 80% of the net revenue realized for the  
12 preceding month from the 1.25% rate on the selling price of  
13 sales tax holiday items.

14 Beginning October 1, 2009, each month the Department shall  
15 pay into the Capital Projects Fund an amount that is equal to  
16 an amount estimated by the Department to represent 80% of the  
17 net revenue realized for the preceding month from the sale of  
18 candy, grooming and hygiene products, and soft drinks that had  
19 been taxed at a rate of 1% prior to September 1, 2009 but that  
20 are now taxed at 6.25%.

21 Beginning July 1, 2011, each month the Department shall pay  
22 into the Clean Air Act Permit Fund 80% of the net revenue  
23 realized for the preceding month from the 6.25% general rate on  
24 the selling price of sorbents used in Illinois in the process  
25 of sorbent injection as used to comply with the Environmental  
26 Protection Act or the federal Clean Air Act, but the total

1 payment into the Clean Air Act Permit Fund under this Act and  
2 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

3 Beginning July 1, 2013, each month the Department shall pay  
4 into the Underground Storage Tank Fund from the proceeds  
5 collected under this Act, the Use Tax Act, the Service Use Tax  
6 Act, and the Service Occupation Tax Act an amount equal to the  
7 average monthly deficit in the Underground Storage Tank Fund  
8 during the prior year, as certified annually by the Illinois  
9 Environmental Protection Agency, but the total payment into the  
10 Underground Storage Tank Fund under this Act, the Use Tax Act,  
11 the Service Use Tax Act, and the Service Occupation Tax Act  
12 shall not exceed \$18,000,000 in any State fiscal year. As used  
13 in this paragraph, the "average monthly deficit" shall be equal  
14 to the difference between the average monthly claims for  
15 payment by the fund and the average monthly revenues deposited  
16 into the fund, excluding payments made pursuant to this  
17 paragraph.

18 Beginning July 1, 2015, of the remainder of the moneys  
19 received by the Department under the Use Tax Act, the Service  
20 Use Tax Act, the Service Occupation Tax Act, and this Act, each  
21 month the Department shall deposit \$500,000 into the State  
22 Crime Laboratory Fund.

23 Of the remainder of the moneys received by the Department  
24 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
25 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
26 and after July 1, 1989, 3.8% thereof shall be paid into the

1 Build Illinois Fund; provided, however, that if in any fiscal  
2 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
3 may be, of the moneys received by the Department and required  
4 to be paid into the Build Illinois Fund pursuant to this Act,  
5 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax  
6 Act, and Section 9 of the Service Occupation Tax Act, such Acts  
7 being hereinafter called the "Tax Acts" and such aggregate of  
8 2.2% or 3.8%, as the case may be, of moneys being hereinafter  
9 called the "Tax Act Amount", and (2) the amount transferred to  
10 the Build Illinois Fund from the State and Local Sales Tax  
11 Reform Fund shall be less than the Annual Specified Amount (as  
12 hereinafter defined), an amount equal to the difference shall  
13 be immediately paid into the Build Illinois Fund from other  
14 moneys received by the Department pursuant to the Tax Acts; the  
15 "Annual Specified Amount" means the amounts specified below for  
16 fiscal years 1986 through 1993:

Fiscal Year	Annual Specified Amount
1986	\$54,800,000
1987	\$76,650,000
1988	\$80,480,000
1989	\$88,510,000
1990	\$115,330,000
1991	\$145,470,000
1992	\$182,730,000
1993	\$206,520,000;

