



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 02/09/04, by William B. Black - Patricia R. Bellock
- Sidney H. Mathias

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. For taxable years ending on or after December 31, 2004, provides for a deduction from adjusted gross income of up to \$5,000 paid by an individual taxpayer for dependent care provided for a child, disabled spouse, or other dependent adult during the taxable year. Provides that the amount may not be deducted unless certain information identifying the person providing the services is included on the return. Excepts the deduction from the sunset requirements. Effective immediately.

LRB093 18328 SJM 44034 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT regarding taxation.

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

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

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

27 (C) An amount equal to the amount received during
28 the taxable year as a recovery or refund of real
29 property taxes paid with respect to the taxpayer's
30 principal residence under the Revenue Act of 1939 and
31 for which a deduction was previously taken under
32 subparagraph (L) of this paragraph (2) prior to July 1,

1 1991, the retrospective application date of Article 4
2 of Public Act 87-17. In the case of multi-unit or
3 multi-use structures and farm dwellings, the taxes on
4 the taxpayer's principal residence shall be that
5 portion of the total taxes for the entire property
6 which is attributable to such principal residence;

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

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

19 (D-10) For taxable years ending after December 31,
20 1997, an amount equal to any eligible remediation costs
21 that the individual deducted in computing adjusted
22 gross income and for which the individual claims a
23 credit under subsection (l) of Section 201;

24 (D-15) For taxable years 2001 and thereafter, an
25 amount equal to the bonus depreciation deduction (30%
26 of the adjusted basis of the qualified property) taken
27 on the taxpayer's federal income tax return for the
28 taxable year under subsection (k) of Section 168 of the
29 Internal Revenue Code; ~~and~~

30 (D-16) If the taxpayer reports a capital gain or
31 loss on the taxpayer's federal income tax return for
32 the taxable year based on a sale or transfer of
33 property for which the taxpayer was required in any
34 taxable year to make an addition modification under
35 subparagraph (D-15), then an amount equal to the
36 aggregate amount of the deductions taken in all taxable

1 years under subparagraph (Z) with respect to that
2 property.~~†~~

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

6 (D-20) ~~(D-15)~~ For taxable years beginning on or
7 after January 1, 2002, in the case of a distribution
8 from a qualified tuition program under Section 529 of
9 the Internal Revenue Code, other than (i) a
10 distribution from a College Savings Pool created under
11 Section 16.5 of the State Treasurer Act or (ii) a
12 distribution from the Illinois Prepaid Tuition Trust
13 Fund, an amount equal to the amount excluded from gross
14 income under Section 529(c) (3) (B);

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

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

1 of any compensation paid or accrued to a resident who
2 as a governmental employee was a prisoner of war or
3 missing in action, and in respect of any compensation
4 paid to a resident in 2001 or thereafter by reason of
5 being a member of the Illinois National Guard. The
6 provisions of this amendatory Act of the 92nd General
7 Assembly are exempt from the provisions of Section 250;

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

19 (G) The valuation limitation amount;

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

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

28 (J) An amount equal to those dividends included in
29 such total which were paid by a corporation which
30 conducts business operations in an Enterprise Zone or
31 zones created under the Illinois Enterprise Zone Act,
32 and conducts substantially all of its operations in an
33 Enterprise Zone or zones;

34 (K) An amount equal to those dividends included in
35 such total that were paid by a corporation that
36 conducts business operations in a federally designated

1 Foreign Trade Zone or Sub-Zone and that is designated a
2 High Impact Business located in Illinois; provided
3 that dividends eligible for the deduction provided in
4 subparagraph (J) of paragraph (2) of this subsection
5 shall not be eligible for the deduction provided under
6 this subparagraph (K);

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

12 (M) With the exception of any amounts subtracted
13 under subparagraph (N), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a) (2), and 265(2) of the Internal Revenue Code of
16 1954, as now or hereafter amended, and all amounts of
17 expenses allocable to interest and disallowed as
18 deductions by Section 265(1) of the Internal Revenue
19 Code of 1954, as now or hereafter amended; and (ii) for
20 taxable years ending on or after August 13, 1999,
21 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
22 the Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of Section
24 250;

