



Sen. Mike Simmons

**Filed: 5/14/2024**

10300SB0648sam001

LRB103 03101 KTG 73406 a

1 AMENDMENT TO SENATE BILL 648

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 648 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the  
5 Medical Debt Relief Act.

6 Section 5. Findings. The General Assembly finds that:

7 (a) People with medical debt often forgo needed medical  
8 care, have difficulty meeting basic needs, and face an  
9 increased risk of bankruptcy.

10 (b) Of the estimated 1,900,000 Illinois residents with  
11 medical debt in collections, 1,700,000 live at or below 400%  
12 of the federal poverty guidelines updated periodically in the  
13 Federal Register by the U.S. Department of Health and Human  
14 Services. The average medical debt per individual is  
15 approximately \$2,300, and of the total estimated  
16 \$4,370,000,000 in medical debt that is in collections in

1 Illinois, roughly \$4,000,000,000 is acquirable, erasable  
2 medical debt carried by low-income Americans.

3 (c) Medical debt impacts communities throughout the State.  
4 There are at least 12 counties in Illinois in which 20% to 30%  
5 of residents are living with medical debt in collections:  
6 Alexander, Coles, Grundy, Jefferson, Macon, Marion, Massac,  
7 Randolph, Schuyler, Shelby, Vermilion, and Warren counties.  
8 These 12 counties have approximately 475,000 residents, about  
9 112,000 of whom have medical debt in collections. 13% of Cook  
10 County residents have medical debt in collections, and their  
11 medical debts comprise more than a quarter of the statewide  
12 total.

13 (d) While any person can accumulate medical debt, people  
14 of color are disproportionately affected. Nationally, 13% of  
15 the population has medical debt in collections, but 15% of  
16 people in communities of color have medical debt in  
17 collections. In Illinois, 14% of the population has medical  
18 debt in collections, but 20% of the population in communities  
19 of color have medical debt in collections.

20 (e) The medical debt disparity reinforces racial inequity  
21 and exacerbates disparities in health outcomes. Structural  
22 barriers, including housing, credit, and employment  
23 opportunities, further increase financial vulnerability for  
24 communities of color, making it more difficult to pay medical  
25 bills on time.

26 (f) Since medical debt can be difficult for hospital

1 systems to collect, they will often settle debt obligations  
2 for a fraction of the total amount owed.

3 (g) Cook County launched a successful effort to erase  
4 medical debt obligations for Cook County residents in  
5 partnership with a national nonprofit organization. Accounting  
6 for Cook County's investment, an additional commitment of  
7 approximately \$24,500,000 would eliminate all current medical  
8 debt for Illinois residents living at or below 400% of the  
9 federal poverty guidelines.

10 (h) Illinois can accelerate health equity for residents  
11 across the State by establishing a Medical Debt Relief Pilot  
12 Program to provide grant funding to a nonprofit medical debt  
13 relief coordinator to relieve thousands of families from the  
14 crushing burden of medical debt.

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

16 "Eligible resident" means an individual who:

17 (1) is a resident of the State of Illinois; and

18 (2) has a household income at or below 400% of the  
19 federal poverty guidelines or who has medical debt equal  
20 to 5% or more of the individual's household income.

21 "Department" means the Department of Healthcare and Family  
22 Services.

23 "Medical debt" means an obligation to pay money arising  
24 from the receipt of health care services.

25 "Medical debt relief" means the discharge of a patient's

1 medical debt, including debt that is not in collections.

2 "Nonprofit medical debt relief coordinator" means a  
3 nonprofit organization that is experienced in locating,  
4 acquiring, and relieving medical debt for individuals and that  
5 is able to discharge medical debt of an eligible resident in a  
6 manner that does not result in a taxable event for the  
7 resident.

8 "Pilot program" means the Medical Debt Relief Pilot  
9 Program.

10 Section 15. Medical Debt Relief Pilot Program.

11 (a) Subject to appropriation, the Department of Healthcare  
12 and Family Services shall establish a Medical Debt Relief  
13 Pilot Program to discharge the medical debt of eligible  
14 residents.

15 (b) Under the pilot program, the Department shall provide  
16 grant funding to a nonprofit medical debt relief coordinator  
17 to use the grant funds and any other private funds available to  
18 negotiate and settle, to the extent possible, the medical debt  
19 of eligible residents owed to hospitals and other health care  
20 providers and entities. The hospitals and other health care  
21 providers and entities may be located outside of the State of  
22 Illinois, so long as the negotiation and settlement of medical  
23 debt is on behalf of an eligible resident.

