



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB3320

Introduced 2/18/2025, by Rep. Kevin John Olickal

#### SYNOPSIS AS INTRODUCED:

See Index

Creates the Responsibility in Firearm Legislation (RIFL) Act. Establishes a firearms manufacturer licensing program in the Department of Financial and Professional Regulation, with certain requirements, including that the sum of all fees for firearms manufacturer licenses shall be equal to the public health costs and financial burdens from firearm injuries and deaths. Provides that, beginning January 1, 2028, a manufacturer of firearms may not operate in this State without a license from the Department and that a manufacturer who violates this provision is subject to a civil penalty of up to \$1,000,000 per month. Provides that, beginning January 1, 2028, a retailer may not sell a firearm to a consumer in this State from a manufacturer who does not have a license from the Department and that a retailer who violates this provision is subject to a civil penalty of up to \$10,000 per violation, with certain requirements. Establishes the RIFL Fund as a special fund in the State treasury, with certain limitations. Provides that the proceeds from fees under the licensing program shall be deposited into the RIFL Fund. Establishes a financial assistance program in the Department with moneys from the RIFL Fund for financial assistance to victims of firearms and for other purposes. Provides that the Department shall contract with a program administrator to administer the financial assistance program, with certain requirements. Provides that the Department shall adopt rules for financial assistance to victims of firearms, with certain requirements, including regarding exemption from certain State taxes. Provides that the Department may contract with a program administrator to implement or administer any part of the Act, with certain requirements. Provides that the Illinois State Police shall report certain information to the Department. Provides that the Department may provide for other civil penalties of no more than \$1,000 per violation. Provides that the Attorney General may enforce the Act. Makes other provisions. Amends the State Finance Act to make conforming changes. Amends the Illinois Income Tax Act to make conforming changes.

LRB104 12166 BDA 22267 b

1 AN ACT concerning regulation.

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

4 Section 1. Short title. This Act may be cited as the  
5 Responsibility in Firearm Legislation (RIFL) Act.

6 Section 5. Findings and purpose. The General Assembly  
7 finds that the people of the State of Illinois have incurred  
8 undue public health costs and financial burdens from injuries  
9 and deaths as a result of the use of firearms in this State.  
10 Therefore, to protect the health, welfare, and safety of the  
11 people of the State of Illinois, it is necessary to require the  
12 licensing of manufacturers of firearms in this State and to  
13 distribute the proceeds of license fees to victims of firearms  
14 in this State.

15 Section 10. Definitions. In this Act:

16 "Consumer price index-u" means the index published by the  
17 Bureau of Labor Statistics of the United States Department of  
18 Labor that measures the average change in prices of goods and  
19 services purchased by all urban consumers, United States city  
20 average, all items, 1982-84 = 100.

21 "Department" means the Department of Financial and  
22 Professional Regulation.

1 "Direct costs" means costs incurred for any one or more of  
2 the following: medical treatment and care; medical devices and  
3 prescriptions drugs; mental health treatment provided by a  
4 psychiatrist, psychologist, social worker, or behavioral  
5 therapist; physical therapy, occupational therapy, and  
6 rehabilitation services; funeral and burial; emergency  
7 transportation; lost wages; emergency relocation; property  
8 damage; legal services; or emergency child or dependent care.

9 "Distributor of firearms" or "distributor" means a person  
10 who supplies firearms to retailers or other businesses that  
11 sell firearms to consumers in this State.

12 "Firearm" has the meaning given in Section 1.1 of the  
13 Firearm Owners Identification Card Act.

14 "Firearm injury or death" or "firearm injury" means an  
15 injury to or the death of an individual that is caused by a  
16 high-velocity projectile fired from a firearm. "Firearm  
17 injury" includes firearm-related suicides and firearm-related  
18 homicides.

19 "First-degree relative" means an individual's parent,  
20 sibling, or child.

21 "Manufacturer of firearms" or "manufacturer" means a  
22 person that manufactures and sells firearms to consumers,  
23 distributors, or retailers in this State.