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

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

1 (P) An amount equal to the amount of the deduction
2 used to compute the federal income tax credit for
3 restoration of substantial amounts held under claim of
4 right for the taxable year pursuant to Section 1341 of
5 the Internal Revenue Code of 1986;

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

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

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

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

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

34 (V) Beginning with tax years ending on or after
35 December 31, 1995 and ending with tax years ending on
36 or before December 31, 2004, an amount equal to the

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

25 (W) For taxable years beginning on or after January
26 1, 1998, all amounts included in the taxpayer's federal
27 gross income in the taxable year from amounts converted
28 from a regular IRA to a Roth IRA. This paragraph is
29 exempt from the provisions of Section 250;

30 (X) For taxable year 1999 and thereafter, an amount
31 equal to the amount of any (i) distributions, to the
32 extent includible in gross income for federal income
33 tax purposes, made to the taxpayer because of his or
34 her status as a victim of persecution for racial or
35 religious reasons by Nazi Germany or any other Axis
36 regime or as an heir of the victim and (ii) items of

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

27 (Y) For taxable years beginning on or after January
28 1, 2002, moneys contributed in the taxable year to a
29 College Savings Pool account under Section 16.5 of the
30 State Treasurer Act, except that amounts excluded from
31 gross income under Section 529(c)(3)(C)(i) of the
32 Internal Revenue Code shall not be considered moneys
33 contributed under this subparagraph (Y). This
34 subparagraph (Y) is exempt from the provisions of
35 Section 250;

36 (Z) For taxable years 2001 and thereafter, for the

1 taxable year in which the bonus depreciation deduction
2 (30% of the adjusted basis of the qualified property)
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 (30% of
11 the adjusted basis of the qualified property) was
12 taken in any year under subsection (k) of Section
13 168 of the Internal Revenue Code, but not including
14 the bonus depreciation deduction; and

15 (2) "x" equals "y" multiplied by 30 and then
16 divided by 70 (or "y" multiplied by 0.429).

17 The aggregate amount deducted under this
18 subparagraph in all taxable years for any one piece of
19 property may not exceed the amount of the bonus
20 depreciation deduction (30% of the adjusted basis of
21 the qualified property) taken on that property on the
22 taxpayer's federal income tax return under subsection
23 (k) of Section 168 of the Internal Revenue Code; ~~and~~

24 (AA) If the taxpayer reports a capital gain or loss
25 on the taxpayer's federal income tax return for the
26 taxable year based on a sale or transfer of property
27 for which the taxpayer was required in any taxable year
28 to make an addition modification under subparagraph
29 (D-15), then an amount equal to that addition
30 modification.

31 The taxpayer is allowed to take the deduction under
32 this subparagraph only once with respect to any one
33 piece of property; ~~and~~

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

1 (CC) For taxable years ending on or after December
2 31, 2004, up to \$5,000 paid by the taxpayer for
3 dependent care provided for a child, disabled spouse,
4 or other dependent adult during the taxable year. No
5 amount paid or incurred for dependent care shall be
6 deducted unless (i) the name, address, and taxpayer
7 identification number of the person performing the
8 services are included on the return to which the
9 deduction relates or (ii) if the person performing the
10 services is an organization described in Section
11 501(c)(3) of the Internal Revenue Code and is exempt
12 from tax under Section 501(a) of the Internal Revenue
13 Code, the name and address of the person are included
14 on the return to which the deduction relates. This
15 paragraph is exempt from the provisions of Section 250.

16 (b) Corporations.