24 (c) The Department shall establish the pilot program no  
25 later than January 1, 2025. The Department shall administer

1 the pilot program consistent with the requirements of the  
2 Grant Accountability and Transparency Act to determine which  
3 nonprofit medical debt relief coordinator to use, unless the  
4 Department and the State's Grant Accountability and  
5 Transparency Unit determine that only a single nonprofit  
6 medical debt relief coordinator has the capacity and  
7 willingness to carry out the duties specified in this Act. The  
8 Department shall publish on its website any agreement,  
9 including amendments and attachments, entered into with a debt  
10 relief coordinator within 5 business days after the agreement  
11 or amendment was entered into by the Department.

12 (d) The nonprofit medical debt relief coordinator shall:

13 (1) Identify eligible residents who qualify for the  
14 pilot program.

15 (2) Review the medical debt accounts of each  
16 commercial debt collection agency or health care provider  
17 willing to sell medical debt accounts of eligible  
18 residents.

19 (3) Conduct an outreach pilot program with hospitals,  
20 hospital systems, and other providers and entities about  
21 the benefits of the Medical Debt Relief Pilot Program.  
22 Such outreach shall first be initiated with safety-net  
23 hospitals.

24 (4) Negotiate and acquire medical debt of eligible  
25 residents from health care providers and medical debt  
26 collection agencies.

1           (5) Within 60 days of the acquisition of an eligible  
2           resident's medical debt, notify all eligible residents  
3           whose medical debt has been discharged under the pilot  
4           program, in a manner approved by the Department, that they  
5           no longer have specified medical debt owed to the relevant  
6           health care provider or commercial debt collection agency.

7           (6) Not attempt to seek payment from an eligible  
8           resident for medical debt purchased by the nonprofit  
9           medical debt relief coordinator.

10          (7) To the extent possible, give priority to hospitals  
11          and providers who serve a high percentage of volume of  
12          Medicaid customers and providers located in  
13          disproportionately impacted area zip codes.

14          (e) The Department shall provide an annual report to the  
15          Governor and General Assembly that includes, but is not  
16          limited to:

17               (1) The amount of medical debt purchased and  
18               discharged under the pilot program.

19               (2) The number of eligible residents who received  
20               medical debt relief under the pilot program.

21               (3) The demographic characteristics of the eligible  
22               residents, including, but not limited to, race, ethnicity,  
23               income level, zip code, and insurance status.

24               (4) The number and characteristics of health care  
25               providers from whom medical debt was purchased and  
26               discharged, including, but not limited to, geography and

1 payor mix.

2 (f) The Department shall adopt any rules necessary to  
3 implement this Act.

4 Section 20. Repealer. The Act is repealed on July 1, 2029.

5 Section 100. The State Finance Act is amended by adding  
6 Sections 5.1015 and 6z-140 as follows:

7 (30 ILCS 105/5.1015 new)

8 Sec. 5.1015. The Medical Debt Relief Pilot Program Fund.

9 (30 ILCS 105/6z-140 new)

10 Sec. 6z-140. Medical Debt Relief Pilot Program Fund. The  
11 Medical Debt Relief Pilot Program Fund is created as a special  
12 fund in the State treasury. All moneys in the Fund shall be  
13 appropriated to the Department of Healthcare and Family  
14 Services and expended exclusively for the Medical Debt Relief  
15 Pilot Program to provide grant funding to a nonprofit medical  
16 debt relief coordinator to be used to discharge the medical  
17 debt of eligible residents as defined in the Medical Debt  
18 Relief Act. Based on a budget approved by the Department, the  
19 grant funding may also be used for any administrative services  
20 provided by the nonprofit medical debt relief coordinator to  
21 discharge the medical debt of eligible residents.

1           Section 105. The Illinois Income Tax Act is amended by  
2 changing Section 203 as follows:

3           (35 ILCS 5/203)

4           Sec. 203. Base income defined.

5           (a) Individuals.