24 "Permanent disability" means a permanent physical  
25 impairment to a person that is caused by a firearm injury and  
26 either prevents the person from working or performing normal

1 activities or results in paralysis or extended treatment in a  
2 long-term acute care facility.

3 "Retailer of firearms" or "retailer" means a person that  
4 sells firearms directly to consumers in this State.

5 "RIFL License" or "License" means a Responsibility in  
6 Firearm Legislation (RIFL) License granted by the Department  
7 under Section 15 of this Act or the rules adopted under this  
8 Act.

9 "RIFL Fund" or "Fund" means the Responsibility in Firearm  
10 Legislation (RIFL) Fund created under this Act.

11 "Second-degree relative" means an individual's aunt,  
12 uncle, grandparent, grandchild, niece, half-sibling, or other  
13 blood relative who is one generation removed.

14 "Total annual aggregate fee" means the sum of all license  
15 fees imposed over one year on manufacturers under this Act.

16 "Victim of firearms" or "Victim" means (i) an individual  
17 who is killed by a firearm injury or suffers a firearm injury  
18 or (ii) the next of kin, legal guardian, dependent,  
19 first-degree relative, second-degree relative, or employer of  
20 an individual described in item (i).

21 Section 15. RIFL Licensing Program.

22 (a) The Responsibility in Firearm Legislation (RIFL)  
23 Licensing Program is established in the Department for the  
24 licensing of manufacturers of firearms.

25 (b) The Department shall notify all manufacturers that are

1 subject to licensing under this Act.

2 (c) A manufacturer in this State shall be awarded a RIFL  
3 License by the Department upon payment of the fee set by the  
4 Department for the License.

5 (d) Manufacturers who have a license from the Department  
6 shall be listed on an Internet website maintained by the  
7 Department in order to ensure that manufacturers,  
8 distributors, and retailers comply with the requirements of  
9 this Act.

10 (e) The fees for a RIFL License shall be determined by the  
11 Department annually based on the findings and purpose of this  
12 Act and on the following:

13 (1) The total annual aggregate fee for all  
14 manufacturers of firearms in this State shall be set by  
15 the Department at an amount that the Department estimates  
16 is equal to the public health costs and financial burdens  
17 borne by the State and its residents as a result of firearm  
18 injuries occurring in this State, as determined by the  
19 Department based on the incidence of firearm injuries in  
20 this State in the previous year, except that in the first  
21 program year the total annual aggregate fee shall not  
22 exceed \$866,000,000.

23 (2) The total annual aggregate fee for all  
24 manufacturers of firearms in this State shall annually  
25 thereafter be increased by the annual unadjusted  
26 percentage increase in the consumer price index-u for the

1           12 months ending with the September preceding each  
2           November 1, including all previous adjustments.

3           (3) The fee paid by a firearm manufacturer shall be  
4           the portion of the total annual aggregate fee equal to the  
5           market share of the firearm manufacturer, as determined by  
6           rule of the Department.

7           (4) The fee paid by a firearm manufacturer under  
8           paragraph (3) may be adjusted by the Department based on  
9           the number of firearms recovered in a given year in  
10          connection with incidents involving firearm injuries that  
11          are linked to a specific manufacturer in the State,  
12          regardless of modifications or accessories added to the  
13          firearm after manufacturing, divided by the total number  
14          of firearms recovered in connection with those incidents  
15          in that same year.

16          (f) The Department shall provide information regarding the  
17          specific amount for the fee for the license to each  
18          manufacturer at least 90 days before the fee for the license is  
19          due.

20          (g) The Department shall provide manufacturers with an  
21          opportunity to dispute any fees levied for a license under  
22          procedures established by rules adopted by the Department  
23          under this Act.

24          (h) The proceeds from all fees under the Responsibility in  
25          Firearm Legislation (RIFL) Licensing Program shall be  
26          deposited into the RIFL Fund established in Section 20 of this

1 Act.

2 (i) Beginning January 1, 2028, a manufacturer of firearms  
3 may not operate in this State without a license issued by the  
4 Department under this Act.

5 (j) Beginning January 1, 2028, a retailer may not sell a  
6 firearm to a consumer in this State from a manufacturer who  
7 does not have a license issued by the Department under this  
8 Act.