26 and means the Certified Annual Debt Service Requirement (as

1 defined in Section 13 of the Build Illinois Bond Act) or the  
2 Tax Act Amount, whichever is greater, for fiscal year 1994 and  
3 each fiscal year thereafter; and further provided, that if on  
4 the last business day of any month the sum of (1) the Tax Act  
5 Amount required to be deposited into the Build Illinois Bond  
6 Account in the Build Illinois Fund during such month and (2)  
7 the amount transferred to the Build Illinois Fund from the  
8 State and Local Sales Tax Reform Fund shall have been less than  
9 1/12 of the Annual Specified Amount, an amount equal to the  
10 difference shall be immediately paid into the Build Illinois  
11 Fund from other moneys received by the Department pursuant to  
12 the Tax Acts; and, further provided, that in no event shall the  
13 payments required under the preceding proviso result in  
14 aggregate payments into the Build Illinois Fund pursuant to  
15 this clause (b) for any fiscal year in excess of the greater of  
16 (i) the Tax Act Amount or (ii) the Annual Specified Amount for  
17 such fiscal year. The amounts payable into the Build Illinois  
18 Fund under clause (b) of the first sentence in this paragraph  
19 shall be payable only until such time as the aggregate amount  
20 on deposit under each trust indenture securing Bonds issued and  
21 outstanding pursuant to the Build Illinois Bond Act is  
22 sufficient, taking into account any future investment income,  
23 to fully provide, in accordance with such indenture, for the  
24 defeasance of or the payment of the principal of, premium, if  
25 any, and interest on the Bonds secured by such indenture and on  
26 any Bonds expected to be issued thereafter and all fees and



1 costs payable with respect thereto, all as certified by the  
2 Director of the Bureau of the Budget (now Governor's Office of  
3 Management and Budget). If on the last business day of any  
4 month in which Bonds are outstanding pursuant to the Build  
5 Illinois Bond Act, the aggregate of moneys deposited in the  
6 Build Illinois Bond Account in the Build Illinois Fund in such  
7 month shall be less than the amount required to be transferred  
8 in such month from the Build Illinois Bond Account to the Build  
9 Illinois Bond Retirement and Interest Fund pursuant to Section  
10 13 of the Build Illinois Bond Act, an amount equal to such  
11 deficiency shall be immediately paid from other moneys received  
12 by the Department pursuant to the Tax Acts to the Build  
13 Illinois Fund; provided, however, that any amounts paid to the  
14 Build Illinois Fund in any fiscal year pursuant to this  
15 sentence shall be deemed to constitute payments pursuant to  
16 clause (b) of the first sentence of this paragraph and shall  
17 reduce the amount otherwise payable for such fiscal year  
18 pursuant to that clause (b). The moneys received by the  
19 Department pursuant to this Act and required to be deposited  
20 into the Build Illinois Fund are subject to the pledge, claim  
21 and charge set forth in Section 12 of the Build Illinois Bond  
22 Act.

23 Subject to payment of amounts into the Build Illinois Fund  
24 as provided in the preceding paragraph or in any amendment  
25 thereto hereafter enacted, the following specified monthly  
26 installment of the amount requested in the certificate of the

1 Chairman of the Metropolitan Pier and Exposition Authority  
2 provided under Section 8.25f of the State Finance Act, but not  
3 in excess of sums designated as "Total Deposit", shall be  
4 deposited in the aggregate from collections under Section 9 of  
5 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
6 9 of the Service Occupation Tax Act, and Section 3 of the  
7 Retailers' Occupation Tax Act into the McCormick Place  
8 Expansion Project Fund in the specified fiscal years.

9	Fiscal Year	Total Deposit
10	1993	\$0
11	1994	53,000,000
12	1995	58,000,000
13	1996	61,000,000
14	1997	64,000,000
15	1998	68,000,000
16	1999	71,000,000
17	2000	75,000,000
18	2001	80,000,000
19	2002	93,000,000
20	2003	99,000,000
21	2004	103,000,000
22	2005	108,000,000
23	2006	113,000,000
24	2007	119,000,000
25	2008	126,000,000
26	2009	132,000,000