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

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

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

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

24           (C) An amount equal to the amount received during  
25 the taxable year as a recovery or refund of real



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

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

15 (D-5) An amount, to the extent not included in  
16 adjusted gross income, equal to the amount of money  
17 withdrawn by the taxpayer in the taxable year from a  
18 medical care savings account and the interest earned  
19 on the account in the taxable year of a withdrawal  
20 pursuant to subsection (b) of Section 20 of the  
21 Medical Care Savings Account Act or subsection (b) of  
22 Section 20 of the Medical Care Savings Account Act of  
23 2000;

24 (D-10) For taxable years ending after December 31,  
25 1997, an amount equal to any eligible remediation  
26 costs that the individual deducted in computing

1 adjusted gross income and for which the individual  
2 claims a credit under subsection (l) of Section 201;

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

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

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

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

25 (D-17) An amount equal to the amount otherwise  
26 allowed as a deduction in computing base income for

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

26 This paragraph shall not apply to the following:

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

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

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

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

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

1 payment is not federal or Illinois tax avoidance;

2 or

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

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

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

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

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

12 This paragraph shall not apply to the following:

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

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

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

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

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

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

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



1           its authority under Section 404 of this Act;

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

1           203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
2           Act;

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

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

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

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

26 (D-21) For taxable years beginning on or after

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

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

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

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

21 (D-23) 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-24) 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           (D-25) In the case of a resident, an amount equal  
4           to the amount of tax for which a credit is allowed  
5           pursuant to Section 201(p)(7) of this Act;

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

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

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

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

25                 (G) The valuation limitation amount;

26                 (H) An amount equal to the amount of any tax

1 imposed by this Act which was refunded to the taxpayer  
2 and included in such total for the taxable year;

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

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

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

25 (L) For taxable years ending after December 31,  
26 1983, an amount equal to all social security benefits



1 and railroad retirement benefits included in such  
2 total pursuant to Sections 72(r) and 86 of the  
3 Internal Revenue Code;

4 (M) With the exception of any amounts subtracted  
5 under subparagraph (N), an amount equal to the sum of  
6 all amounts disallowed as deductions by (i) Sections  
7 171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
8 and all amounts of expenses allocable to interest and  
9 disallowed as deductions by Section 265(a)(1) of the  
10 Internal Revenue Code; and (ii) for taxable years  
11 ending on or after August 13, 1999, Sections  
12 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
13 Internal Revenue Code, plus, for taxable years ending  
14 on or after December 31, 2011, Section 45G(e)(3) of  
15 the Internal Revenue Code and, for taxable years  
16 ending on or after December 31, 2008, any amount  
17 included in gross income under Section 87 of the  
18 Internal Revenue Code; the provisions of this  
19 subparagraph are exempt from the provisions of Section  
20 250;

21 (N) An amount equal to all amounts included in  
22 such total which are exempt from taxation by this  
23 State either by reason of its statutes or Constitution  
24 or by reason of the Constitution, treaties or statutes  
25 of the United States; provided that, in the case of any  
26 statute of this State that exempts income derived from

1 bonds or other obligations from the tax imposed under  
2 this Act, the amount exempted shall be the interest  
3 net of bond premium amortization;

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

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

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

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

23 (S) An amount, to the extent included in adjusted  
24 gross income, equal to the amount of a contribution  
25 made in the taxable year on behalf of the taxpayer to a  
26 medical care savings account established under the

1 Medical Care Savings Account Act or the Medical Care  
2 Savings Account Act of 2000 to the extent the  
3 contribution is accepted by the account administrator  
4 as provided in that Act;

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

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

18 (V) Beginning with tax years ending on or after  
19 December 31, 1995 and ending with tax years ending on  
20 or before December 31, 2004, an amount equal to the  
21 amount paid by a taxpayer who is a self-employed  
22 taxpayer, a partner of a partnership, or a shareholder  
23 in a Subchapter S corporation for health insurance or  
24 long-term care insurance for that taxpayer or that  
25 taxpayer's spouse or dependents, to the extent that  
26 the amount paid for that health insurance or long-term

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

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

25 (X) For taxable year 1999 and thereafter, an  
26 amount equal to the amount of any (i) distributions,

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

1 the eligibility for any public assistance, benefit, or  
2 similar entitlement is not affected by the inclusion  
3 of items (i) and (ii) of this paragraph in gross income  
4 for federal income tax purposes. This paragraph is  
5 exempt from the provisions of Section 250;

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

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

7           (1) "y" equals the amount of the depreciation  
8 deduction taken for the taxable year on the  
9 taxpayer's federal income tax return on property  
10 for which the bonus depreciation deduction was  
11 taken in any year under subsection (k) of Section  
12 168 of the Internal Revenue Code, but not  
13 including the bonus depreciation deduction;