9 Section 20. RIFL Fund. The Responsibility in Firearm  
10 Legislation (RIFL) Fund is created as a special fund in the  
11 State treasury. Proceeds from fees imposed for RIFL Licenses  
12 under Section 15 of this Act or rules adopted under Section 15  
13 of this Act shall be collected by the Department and deposited  
14 into the Fund. Civil penalties collected under Section 40  
15 shall be deposited into the Fund. Proceeds from interest or  
16 dividends shall be reinvested into the Fund. Moneys in the  
17 RIFL Fund, as directed by the Secretary of Financial and  
18 Professional Regulation or the Secretary's designee, shall be  
19 expended for financial assistance to victims of firearms in  
20 this State under Section 25 of this Act or rules adopted under  
21 Section 25 of this Act and for other purposes authorized under  
22 this Act or rules adopted under this Act. Subsections (b) and  
23 (c) of Section 5 of the State Finance Act do not apply to the  
24 RIFL Fund.

1 Section 25. RIFL Financial Assistance Program.

2 (a) The Responsibility in Firearm Legislation (RIFL)  
3 Financial Assistance Program is established in the Department  
4 for the purpose of providing financial assistance to victims  
5 of firearms in this State.

6 (b) The Department shall, in consultation with the  
7 Department of Insurance, contract with a program administrator  
8 under Section 30 to administer the RIFL Financial Assistance  
9 Program. The contract with the program administrator selected  
10 by the Department shall include all requirements under this  
11 Act and rules adopted by the Department under this Act  
12 applicable to the duties of the program administrator.

13 (c) Moneys in the RIFL Fund shall be used for the financial  
14 assistance under the Responsibility in Firearm Legislation  
15 (RIFL) Financial Assistance Program established under this  
16 Section.

17 (d) On or before July 1, 2027, the Department, in  
18 consultation with the Department of Insurance, shall adopt  
19 rules for the provision of financial assistance to victims of  
20 firearms in this State. These rules shall be based on the  
21 findings and purpose of this Act and shall provide, at least  
22 and as much as practicable, for the following:

23 (1) Eligible claimants for financial assistance shall  
24 include all victims as defined in this Act.

25 (2) Except as limited by paragraph (4), expenses  
26 eligible for compensation through financial assistance

1 from the RIFL Fund under this Act include, but are not  
2 limited to, costs related to medical and mental health  
3 care, rehabilitation, prescriptions, medical devices,  
4 funeral, emergency transportation, lost wages, loss of  
5 tuition, property damage, temporary relocation, property  
6 disability accommodations, probate costs, replacement  
7 services loss, loss of support, dependent replacement  
8 service, short-term childcare, pain and suffering, hiring,  
9 recruiting, paid time-off, training, and work  
10 accommodation costs.

11 (3) The financial assistance from the RIFL Fund under  
12 this Act shall compensate victims of firearms for all  
13 direct costs incurred as a result of firearm injury for up  
14 to 3 years post-event, except in the event of permanent  
15 disability. Individuals who sustain permanent disability  
16 from firearm injury are eligible for compensation for the  
17 duration of the claimant's life. The Department shall  
18 directly pay providers of medical care, mental health  
19 care, pharmaceutical services, and rehabilitative services  
20 who have provided medical care, mental health care,  
21 pharmaceutical services, or rehabilitative services that  
22 are connected to a firearm injury to a victim of firearms  
23 as part of this compensation.

24 (4) Out-of-State residents who have suffered firearm  
25 injury or death in this State are eligible for in-State  
26 medical and mental health care costs, and rehabilitation

1           only, through this RIFL Financial Assistance Program.

2           (5) The compensation received through the RIFL  
3 Financial Assistance Program is exempt from State taxes  
4 under subparagraph (NN) of paragraph (2) of subsection (a)  
5 of Section 203 of the Illinois Income Tax Act.

6           (6) If any other sources of reimbursement are  
7 available to a victim, the fund must be reimbursed by  
8 those sources for the costs it incurs paying claims.