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

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

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

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

31 (C) In the case of a regulated investment company,
32 an amount equal to the excess of (i) the net long-term
33 capital gain for the taxable year, over (ii) the amount
34 of the capital gain dividends designated as such in
35 accordance with Section 852(b)(3)(C) of the Internal

1 Revenue Code and any amount designated under Section
2 852(b)(3)(D) of the Internal Revenue Code,
3 attributable to the taxable year (this amendatory Act
4 of 1995 (Public Act 89-89) is declarative of existing
5 law and is not a new enactment);

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

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

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

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

33 For taxable years in which there is a net operating
34 loss carryback or carryforward from more than one other
35 taxable year ending prior to December 31, 1986, the
36 addition modification provided in this subparagraph

1 (E) shall be the sum of the amounts computed
2 independently under the preceding provisions of this
3 subparagraph (E) for each such taxable year;

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

9 (E-10) For taxable years 2001 and thereafter, an
10 amount equal to the bonus depreciation deduction (30%
11 of the adjusted basis of the qualified property) taken
12 on the taxpayer's federal income tax return for the
13 taxable year under subsection (k) of Section 168 of the
14 Internal Revenue Code; and

15 (E-11) If the taxpayer reports a capital gain or
16 loss on the taxpayer's federal income tax return for
17 the taxable year based on a sale or transfer of
18 property for which the taxpayer was required in any
19 taxable year to make an addition modification under
20 subparagraph (E-10), then an amount equal to the
21 aggregate amount of the deductions taken in all taxable
22 years under subparagraph (T) with respect to that
23 property.†

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

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

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

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

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

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

3 (I) With the exception of any amounts subtracted
4 under subparagraph (J), an amount equal to the sum of
5 all amounts disallowed as deductions by (i) Sections
6 171(a) (2), and 265(a)(2) and amounts disallowed as
7 interest expense by Section 291(a)(3) of the Internal
8 Revenue Code, as now or hereafter amended, and all
9 amounts of expenses allocable to interest and
10 disallowed as deductions by Section 265(a)(1) of the
11 Internal Revenue Code, as now or hereafter amended; and
12 (ii) for taxable years ending on or after August 13,
13 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and
14 832(b)(5)(B)(i) of the Internal Revenue Code; the
15 provisions of this subparagraph are exempt from the
16 provisions of Section 250;

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

26 (K) An amount equal to those dividends included in
27 such total which were paid by a corporation which
28 conducts business operations in an Enterprise Zone or
29 zones created under the Illinois Enterprise Zone Act
30 and conducts substantially all of its operations in an
31 Enterprise Zone or zones;

32 (L) An amount equal to those dividends included in
33 such total that were paid by a corporation that
34 conducts business operations in a federally designated
35 Foreign Trade Zone or Sub-Zone and that is designated a
36 High Impact Business located in Illinois; provided

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph 2 of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (L);

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

25 (M-1) For any taxpayer that is a financial
26 organization within the meaning of Section 304(c) of
27 this Act, an amount included in such total as interest
28 income from a loan or loans made by such taxpayer to a
29 borrower, to the extent that such a loan is secured by
30 property which is eligible for the High Impact Business
31 Investment Credit. To determine the portion of a loan
32 or loans that is secured by property eligible for a
33 Section 201(h) investment credit to the borrower, the
34 entire principal amount of the loan or loans between
35 the taxpayer and the borrower should be divided into
36 the basis of the Section 201(h) investment credit

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

14 (N) Two times any contribution made during the
15 taxable year to a designated zone organization to the
16 extent that the contribution (i) qualifies as a
17 charitable contribution under subsection (c) of
18 Section 170 of the Internal Revenue Code and (ii) must,
19 by its terms, be used for a project approved by the
20 Department of Commerce and Economic Opportunity
21 ~~Community Affairs~~ under Section 11 of the Illinois
22 Enterprise Zone Act;

23 (O) An amount equal to: (i) 85% for taxable years
24 ending on or before December 31, 1992, or, a percentage
25 equal to the percentage allowable under Section
26 243(a)(1) of the Internal Revenue Code of 1986 for
27 taxable years ending after December 31, 1992, of the
28 amount by which dividends included in taxable income
29 and received from a corporation that is not created or
30 organized under the laws of the United States or any
31 state or political subdivision thereof, including, for
32 taxable years ending on or after December 31, 1988,
33 dividends received or deemed received or paid or deemed
34 paid under Sections 951 through 964 of the Internal
35 Revenue Code, exceed the amount of the modification
36 provided under subparagraph (G) of paragraph (2) of