1	2010	139,000,000
2	2011	146,000,000
3	2012	153,000,000
4	2013	161,000,000
5	2014	170,000,000
6	2015	179,000,000
7	2016	189,000,000
8	2017	199,000,000
9	2018	210,000,000
10	2019	221,000,000
11	2020	233,000,000
12	2021	300,000,000
13	2022	300,000,000
14	2023	300,000,000
15	2024	300,000,000
16	2025	300,000,000
17	2026	300,000,000
18	2027	375,000,000
19	2028	375,000,000
20	2029	375,000,000
21	2030	375,000,000
22	2031	375,000,000
23	2032	375,000,000
24	2033	375,000,000
25	2034	375,000,000
26	2035	375,000,000

1                           2036                           450,000,000  
2                           and  
3                           each fiscal year  
4                           thereafter that bonds  
5                           are outstanding under  
6                           Section 13.2 of the  
7                           Metropolitan Pier and  
8                           Exposition Authority Act,  
9                           but not after fiscal year 2060.

10           Beginning July 20, 1993 and in each month of each fiscal  
11   year thereafter, one-eighth of the amount requested in the  
12   certificate of the Chairman of the Metropolitan Pier and  
13   Exposition Authority for that fiscal year, less the amount  
14   deposited into the McCormick Place Expansion Project Fund by  
15   the State Treasurer in the respective month under subsection  
16   (g) of Section 13 of the Metropolitan Pier and Exposition  
17   Authority Act, plus cumulative deficiencies in the deposits  
18   required under this Section for previous months and years,  
19   shall be deposited into the McCormick Place Expansion Project  
20   Fund, until the full amount requested for the fiscal year, but  
21   not in excess of the amount specified above as "Total Deposit",  
22   has been deposited.

23           Subject to payment of amounts into the Capital Projects  
24   Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,  
25   and the McCormick Place Expansion Project Fund pursuant to the  
26   preceding paragraphs or in any amendments thereto hereafter

1 enacted, for aviation fuel sold on or after December 1, 2019,  
2 the Department shall each month deposit into the Aviation Fuel  
3 Sales Tax Refund Fund an amount estimated by the Department to  
4 be required for refunds of the 80% portion of the tax on  
5 aviation fuel under this Act. The Department shall only deposit  
6 moneys into the Aviation Fuel Sales Tax Refund Fund under this  
7 paragraph for so long as the revenue use requirements of 49  
8 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

9 Subject to payment of amounts into the Build Illinois Fund  
10 and the McCormick Place Expansion Project Fund pursuant to the  
11 preceding paragraphs or in any amendments thereto hereafter  
12 enacted, beginning July 1, 1993 and ending on September 30,  
13 2013, the Department shall each month pay into the Illinois Tax  
14 Increment Fund 0.27% of 80% of the net revenue realized for the  
15 preceding month from the 6.25% general rate on the selling  
16 price of tangible personal property.

17 Subject to payment of amounts into the Build Illinois Fund  
18 and the McCormick Place Expansion Project Fund pursuant to the  
19 preceding paragraphs or in any amendments thereto hereafter  
20 enacted, beginning with the receipt of the first report of  
21 taxes paid by an eligible business and continuing for a 25-year  
22 period, the Department shall each month pay into the Energy  
23 Infrastructure Fund 80% of the net revenue realized from the  
24 6.25% general rate on the selling price of Illinois-mined coal  
25 that was sold to an eligible business. For purposes of this  
26 paragraph, the term "eligible business" means a new electric

1 generating facility certified pursuant to Section 605-332 of  
2 the Department of Commerce and Economic Opportunity Law of the  
3 Civil Administrative Code of Illinois.