14           (2) for taxable years ending on or before  
15 December 31, 2005, "x" equals "y" multiplied by 30  
16 and then divided by 70 (or "y" multiplied by  
17 0.429); and

18           (3) for taxable years ending after December  
19 31, 2005:

20           (i) for property on which a bonus  
21 depreciation deduction of 30% of the adjusted  
22 basis was taken, "x" equals "y" multiplied by  
23 30 and then divided by 70 (or "y" multiplied  
24 by 0.429);

25           (ii) for property on which a bonus  
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by  
2 1.0;

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

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

22 The aggregate amount deducted under this  
23 subparagraph in all taxable years for any one piece of  
24 property may not exceed the amount of the bonus  
25 depreciation deduction taken on that property on the  
26 taxpayer's federal income tax return under subsection



1 (k) of Section 168 of the Internal Revenue Code. This  
2 subparagraph (Z) is exempt from the provisions of  
3 Section 250;

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

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

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

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

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

24 (CC) The amount of (i) any interest income (net of  
25 the deductions allocable thereto) taken into account  
26 for the taxable year with respect to a transaction

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

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

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

10 (EE) 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  
15 for the fact that the foreign person's business  
16 activity outside the United States is 80% or more of  
17 that person's total business activity and (ii) for  
18 taxable years ending on or after December 31, 2008, to  
19 a person who would be a member of the same unitary  
20 business group but for the fact that the person is  
21 prohibited under Section 1501(a)(27) from being  
22 included in the unitary business group because he or  
23 she is ordinarily required to apportion business  
24 income under different subsections of Section 304, but  
25 not to exceed the addition modification required to be  
26 made for the same taxable year under Section

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

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

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

1           (HH) For taxable years beginning on or after  
2           January 1, 2018 and prior to January 1, 2028, 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  
8           be considered moneys contributed under this  
9           subparagraph (HH). For purposes of this subparagraph  
10          (HH), contributions made by an employer on behalf of  
11          an employee, or matching contributions made by an  
12          employee, shall be treated as made by the employee;

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

22          (JJ) For taxable years beginning on or after  
23          January 1, 2023, for any cannabis establishment  
24          operating in this State and licensed under the  
25          Cannabis Regulation and Tax Act or any cannabis  
26          cultivation center or medical cannabis dispensing

1 organization operating in this State and licensed  
2 under the Compassionate Use of Medical Cannabis  
3 Program Act, an amount equal to the deductions that  
4 were disallowed under Section 280E of the Internal  
5 Revenue Code for the taxable year and that would not be  
6 added back under this subsection. The provisions of  
7 this subparagraph (JJ) are exempt from the provisions  
8 of Section 250; and-

9 (KK) ~~(JJ)~~ To the extent includible in gross income  
10 for federal income tax purposes, any amount awarded or  
11 paid to the taxpayer as a result of a judgment or  
12 settlement for fertility fraud as provided in Section  
13 15 of the Illinois Fertility Fraud Act, donor  
14 fertility fraud as provided in Section 20 of the  
15 Illinois Fertility Fraud Act, or similar action in  
16 another state.

17 (LL) For taxable years beginning on or after  
18 January 1, 2025, if the taxpayer is an eligible  
19 resident as defined in the Medical Debt Relief Act, an  
20 amount equal to the amount included in the taxpayer's  
21 federal adjusted gross income that is attributable to  
22 medical debt relief received by the taxpayer during  
23 the taxable year from a nonprofit medical debt relief  
24 coordinator under the provisions of the Medical Debt  
25 Relief Act. This subparagraph (LL) is exempt from the  
26 provisions of Section 250.

1 (b) Corporations.