1 this subsection (b) which is related to such dividends;
2 plus (ii) 100% of the amount by which dividends,
3 included in taxable income and received, including,
4 for taxable years ending on or after December 31, 1988,
5 dividends received or deemed received or paid or deemed
6 paid under Sections 951 through 964 of the Internal
7 Revenue Code, from any such corporation specified in
8 clause (i) that would but for the provisions of Section
9 1504 (b) (3) of the Internal Revenue Code be treated as
10 a member of the affiliated group which includes the
11 dividend recipient, exceed the amount of the
12 modification provided under subparagraph (G) of
13 paragraph (2) of this subsection (b) which is related
14 to such dividends;

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

18 (Q) An amount equal to the amount of the deduction
19 used to compute the federal income tax credit for
20 restoration of substantial amounts held under claim of
21 right for the taxable year pursuant to Section 1341 of
22 the Internal Revenue Code of 1986;

23 (R) In the case of an attorney-in-fact with respect
24 to whom an interinsurer or a reciprocal insurer has
25 made the election under Section 835 of the Internal
26 Revenue Code, 26 U.S.C. 835, an amount equal to the
27 excess, if any, of the amounts paid or incurred by that
28 interinsurer or reciprocal insurer in the taxable year
29 to the attorney-in-fact over the deduction allowed to
30 that interinsurer or reciprocal insurer with respect
31 to the attorney-in-fact under Section 835(b) of the
32 Internal Revenue Code for the taxable year;

33 (S) For taxable years ending on or after December
34 31, 1997, in the case of a Subchapter S corporation, an
35 amount equal to all amounts of income allocable to a
36 shareholder subject to the Personal Property Tax

1 Replacement Income Tax imposed by subsections (c) and
2 (d) of Section 201 of this Act, including amounts
3 allocable to organizations exempt from federal income
4 tax by reason of Section 501(a) of the Internal Revenue
5 Code. This subparagraph (S) is exempt from the
6 provisions of Section 250;

7 (T) For taxable years 2001 and thereafter, for the
8 taxable year in which the bonus depreciation deduction
9 (30% of the adjusted basis of the qualified property)
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 (30% of
18 the adjusted basis of the qualified property) was
19 taken in any year under subsection (k) of Section
20 168 of the Internal Revenue Code, but not including
21 the bonus depreciation deduction; and

22 (2) "x" equals "y" multiplied by 30 and then
23 divided by 70 (or "y" multiplied by 0.429).

24 The aggregate amount deducted under this
25 subparagraph in all taxable years for any one piece of
26 property may not exceed the amount of the bonus
27 depreciation deduction (30% of the adjusted basis of
28 the qualified property) taken on that property on the
29 taxpayer's federal income tax return under subsection
30 (k) of Section 168 of the Internal Revenue Code; and

31 (U) If the taxpayer reports a capital gain or loss
32 on the taxpayer's federal income tax return for the
33 taxable year based on a sale or transfer of property
34 for which the taxpayer was required in any taxable year
35 to make an addition modification under subparagraph
36 (E-10), then an amount equal to that addition

1 modification.

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

5 (3) Special rule. For purposes of paragraph (2) (A),
6 "gross income" in the case of a life insurance company, for
7 tax years ending on and after December 31, 1994, shall mean
8 the gross investment income for the taxable year.

9 (c) Trusts and estates.