4 Subject to payment of amounts into the Build Illinois Fund,  
5 the McCormick Place Expansion Project Fund, the Illinois Tax  
6 Increment Fund, and the Energy Infrastructure Fund pursuant to  
7 the preceding paragraphs or in any amendments to this Section  
8 hereafter enacted, beginning on the first day of the first  
9 calendar month to occur on or after August 26, 2014 (the  
10 effective date of Public Act 98-1098), each month, from the  
11 collections made under Section 9 of the Use Tax Act, Section 9  
12 of the Service Use Tax Act, Section 9 of the Service Occupation  
13 Tax Act, and Section 3 of the Retailers' Occupation Tax Act,  
14 the Department shall pay into the Tax Compliance and  
15 Administration Fund, to be used, subject to appropriation, to  
16 fund additional auditors and compliance personnel at the  
17 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
18 the cash receipts collected during the preceding fiscal year by  
19 the Audit Bureau of the Department under the Use Tax Act, the  
20 Service Use Tax Act, the Service Occupation Tax Act, the  
21 Retailers' Occupation Tax Act, and associated local occupation  
22 and use taxes administered by the Department.

23 Subject to payments of amounts into the Build Illinois  
24 Fund, the McCormick Place Expansion Project Fund, the Illinois  
25 Tax Increment Fund, the Energy Infrastructure Fund, and the Tax  
26 Compliance and Administration Fund as provided in this Section,

1 beginning on July 1, 2018 the Department shall pay each month  
 2 into the Downstate Public Transportation Fund the moneys  
 3 required to be so paid under Section 2-3 of the Downstate  
 4 Public Transportation Act.

5 Subject to successful execution and delivery of a  
 6 public-private agreement between the public agency and private  
 7 entity and completion of the civic build, beginning on July 1,  
 8 2023, of the remainder of the moneys received by the Department  
 9 under the Use Tax Act, the Service Use Tax Act, the Service  
 10 Occupation Tax Act, and this Act, the Department shall deposit  
 11 the following specified deposits in the aggregate from  
 12 collections under the Use Tax Act, the Service Use Tax Act, the  
 13 Service Occupation Tax Act, and the Retailers' Occupation Tax  
 14 Act, as required under Section 8.25g of the State Finance Act  
 15 for distribution consistent with the Public-Private  
 16 Partnership for Civic and Transit Infrastructure Project Act.  
 17 The moneys received by the Department pursuant to this Act and  
 18 required to be deposited into the Civic and Transit  
 19 Infrastructure Fund are subject to the pledge, claim and charge  
 20 set forth in Section 25-55 of the Public-Private Partnership  
 21 for Civic and Transit Infrastructure Project Act. As used in  
 22 this paragraph, "civic build", "private entity",  
 23 "public-private agreement", and "public agency" have the  
 24 meanings provided in Section 25-10 of the Public-Private  
 25 Partnership for Civic and Transit Infrastructure Project Act.

26 Fiscal Year..... Total Deposit

1	2024	.....	\$200,000,000
2	2025	.....	\$206,000,000
3	2026	.....	\$212,200,000
4	2027	.....	\$218,500,000
5	2028	.....	\$225,100,000
6	2029	.....	\$288,700,000
7	2030	.....	\$298,900,000
8	2031	.....	\$309,300,000
9	2032	.....	\$320,100,000
10	2033	.....	\$331,200,000
11	2034	.....	\$341,200,000
12	2035	.....	\$351,400,000
13	2036	.....	\$361,900,000
14	2037	.....	\$372,800,000
15	2038	.....	\$384,000,000
16	2039	.....	\$395,500,000
17	2040	.....	\$407,400,000
18	2041	.....	\$419,600,000
19	2042	.....	\$432,200,000
20	2043	.....	\$445,100,000

21           Beginning July 1, 2021 and until July 1, 2022, subject to  
22 the payment of amounts into the County and Mass Transit  
23 District Fund, the Local Government Tax Fund, the Build  
24 Illinois Fund, the McCormick Place Expansion Project Fund, the  
25 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
26 and the Tax Compliance and Administration Fund as provided in