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

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

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

17 (C) In the case of a regulated investment company,  
18 an amount equal to the excess of (i) the net long-term  
19 capital gain for the taxable year, over (ii) the  
20 amount of the capital gain dividends designated as  
21 such in accordance with Section 852(b)(3)(C) of the  
22 Internal Revenue Code and any amount designated under  
23 Section 852(b)(3)(D) of the Internal Revenue Code,  
24 attributable to the taxable year (this amendatory Act  
25 of 1995 (Public Act 89-89) is declarative of existing

1 law and is not a new enactment);

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

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

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

24 (ii) the addition modification relating to the  
25 net operating loss carried back or forward to the  
26 taxable year from any taxable year ending prior to



1 December 31, 1986 shall not exceed the amount of  
2 such carryback or carryforward;

3 For taxable years in which there is a net  
4 operating loss carryback or carryforward from more  
5 than one other taxable year ending prior to December  
6 31, 1986, the addition modification provided in this  
7 subparagraph (E) shall be the sum of the amounts  
8 computed independently under the preceding provisions  
9 of this subparagraph (E) for each such taxable year;

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

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

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

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

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

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

1 required by this subparagraph shall be reduced to the  
2 extent that dividends were included in base income of  
3 the unitary group for the same taxable year and  
4 received by the taxpayer or by a member of the  
5 taxpayer's unitary business group (including amounts  
6 included in gross income pursuant to Sections 951  
7 through 964 of the Internal Revenue Code and amounts  
8 included in gross income under Section 78 of the  
9 Internal Revenue Code) with respect to the stock of  
10 the same person to whom the interest was paid,  
11 accrued, or incurred.

12 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs  
26 paid, accrued, or incurred, directly or

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

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

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

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

22 (iii) any item of intangible expense or cost  
23 paid, accrued, or incurred, directly or  
24 indirectly, from a transaction with a person if  
25 the taxpayer establishes by clear and convincing  
26 evidence, that the adjustments are unreasonable;

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

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

14          (E-14) For taxable years ending on or after  
15          December 31, 2008, an amount equal to the amount of  
16          insurance premium expenses and costs otherwise allowed  
17          as a deduction in computing base income, and that were  
18          paid, accrued, or incurred, directly or indirectly, to  
19          a person who would be a member of the same unitary  
20          business group but for the fact that the person is  
21          prohibited under Section 1501(a)(27) from being  
22          included in the unitary business group because he or  
23          she is ordinarily required to apportion business  
24          income under different subsections of Section 304. The  
25          addition modification required by this subparagraph  
26          shall be reduced to the extent that dividends were



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

15 (E-15) For taxable years beginning after December  
16 31, 2008, any deduction for dividends paid by a  
17 captive real estate investment trust that is allowed  
18 to a real estate investment trust under Section  
19 857(b)(2)(B) of the Internal Revenue Code for  
20 dividends paid;

21 (E-16) 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 (E-17) 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 (E-18) for taxable years beginning after December  
4 31, 2018, an amount equal to the deduction allowed  
5 under Section 250(a)(1)(A) of the Internal Revenue  
6 Code for the taxable year;

7 (E-19) for taxable years ending on or after June  
8 30, 2021, an amount equal to the deduction allowed  
9 under Section 250(a)(1)(B)(i) of the Internal Revenue  
10 Code for the taxable year;

11 (E-20) for taxable years ending on or after June  
12 30, 2021, an amount equal to the deduction allowed  
13 under Sections 243(e) and 245A(a) of the Internal  
14 Revenue Code for the taxable year.

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

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

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

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

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

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

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

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

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

24           (M-1) For any taxpayer that is a financial  
25 organization within the meaning of Section 304(c) of  
26 this Act, an amount included in such total as interest

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

24 (N) Two times any contribution made during the  
25 taxable year to a designated zone organization to the  
26 extent that the contribution (i) qualifies as a

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

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

1 plus (ii) 100% of the amount by which dividends,  
2 included in taxable income and received, including,  
3 for taxable years ending on or after December 31,  
4 1988, dividends received or deemed received or paid or  
5 deemed paid under Sections 951 through 964 of the  
6 Internal Revenue Code and including, for taxable years  
7 ending on or after December 31, 2008, dividends  
8 received from a captive real estate investment trust,  
9 from any such corporation specified in clause (i) that  
10 would but for the provisions of Section 1504(b)(3) of  
11 the Internal Revenue Code be treated as a member of the  
12 affiliated group which includes the dividend  
13 recipient, exceed the amount of the modification  
14 provided under subparagraph (G) of paragraph (2) of  
15 this subsection (b) which is related to such  
16 dividends. For taxable years ending on or after June  
17 30, 2021, (i) for purposes of this subparagraph, the  
18 term "dividend" does not include any amount treated as  
19 a dividend under Section 1248 of the Internal Revenue  
20 Code, and (ii) this subparagraph shall not apply to  
21 dividends for which a deduction is allowed under  
22 Section 245(a) of the Internal Revenue Code. This  
23 subparagraph (O) is exempt from the provisions of  
24 Section 250 of this Act;