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

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

21 (B) In the case of (i) an estate, \$600; (ii) a
22 trust which, under its governing instrument, is
23 required to distribute all of its income currently,
24 \$300; and (iii) any other trust, \$100, but in each such
25 case, only to the extent such amount was deducted in
26 the computation of taxable income;

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

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

34 (E) For taxable years in which a net operating loss
35 carryback or carryforward from a taxable year ending

1 prior to December 31, 1986 is an element of taxable
2 income under paragraph (1) of subsection (e) or
3 subparagraph (E) of paragraph (2) of subsection (e),
4 the amount by which addition modifications other than
5 those provided by this subparagraph (E) exceeded
6 subtraction modifications in such taxable year, with
7 the following limitations applied in the order that
8 they are listed:

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

17 (ii) 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 not exceed the amount of
21 such carryback or carryforward;

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

29 (F) For taxable years ending on or after January 1,
30 1989, an amount equal to the tax deducted pursuant to
31 Section 164 of the Internal Revenue Code if the trust
32 or estate is claiming the same tax for purposes of the
33 Illinois foreign tax credit under Section 601 of this
34 Act;

35 (G) An amount equal to the amount of the capital
36 gain deduction allowable under the Internal Revenue

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

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

8 (G-10) For taxable years 2001 and thereafter, an
9 amount equal to the bonus depreciation deduction (30%
10 of the adjusted basis of the qualified property) taken
11 on the taxpayer's federal income tax return for the
12 taxable year under subsection (k) of Section 168 of the
13 Internal Revenue Code; and

14 (G-11) If the taxpayer reports a capital gain or
15 loss on the taxpayer's federal income tax return for
16 the taxable year based on a sale or transfer of
17 property for which the taxpayer was required in any
18 taxable year to make an addition modification under
19 subparagraph (G-10), then an amount equal to the
20 aggregate amount of the deductions taken in all taxable
21 years under subparagraph (R) with respect to that
22 property.†

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

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

28 (H) An amount equal to all amounts included in such
29 total pursuant to the provisions of Sections 402(a),
30 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
31 Internal Revenue Code or included in such total as
32 distributions under the provisions of any retirement
33 or disability plan for employees of any governmental
34 agency or unit, or retirement payments to retired
35 partners, which payments are excluded in computing net
36 earnings from self employment by Section 1402 of the

1 Internal Revenue Code and regulations adopted pursuant
2 thereto;

3 (I) The valuation limitation amount;

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

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

18 (L) With the exception of any amounts subtracted
19 under subparagraph (K), an amount equal to the sum of
20 all amounts disallowed as deductions by (i) Sections
21 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
22 as now or hereafter amended, and all amounts of
23 expenses allocable to interest and disallowed as
24 deductions by Section 265(1) of the Internal Revenue
25 Code of 1954, as now or hereafter amended; and (ii) for
26 taxable years ending on or after August 13, 1999,
27 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
28 the Internal Revenue Code; the provisions of this
29 subparagraph are exempt from the provisions of Section
30 250;

31 (M) An amount equal to those dividends included in
32 such total which were paid by a corporation which
33 conducts business operations in an Enterprise Zone or
34 zones created under the Illinois Enterprise Zone Act
35 and conducts substantially all of its operations in an
36 Enterprise Zone or Zones;

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

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

13 (P) An amount equal to the amount of the deduction
14 used to compute the federal income tax credit for
15 restoration of substantial amounts held under claim of
16 right for the taxable year pursuant to Section 1341 of
17 the Internal Revenue Code of 1986;

18 (Q) For taxable year 1999 and thereafter, an amount
19 equal to the amount of any (i) distributions, to the
20 extent includible in gross income for federal income
21 tax purposes, made to the taxpayer because of his or
22 her status as a victim of persecution for racial or
23 religious reasons by Nazi Germany or any other Axis
24 regime or as an heir of the victim and (ii) items of
25 income, to the extent includible in gross income for
26 federal income tax purposes, attributable to, derived
27 from or in any way related to assets stolen from,
28 hidden from, or otherwise lost to a victim of
29 persecution for racial or religious reasons by Nazi
30 Germany or any other Axis regime immediately prior to,
31 during, and immediately after World War II, including,
32 but not limited to, interest on the proceeds receivable
33 as insurance under policies issued to a victim of
34 persecution for racial or religious reasons by Nazi
35 Germany or any other Axis regime by European insurance
36 companies immediately prior to and during World War II;