1 this Section, the Department shall pay each month into the Road  
2 Fund the amount estimated to represent 16% of the net revenue  
3 realized from the taxes imposed on motor fuel and gasohol.  
4 Beginning July 1, 2022 and until July 1, 2023, subject to the  
5 payment of amounts into the County and Mass Transit District  
6 Fund, the Local Government Tax Fund, the Build Illinois Fund,  
7 the McCormick Place Expansion Project Fund, the Illinois Tax  
8 Increment Fund, the Energy Infrastructure Fund, and the Tax  
9 Compliance and Administration Fund as provided in this Section,  
10 the Department shall pay each month into the Road Fund the  
11 amount estimated to represent 32% of the net revenue realized  
12 from the taxes imposed on motor fuel and gasohol. Beginning  
13 July 1, 2023 and until July 1, 2024, subject to the payment of  
14 amounts into the County and Mass Transit District Fund, the  
15 Local Government Tax Fund, the Build Illinois Fund, the  
16 McCormick Place Expansion Project Fund, the Illinois Tax  
17 Increment Fund, the Energy Infrastructure Fund, and the Tax  
18 Compliance and Administration Fund as provided in this Section,  
19 the Department shall pay each month into the Road Fund the  
20 amount estimated to represent 48% of the net revenue realized  
21 from the taxes imposed on motor fuel and gasohol. Beginning  
22 July 1, 2024 and until July 1, 2025, subject to the payment of  
23 amounts into the County and Mass Transit District Fund, the  
24 Local Government Tax Fund, the Build Illinois Fund, the  
25 McCormick Place Expansion Project Fund, the Illinois Tax  
26 Increment Fund, the Energy Infrastructure Fund, and the Tax

1 Compliance and Administration Fund as provided in this Section,  
2 the Department shall pay each month into the Road Fund the  
3 amount estimated to represent 64% of the net revenue realized  
4 from the taxes imposed on motor fuel and gasohol. Beginning on  
5 July 1, 2025, subject to the payment of amounts into the County  
6 and Mass Transit District Fund, the Local Government Tax Fund,  
7 the Build Illinois Fund, the McCormick Place Expansion Project  
8 Fund, the Illinois Tax Increment Fund, the Energy  
9 Infrastructure Fund, and the Tax Compliance and Administration  
10 Fund as provided in this Section, the Department shall pay each  
11 month into the Road Fund the amount estimated to represent 80%  
12 of the net revenue realized from the taxes imposed on motor  
13 fuel and gasohol. As used in this paragraph "motor fuel" has  
14 the meaning given to that term in Section 1.1 of the Motor Fuel  
15 Tax Act, and "gasohol" has the meaning given to that term in  
16 Section 3-40 of the Use Tax Act.

17 Of the remainder of the moneys received by the Department  
18 pursuant to this Act, 75% thereof shall be paid into the State  
19 Treasury and 25% shall be reserved in a special account and  
20 used only for the transfer to the Common School Fund as part of  
21 the monthly transfer from the General Revenue Fund in  
22 accordance with Section 8a of the State Finance Act.

23 The Department may, upon separate written notice to a  
24 taxpayer, require the taxpayer to prepare and file with the  
25 Department on a form prescribed by the Department within not  
26 less than 60 days after receipt of the notice an annual

1 information return for the tax year specified in the notice.  
2 Such annual return to the Department shall include a statement  
3 of gross receipts as shown by the retailer's last Federal  
4 income tax return. If the total receipts of the business as  
5 reported in the Federal income tax return do not agree with the  
6 gross receipts reported to the Department of Revenue for the  
7 same period, the retailer shall attach to his annual return a  
8 schedule showing a reconciliation of the 2 amounts and the  
9 reasons for the difference. The retailer's annual return to the  
10 Department shall also disclose the cost of goods sold by the  
11 retailer during the year covered by such return, opening and  
12 closing inventories of such goods for such year, costs of goods  
13 used from stock or taken from stock and given away by the  
14 retailer during such year, payroll information of the  
15 retailer's business during such year and any additional  
16 reasonable information which the Department deems would be  
17 helpful in determining the accuracy of the monthly, quarterly  
18 or annual returns filed by such retailer as provided for in  
19 this Section.