25 (P) An amount equal to any contribution made to a  
26 job training project established pursuant to the Tax



1 Increment Allocation Redevelopment Act;

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

7 (R) On and after July 20, 1999, in the case of an  
8 attorney-in-fact with respect to whom an interinsurer  
9 or a reciprocal insurer has made the election under  
10 Section 835 of the Internal Revenue Code, 26 U.S.C.  
11 835, an amount equal to the excess, if any, of the  
12 amounts paid or incurred by that interinsurer or  
13 reciprocal insurer in the taxable year to the  
14 attorney-in-fact over the deduction allowed to that  
15 interinsurer or reciprocal insurer with respect to the  
16 attorney-in-fact under Section 835(b) of the Internal  
17 Revenue Code for the taxable year; the provisions of  
18 this subparagraph are exempt from the provisions of  
19 Section 250;

20 (S) For taxable years ending on or after December  
21 31, 1997, in the case of a Subchapter S corporation, an  
22 amount equal to all amounts of income allocable to a  
23 shareholder subject to the Personal Property Tax  
24 Replacement Income Tax imposed by subsections (c) and  
25 (d) of Section 201 of this Act, including amounts  
26 allocable to organizations exempt from federal income

1 tax by reason of Section 501(a) of the Internal  
2 Revenue Code. This subparagraph (S) is exempt from the  
3 provisions of Section 250;

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

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

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

21 (3) for taxable years ending after December  
22 31, 2005:

23 (i) for property on which a bonus  
24 depreciation deduction of 30% of the adjusted  
25 basis was taken, "x" equals "y" multiplied by  
26 30 and then divided by 70 (or "y" multiplied

1 by 0.429);

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

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

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

25 The aggregate amount deducted under this  
26 subparagraph in all taxable years for any one piece of

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

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

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

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

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

24 (V) The amount of: (i) any interest income (net of  
25 the deductions allocable thereto) taken into account  
26 for the taxable year with respect to a transaction

1 with a taxpayer that is required to make an addition  
2 modification with respect to such transaction under  
3 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
4 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
5 the amount of such addition modification, (ii) any  
6 income from intangible property (net of the deductions  
7 allocable thereto) taken into account for the taxable  
8 year with respect to a transaction with a taxpayer  
9 that is required to make an addition modification with  
10 respect to such transaction under Section  
11 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
12 203(d)(2)(D-8), but not to exceed the amount of such  
13 addition modification, and (iii) any insurance premium  
14 income (net of deductions allocable thereto) taken  
15 into account for the taxable year with respect to a  
16 transaction with a taxpayer that is required to make  
17 an addition modification with respect to such  
18 transaction under Section 203(a)(2)(D-19), Section  
19 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
20 203(d)(2)(D-9), but not to exceed the amount of that  
21 addition modification. This subparagraph (V) is exempt  
22 from the provisions of Section 250;

23 (W) An amount equal to the interest income taken  
24 into account for the taxable year (net of the  
25 deductions allocable thereto) with respect to  
26 transactions with (i) a foreign person who would be a

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

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

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

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

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

3           (Z) The difference between the nondeductible  
4           controlled foreign corporation dividends under Section  
5           965(e)(3) of the Internal Revenue Code over the  
6           taxable income of the taxpayer, computed without  
7           regard to Section 965(e)(2)(A) of the Internal Revenue  
8           Code, and without regard to any net operating loss  
9           deduction. This subparagraph (Z) is exempt from the  
10          provisions of Section 250; and

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

24          (3) Special rule. For purposes of paragraph (2)(A),  
25          "gross income" in the case of a life insurance company,  
26          for tax years ending on and after December 31, 1994, and



1 prior to December 31, 2011, shall mean the gross  
2 investment income for the taxable year and, for tax years  
3 ending on or after December 31, 2011, shall mean all  
4 amounts included in life insurance gross income under  
5 Section 803(a)(3) of the Internal Revenue Code.

6 (c) Trusts and estates.