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

15 (R) For taxable years 2001 and thereafter, for the
16 taxable year in which the bonus depreciation deduction
17 (30% of the adjusted basis of the qualified property)
18 is taken on the taxpayer's federal income tax return
19 under subsection (k) of Section 168 of the Internal
20 Revenue Code and for each applicable taxable year
21 thereafter, an amount equal to "x", where:

22 (1) "y" equals the amount of the depreciation
23 deduction taken for the taxable year on the
24 taxpayer's federal income tax return on property
25 for which the bonus depreciation deduction (30% of
26 the adjusted basis of the qualified property) was
27 taken in any year under subsection (k) of Section
28 168 of the Internal Revenue Code, but not including
29 the bonus depreciation deduction; and

30 (2) "x" equals "y" multiplied by 30 and then
31 divided by 70 (or "y" multiplied by 0.429).

32 The aggregate amount deducted under this
33 subparagraph in all taxable years for any one piece of
34 property may not exceed the amount of the bonus
35 depreciation deduction (30% of the adjusted basis of
36 the qualified property) taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code; and

3 (S) If the taxpayer reports a capital gain or loss
4 on the taxpayer's federal income tax return for the
5 taxable year based on a sale or transfer of property
6 for which the taxpayer was required in any taxable year
7 to make an addition modification under subparagraph
8 (G-10), then an amount equal to that addition
9 modification.

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

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

20 (d) Partnerships.

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

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

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

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

34 (C) The amount of deductions allowed to the
35 partnership pursuant to Section 707 (c) of the Internal

1 Revenue Code in calculating its taxable 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 (30%
8 of the adjusted basis of the qualified property) taken
9 on the taxpayer's federal income tax return for the
10 taxable year under subsection (k) of Section 168 of the
11 Internal Revenue Code; and

12 (D-6) If the taxpayer reports a capital gain or
13 loss on the taxpayer's federal income tax return for
14 the taxable year based on a sale or transfer of
15 property for which the taxpayer was required in any
16 taxable year to make an addition modification under
17 subparagraph (D-5), then an amount equal to the
18 aggregate amount of the deductions taken in all taxable
19 years under subparagraph (O) with respect to that
20 property.

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

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

26 (E) The valuation limitation amount;

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

30 (G) An amount equal to all amounts included in
31 taxable income as modified by subparagraphs (A), (B),
32 (C) and (D) which are exempt from taxation by this
33 State either by reason of its statutes or Constitution
34 or by reason of the Constitution, treaties or statutes
35 of the United States; provided that, in the case of any
36 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 net
3 of bond premium amortization;

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

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

17 (J) With the exception of any amounts subtracted
18 under subparagraph (G), an amount equal to the sum of
19 all amounts disallowed as deductions by (i) Sections
20 171(a) (2), and 265(2) of the Internal Revenue Code of
21 1954, as now or hereafter amended, and all amounts of
22 expenses allocable to interest and disallowed as
23 deductions by Section 265(1) of the Internal Revenue
24 Code, as now or hereafter amended; and (ii) for taxable
25 years ending on or after August 13, 1999, Sections
26 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the
27 Internal Revenue Code; the provisions of this
28 subparagraph are exempt from the provisions of Section
29 250;

30 (K) An amount equal to those dividends included in
31 such total which were paid by a corporation which
32 conducts business operations in an Enterprise Zone or
33 zones created under the Illinois Enterprise Zone Act,
34 enacted by the 82nd General Assembly, and conducts
35 substantially all of its operations in an Enterprise
36 Zone or Zones;

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

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

13 (N) An amount equal to the amount of the deduction
14 used to compute the federal income tax credit for
15 restoration of substantial amounts held under claim of
16 right for the taxable year pursuant to Section 1341 of
17 the Internal Revenue Code of 1986;

18 (O) For taxable years 2001 and thereafter, for the
19 taxable year in which the bonus depreciation deduction
20 (30% of the adjusted basis of the qualified property)
21 is taken on the taxpayer's federal income tax return
22 under subsection (k) of Section 168 of the Internal
23 Revenue Code and for each applicable taxable year
24 thereafter, an amount equal to "x", where:

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the
27 taxpayer's federal income tax return on property
28 for which the bonus depreciation deduction (30% of
29 the adjusted basis of the qualified property) was
30 taken in any year under subsection (k) of Section
31 168 of the Internal Revenue Code, but not including
32 the bonus depreciation deduction; and

33 (2) "x" equals "y" multiplied by 30 and then
34 divided by 70 (or "y" multiplied by 0.429).