20 If the annual information return required by this Section  
21 is not filed when and as required, the taxpayer shall be liable  
22 as follows:

23 (i) Until January 1, 1994, the taxpayer shall be liable  
24 for a penalty equal to 1/6 of 1% of the tax due from such  
25 taxpayer under this Act during the period to be covered by  
26 the annual return for each month or fraction of a month

1           until such return is filed as required, the penalty to be  
2           assessed and collected in the same manner as any other  
3           penalty provided for in this Act.

4           (ii) On and after January 1, 1994, the taxpayer shall  
5           be liable for a penalty as described in Section 3-4 of the  
6           Uniform Penalty and Interest Act.

7           The chief executive officer, proprietor, owner or highest  
8           ranking manager shall sign the annual return to certify the  
9           accuracy of the information contained therein. Any person who  
10          willfully signs the annual return containing false or  
11          inaccurate information shall be guilty of perjury and punished  
12          accordingly. The annual return form prescribed by the  
13          Department shall include a warning that the person signing the  
14          return may be liable for perjury.

15          The provisions of this Section concerning the filing of an  
16          annual information return do not apply to a retailer who is not  
17          required to file an income tax return with the United States  
18          Government.

19          As soon as possible after the first day of each month, upon  
20          certification of the Department of Revenue, the Comptroller  
21          shall order transferred and the Treasurer shall transfer from  
22          the General Revenue Fund to the Motor Fuel Tax Fund an amount  
23          equal to 1.7% of 80% of the net revenue realized under this Act  
24          for the second preceding month. Beginning April 1, 2000, this  
25          transfer is no longer required and shall not be made.

26          Net revenue realized for a month shall be the revenue

1 collected by the State pursuant to this Act, less the amount  
2 paid out during that month as refunds to taxpayers for  
3 overpayment of liability.

4 For greater simplicity of administration, manufacturers,  
5 importers and wholesalers whose products are sold at retail in  
6 Illinois by numerous retailers, and who wish to do so, may  
7 assume the responsibility for accounting and paying to the  
8 Department all tax accruing under this Act with respect to such  
9 sales, if the retailers who are affected do not make written  
10 objection to the Department to this arrangement.

11 Any person who promotes, organizes, provides retail  
12 selling space for concessionaires or other types of sellers at  
13 the Illinois State Fair, DuQuoin State Fair, county fairs,  
14 local fairs, art shows, flea markets and similar exhibitions or  
15 events, including any transient merchant as defined by Section  
16 2 of the Transient Merchant Act of 1987, is required to file a  
17 report with the Department providing the name of the merchant's  
18 business, the name of the person or persons engaged in  
19 merchant's business, the permanent address and Illinois  
20 Retailers Occupation Tax Registration Number of the merchant,  
21 the dates and location of the event and other reasonable  
22 information that the Department may require. The report must be  
23 filed not later than the 20th day of the month next following  
24 the month during which the event with retail sales was held.  
25 Any person who fails to file a report required by this Section  
26 commits a business offense and is subject to a fine not to

1 exceed \$250.

2 Any person engaged in the business of selling tangible  
3 personal property at retail as a concessionaire or other type  
4 of seller at the Illinois State Fair, county fairs, art shows,  
5 flea markets and similar exhibitions or events, or any  
6 transient merchants, as defined by Section 2 of the Transient  
7 Merchant Act of 1987, may be required to make a daily report of  
8 the amount of such sales to the Department and to make a daily  
9 payment of the full amount of tax due. The Department shall  
10 impose this requirement when it finds that there is a  
11 significant risk of loss of revenue to the State at such an  
12 exhibition or event. Such a finding shall be based on evidence  
13 that a substantial number of concessionaires or other sellers  
14 who are not residents of Illinois will be engaging in the  
15 business of selling tangible personal property at retail at the  
16 exhibition or event, or other evidence of a significant risk of  
17 loss of revenue to the State. The Department shall notify  
18 concessionaires and other sellers affected by the imposition of  
19 this requirement. In the absence of notification by the  
20 Department, the concessionaires and other sellers shall file  
21 their returns as otherwise required in this Section.