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

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

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

18 (B) In the case of (i) an estate, \$600; (ii) a  
19 trust which, under its governing instrument, is  
20 required to distribute all of its income currently,  
21 \$300; and (iii) any other trust, \$100, but in each such  
22 case, only to the extent such amount was deducted in  
23 the computation of taxable income;

24 (C) An amount equal to the amount of tax imposed by  
25 this Act to the extent deducted from gross income in

1 the computation of taxable income for the taxable  
2 year;

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

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

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

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

1 taxable year from any taxable year ending prior to  
2 December 31, 1986 shall not exceed the amount of  
3 such carryback or carryforward;

4 For taxable years in which there is a net  
5 operating loss carryback or carryforward from more  
6 than one other taxable year ending prior to December  
7 31, 1986, the addition modification provided in this  
8 subparagraph (E) shall be the sum of the amounts  
9 computed independently under the preceding provisions  
10 of this subparagraph (E) for each such taxable year;

11 (F) For taxable years ending on or after January  
12 1, 1989, an amount equal to the tax deducted pursuant  
13 to Section 164 of the Internal Revenue Code if the  
14 trust or estate is claiming the same tax for purposes  
15 of the Illinois foreign tax credit under Section 601  
16 of this Act;

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

21 (G-5) For taxable years ending after December 31,  
22 1997, an amount equal to any eligible remediation  
23 costs that the trust or estate deducted in computing  
24 adjusted gross income and for which the trust or  
25 estate claims a credit under subsection (1) of Section  
26 201;

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

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

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

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

23 (G-12) An amount equal to the amount otherwise  
24 allowed as a deduction in computing base income for  
25 interest paid, accrued, or incurred, directly or  
26 indirectly, (i) for taxable years ending on or after

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

24 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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



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

10 This paragraph shall not apply to the following:

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

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

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

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

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

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

26                  (G-14) For taxable years ending on or after

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

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

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

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

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

22          (I) The valuation limitation amount;

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

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

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

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

1           250;

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

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

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

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

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

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

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

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

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

25 (3) for taxable years ending after December  
26 31, 2005:



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

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

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

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

1 percentage bonus depreciation on the property  
2 (that is,  $100(1-\text{bonus}\%)$ ).

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

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

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

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

26 This subparagraph (S) is exempt from the

1 provisions of Section 250;

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

19 (U) 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  
24 for the fact 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(c)(2)(G-12) for  
10 interest paid, accrued, or incurred, directly or  
11 indirectly, to the same person. This subparagraph (U)  
12 is exempt from the provisions of Section 250;

13 (V) 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  
18 for the fact that the foreign person's business  
19 activity outside the United States is 80% or more of  
20 that person's total business activity and (ii) for  
21 taxable years ending on or after December 31, 2008, to  
22 a person who would be a member of the same unitary  
23 business group but for the fact that the person is  
24 prohibited under Section 1501(a)(27) from being  
25 included in the unitary business group because he or  
26 she is ordinarily required to apportion business

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

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

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

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

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

10 (Z) For taxable years beginning after December 31,  
11 2018 and before January 1, 2026, the amount of excess  
12 business loss of the taxpayer disallowed as a  
13 deduction by Section 461(1)(1)(B) of the Internal  
14 Revenue Code; and

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

1 of Section 250.

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

9 (d) Partnerships.

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

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

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

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

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

1 income;

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

6 (D-5) 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  
10 the Internal Revenue Code;

11 (D-6) 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 (D-5), then  
15 an amount equal to the aggregate amount of the  
16 deductions taken in all taxable years under  
17 subparagraph (D) 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 a  
20 subtraction is allowed with respect to that property  
21 under subparagraph (D) and for which the taxpayer was  
22 allowed in any taxable year to make a subtraction  
23 modification under subparagraph (D), 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           (D-7) 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 the foreign person's business activity outside  
9 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

1 the same person to whom the interest was paid,  
2 accrued, or 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  
2           or agreement entered into at arm's-length rates  
3           and terms and the principal purpose for the  
4           payment is not federal or Illinois tax avoidance;  
5           or

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

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

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

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

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

15                 This paragraph shall not apply to the following:

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

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

1 following:

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

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

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

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

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

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

1 accrued. The preceding sentence does not apply to the  
2 extent that the same dividends caused a reduction to  
3 the addition modification required under Section  
4 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

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

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

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

15 (E) The valuation limitation amount;

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 all amounts included in  
20 taxable income as modified by subparagraphs (A), (B),  
21 (C) and (D) which are exempt from taxation by this  
22 State either by reason of its statutes or Constitution  
23 or by reason of the Constitution, treaties or statutes  
24 of the United States; provided that, in the case of any  
25 statute of this State that exempts income derived from  
26 bonds or other obligations from the tax imposed under