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

1 property may not exceed the amount of the bonus
2 depreciation deduction (30% of the adjusted basis of
3 the qualified property) taken on that property on the
4 taxpayer's federal income tax return under subsection
5 (k) of Section 168 of the Internal Revenue Code; and

6 (P) If the taxpayer reports a capital gain or loss
7 on the taxpayer's federal income tax return for the
8 taxable year based on a sale or transfer of property
9 for which the taxpayer was required in any taxable year
10 to make an addition modification under subparagraph
11 (D-5), then an amount equal to that addition
12 modification.

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

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

17 (1) In general. Subject to the provisions of paragraph
18 (2) and subsection (b) (3), for purposes of this Section
19 and Section 803(e), a taxpayer's gross income, adjusted
20 gross income, or taxable income for the taxable year shall
21 mean the amount of gross income, adjusted gross income or
22 taxable income properly reportable for federal income tax
23 purposes for the taxable year under the provisions of the
24 Internal Revenue Code. Taxable income may be less than
25 zero. However, for taxable years ending on or after
26 December 31, 1986, net operating loss carryforwards from
27 taxable years ending prior to December 31, 1986, may not
28 exceed the sum of federal taxable income for the taxable
29 year before net operating loss deduction, plus the excess
30 of addition modifications over subtraction modifications
31 for the taxable year. For taxable years ending prior to
32 December 31, 1986, taxable income may never be an amount in
33 excess of the net operating loss for the taxable year as
34 defined in subsections (c) and (d) of Section 172 of the
35 Internal Revenue Code, provided that when taxable income of

1 a corporation (other than a Subchapter S corporation),
2 trust, or estate is less than zero and addition
3 modifications, other than those provided by subparagraph
4 (E) of paragraph (2) of subsection (b) for corporations or
5 subparagraph (E) of paragraph (2) of subsection (c) for
6 trusts and estates, exceed subtraction modifications, an
7 addition modification must be made under those
8 subparagraphs for any other taxable year to which the
9 taxable income less than zero (net operating loss) is
10 applied under Section 172 of the Internal Revenue Code or
11 under subparagraph (E) of paragraph (2) of this subsection
12 (e) applied in conjunction with Section 172 of the Internal
13 Revenue Code.

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

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

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

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

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

36 (E) Consolidated corporations. In the case of a

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

12 (F) Cooperatives. In the case of a cooperative
13 corporation or association, the taxable income of such
14 organization determined in accordance with the
15 provisions of Section 1381 through 1388 of the Internal
16 Revenue Code;

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

33 (H) Partnerships. In the case of a partnership,
34 taxable income determined in accordance with Section
35 703 of the Internal Revenue Code, except that taxable
36 income shall take into account those items which are

1 required by Section 703(a)(1) to be separately stated
2 but which would be taken into account by an individual
3 in calculating his taxable income.

4 (f) Valuation limitation amount.

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

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

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

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

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

33 (B) If the fair market value of property referred
34 to in paragraph (1) was not readily ascertainable on
35 August 1, 1969, the pre-August 1, 1969 appreciation

1 amount for such property is that amount which bears the
2 same ratio to the total gain reported in respect of the
3 property for federal income tax purposes for the
4 taxable year, as the number of full calendar months in
5 that part of the taxpayer's holding period for the
6 property ending July 31, 1969 bears to the number of
7 full calendar months in the taxpayer's entire holding
8 period for the property.

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

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

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

24 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
25 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
26 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
27 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
28 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
29 7-11-02; 92-846, eff. 8-23-02; revised 10-15-03.)

30 Section 99. Effective date. This Act takes effect upon
31 becoming law.