22 (Source: P.A. 100-303, eff. 8-24-17; 100-363, eff. 7-1-18;  
23 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; 101-10, Article  
24 15, Section 15-25, eff. 6-5-19; 101-10, Article 25, Section  
25 25-120, eff. 6-5-19; 101-27, eff. 6-25-19; 101-32, eff.  
26 6-28-19; 101-604, eff. 12-13-19; 101-636, eff. 6-10-20.)

1           Section 35. The Leveling the Playing Field for Illinois  
2 Retail Act is amended by changing Sections 5-5 and 5-25 as  
3 follows:

4           (35 ILCS 185/5-5)

5           Sec. 5-5. Findings. The General Assembly finds that  
6 certified service providers and certified automated systems  
7 simplify use and occupation tax compliance for remote  
8 retailers, which fosters higher levels of accurate tax  
9 collection and remittance and generates administrative savings  
10 and new marginal tax revenue for both State and local taxing  
11 jurisdictions. By making the services of certified service  
12 providers and certified automated systems available to remote  
13 retailers ~~without charge, other than their retailer customer's~~  
14 ~~retail discount,~~ as provided in this Act, the State will  
15 substantially eliminate the burden on those remote retailers to  
16 collect and remit both State and local taxing jurisdiction use  
17 and occupation taxes. While providing a means for remote  
18 retailers to collect and remit tax on an even basis with  
19 Illinois retailers, this Act also protects existing local tax  
20 revenue streams by retaining origin sourcing for all  
21 transactions by retailers maintaining a physical presence in  
22 Illinois.

23           (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20.)

1 (35 ILCS 185/5-25)

2 Sec. 5-25. Certification.

3 (a) The Department shall, no later than July 1, 2020:

4 (1) establish uniform minimum standards that companies  
5 wishing to be designated as a certified service provider in  
6 this State must meet;

7 (2) establish uniform minimum standards that certified  
8 automated systems must meet;

9 (3) establish a certification process to review the  
10 systems of companies wishing to be designated as a  
11 certified service provider in this State or of companies  
12 wishing to use a certified automated process; this  
13 certification process shall provide that companies that  
14 meet all required standards and whose systems have been  
15 tested and approved by the Department for properly  
16 determining the taxability of items to be sold, the correct  
17 tax rate to apply to a transaction, and the appropriate  
18 jurisdictions to which the tax shall be remitted, shall be  
19 certified;

20 (4) enter into a contractual relationship with each  
21 company that qualifies as a certified service provider ~~or~~  
22 ~~that will be using a certified automated system~~; those  
23 contracts shall, at a minimum, provide:

24 (A) that the certified service provider shall be  
25 held liable for the tax imposed under this Act and the  
26 Use Tax Act and all applicable local occupation taxes



1 administered by the Department if the certified  
2 service provider fails to correctly remit the tax after  
3 having been provided with the tax and information by a  
4 remote retailer to correctly remit the taxes imposed  
5 under this Act and the Use Tax Act and all applicable  
6 local occupation taxes administered by the Department;  
7 if the certified service provider demonstrates to the  
8 satisfaction of the Department that its failure to  
9 correctly remit tax on a retail sale resulted from the  
10 certified service provider's good faith reliance on  
11 incorrect or insufficient information provided by the  
12 remote retailer, the certified service provider shall  
13 be relieved of liability for the tax on that retail  
14 sale; in that case, the remote retailer is liable for  
15 any resulting tax due;

16 (B) the responsibilities of the certified service  
17 provider and the remote retailers that contract with  
18 the certified service provider ~~or the user of a~~  
19 ~~certified automated system~~ related to record keeping  
20 and auditing consistent with requirements imposed  
21 under the Retailers' Occupation Tax Act and the Use Tax  
22 Act;