1           this Act, the amount exempted shall be the interest  
2           net of bond premium amortization;

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

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

19          (J) With the exception of any amounts subtracted  
20          under subparagraph (G), an amount equal to the sum of  
21          all amounts disallowed as deductions by (i) Sections  
22          171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
23          and all amounts of expenses allocable to interest and  
24          disallowed as deductions by Section 265(a)(1) of the  
25          Internal Revenue Code; and (ii) for taxable years  
26          ending on or after August 13, 1999, Sections

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

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

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

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

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

4           (N) 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;

9           (O) 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  
21                 including 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  
6 by 0.429);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (U) For taxable years beginning on or after  
26 January 1, 2023, for any cannabis establishment



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

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

13 (1) In general. Subject to the provisions of paragraph  
14 (2) and subsection (b)(3), for purposes of this Section  
15 and Section 803(e), a taxpayer's gross income, adjusted  
16 gross income, or taxable income for the taxable year shall  
17 mean the amount of gross income, adjusted gross income or  
18 taxable income properly reportable for federal income tax  
19 purposes for the taxable year under the provisions of the  
20 Internal Revenue Code. Taxable income may be less than  
21 zero. However, for taxable years ending on or after  
22 December 31, 1986, net operating loss carryforwards from  
23 taxable years ending prior to December 31, 1986, may not  
24 exceed the sum of federal taxable income for the taxable  
25 year before net operating loss deduction, plus the excess

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

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

23 (A) Certain life insurance companies. In the case  
24 of a life insurance company subject to the tax imposed  
25 by Section 801 of the Internal Revenue Code, life  
26 insurance company taxable income, plus the amount of

1 distribution from pre-1984 policyholder surplus  
2 accounts as calculated under Section 815a of the  
3 Internal Revenue Code;

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

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

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

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

1           243(b)(2) of the Internal Revenue Code had been in  
2 effect for all such years;

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

1           only be revoked upon approval of the Director. The  
2           Department shall adopt rules setting forth  
3           requirements for documenting the elections and any  
4           resulting Illinois net loss and the standards to be  
5           used by the Director in evaluating requests to revoke  
6           elections. Public Act 96-932 is declaratory of  
7           existing law;

8           (G) Subchapter S corporations. In the case of: (i)  
9           a Subchapter S corporation for which there is in  
10          effect an election for the taxable year under Section  
11          1362 of the Internal Revenue Code, the taxable income  
12          of such corporation determined in accordance with  
13          Section 1363(b) of the Internal Revenue Code, except  
14          that taxable income shall take into account those  
15          items which are required by Section 1363(b)(1) of the  
16          Internal Revenue Code to be separately stated; and  
17          (ii) a Subchapter S corporation for which there is in  
18          effect a federal election to opt out of the provisions  
19          of the Subchapter S Revision Act of 1982 and have  
20          applied instead the prior federal Subchapter S rules  
21          as in effect on July 1, 1982, the taxable income of  
22          such corporation determined in accordance with the  
23          federal Subchapter S rules as in effect on July 1,  
24          1982; and

25          (H) Partnerships. In the case of a partnership,  
26          taxable income determined in accordance with Section

1           703 of the Internal Revenue Code, except that taxable  
2           income shall take into account those items which are  
3           required by Section 703(a)(1) to be separately stated  
4           but which would be taken into account by an individual  
5           in calculating his taxable income.

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

23          (f) Valuation limitation amount.

24                 (1) In general. The valuation limitation amount  
25          referred to in subsections (a)(2)(G), (c)(2)(I) and

1 (d) (2) (E) is an amount equal to:

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

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

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

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

1           such property.

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

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

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

19          (h) Legislative intention. Except as expressly provided by  
20          this Section there shall be no modifications or limitations on  
21          the amounts of income, gain, loss or deduction taken into  
22          account in determining gross income, adjusted gross income or  
23          taxable income for federal income tax purposes for the taxable  
24          year, or in the amount of such items entering into the



1 computation of base income and net income under this Act for  
2 such taxable year, whether in respect of property values as of  
3 August 1, 1969 or otherwise.

4 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;  
5 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.  
6 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised  
7 9-26-23.)

8 Section 999. Effective date. This Act takes effect upon  
9 becoming law."