23 (C) for the protection and confidentiality of tax  
24 information consistent with requirements imposed under  
25 the Retailers' Occupation Tax Act and the Use Tax Act;

26 (D) that a certified service provider may claim the

1           discount provided for in Section 3 of the Retailers'  
2           Occupation Tax Act for the tax dollars it collects and  
3           timely remits on returns that are timely filed with the  
4           Department on behalf of remote retailers; remote  
5           retailers using a certified service provider may not  
6           claim the discount allowed in Section 3 of the  
7           Retailers' Occupation Tax Act with respect to those  
8           collections ~~compensation equal to 1.75% of the tax~~  
9           ~~dollars collected and remitted to the State by a~~  
10           ~~certified service provider on a timely basis, along~~  
11           ~~with a return that has been timely filed, on behalf of~~  
12           ~~remote retailers; remote retailers using a certified~~  
13           ~~service provider may not claim the vendor's discount~~  
14           ~~allowed under the Retailers' Occupation Tax Act or the~~  
15           ~~Service Occupation Tax Act; and~~

16           (E) that the certified service provider shall file  
17           a separate return for each remote retailer with which  
18           it has a Tax Remittance Agreement.

19           The provisions of this Section shall supersede the  
20           provisions of the Illinois Procurement Code.

21           (b) The Department may act jointly with other states to  
22           establish the minimum standards and process for certification  
23           required by paragraphs (1), (2), and (3) of subsection (a).

24           (c) When the systems of a certified service provider or  
25           certified automated systems are updated or upgraded, they must  
26           be recertified by the Department. Notification of changes shall

1 be provided to the Department prior to implementation. Upon  
2 receipt of such notification, the Department shall review and  
3 test the changes to assess whether the updated system of the  
4 certified service provider or the updated certified automated  
5 system can properly determine the taxability of items to be  
6 sold, the correct tax rate to apply to a transaction, and the  
7 appropriate jurisdictions to which the tax shall be remitted.  
8 The Department shall recertify updated systems that meet these  
9 requirements. The certified service provider or retailer using  
10 a certified automated system shall be liable for any tax  
11 resulting from errors caused by use of an updated or upgraded  
12 system prior to recertification by the Department. In addition  
13 to these procedures, the Department may periodically review the  
14 system of a certified service provider or the certified  
15 automated system used by a retailer to ensure that the system  
16 can properly determine the taxability of items to be sold, the  
17 correct tax rate to apply to a transaction, and the appropriate  
18 jurisdictions to which the tax shall be remitted.

19 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20.)

20 Section 40. The Property Tax Code is amended by changing  
21 Section 10-390 as follows:

22 (35 ILCS 200/10-390)

23 Sec. 10-390. Valuation of supportive living facilities.

24 (a) Notwithstanding Section 1-55, to determine the fair

1 cash value of any supportive living facility established under  
2 Section 5-5.01a of the Illinois Public Aid Code, in assessing  
3 the facility, a local assessment officer must use the income  
4 capitalization approach. For the purposes of this Section,  
5 gross potential income must not exceed the maximum individual  
6 Supplemental Security Income (SSI) amount minus a resident's  
7 personal allowance as defined at 89 Ill Admin. Code 146.205,  
8 multiplied by the number of apartments authorized by the  
9 supportive living facility certification.

10 (b) When assessing supportive living facilities, the local  
11 assessment officer may not consider:

12 (1) payments from Medicaid for services provided to  
13 residents of supportive living facilities when such  
14 payments constitute income that is attributable to  
15 services and not attributable to the real estate; or

16 (2) payments by a resident of a supportive living  
17 facility for services that would be paid by Medicaid if the  
18 resident were Medicaid-eligible, when such payments  
19 constitute income that is attributable to services and not  
20 attributable to real estate.

21 (Source: P.A. 94-1086, eff. 1-19-07.)

22 Section 97. Severability. The provisions of Section 15 of  
23 this Act are severable under Section 1.31 of the Statute on  
24 Statutes.

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.".