9           (7) Claimants are responsible to provide medical  
10 records, proof of employment, and proof of expenses.

11           (8) Claim disputes shall be resolved by a claim  
12 dispute review board established in the Department.  
13 Claimants whose applications are denied may request review  
14 within 30 days of denial by the claims dispute review  
15 board. The dedicated review board shall issue a decision  
16 within 60 days. Claimants may appeal decisions by the  
17 claims dispute review board to the Court of Claims.

18           Section 30. Contracting.

19           (a) The Department may, in consultation with the  
20 Department of Insurance, contract with a program administrator  
21 to implement or administer any part of this Act, subject to the  
22 Illinois Procurement Code.

23           (b) The program administrator must demonstrate:

24           (1) expertise in actuarial science, compensation or  
25 mass tort programs, and public health policy;

1           (2) independence from financial or operational ties to  
2           the firearm industry or firearm advocacy organizations;  
3           and

4           (3) transparency in operations with a publicly  
5           accessible annual report detailing administrative costs,  
6           personnel costs, claims distributed, and any other  
7           information required by the Department.

8           (c) The program administrator shall submit quarterly and  
9           annual reports to the Department detailing administrative  
10          costs, personnel costs, claims distributed under Section 25,  
11          and any other information required by the Department. The  
12          annual reports under this Section shall be made publicly  
13          available on a public website.

14          Section 35. RIFL firearm recovery reporting.

15          (a) The Illinois State Police shall report to the  
16          Department the manufacturer, make, and model of all firearms  
17          recovered in any incidents to which they respond that result  
18          in a firearm injury.

19          (b) The Department shall make available on the  
20          Department's public website the substance of the reports  
21          received under subsection (a).

22          (c) The Department, in consultation with the Illinois  
23          State Police, shall, by rule, establish procedures  
24          implementing this Section.

1 Section 40. Enforcement and penalties.

2 (a) The Attorney General shall have the authority to  
3 investigate violations of this Act and bring civil actions to  
4 enforce this Act. Any civil penalty collected under this Act  
5 shall be deposited into the RIFL Fund.

6 (b) A manufacturer who violates subsection (i) of Section  
7 15 is subject to a civil penalty of up to \$1,000,000 per month,  
8 for every month a continuing violation of that subsection  
9 continues.

10 (c) A retailer who violates subsection (j) of Section 15  
11 is subject to a civil penalty of up to \$10,000 per violation.  
12 It is an affirmative defense that a retailer reasonably relied  
13 upon the list of manufacturers under Section 15 of this Act.

14 (d) The Department may adopt rules that provide for other  
15 civil penalties for violations of this Act or rules adopted  
16 under this Act of no more than \$1,000 per violation.

17 (e) The Attorney General may bring an action for an  
18 equitable or other remedy in a court of competent jurisdiction  
19 to enforce this Act or to prevent a violation of this Act.

20 Section 45. Rulemaking. The Department shall adopt rules  
21 implementing this Act.

22 Section 50. The State Finance Act is amended by changing  
23 Section 5 and by adding Section 5.1030 as follows:

1 (30 ILCS 105/5) (from Ch. 127, par. 141)

2 Sec. 5. Special funds.

3 (a) There are special funds in the State Treasury  
4 designated as specified in the Sections which succeed this  
5 Section 5 and precede Section 5d.

6 (b) Except as provided in the Illinois Vehicle Hijacking  
7 and Motor Vehicle Theft Prevention and Insurance Verification  
8 Act and the Responsibility in Firearm Legislation (RIFL) Act,  
9 when any special fund in the State Treasury is discontinued by  
10 an Act of the General Assembly, any balance remaining therein  
11 on the effective date of such Act shall be transferred to the  
12 General Revenue Fund, or to such other fund as such Act shall  
13 provide. Warrants outstanding against such discontinued fund  
14 at the time of the transfer of any such balance therein shall  
15 be paid out of the fund to which the transfer was made.

16 (c) Except as provided in the Responsibility in Firearm  
17 Legislation (RIFL) Act, when ~~when~~ any special fund in the  
18 State Treasury has been inactive for 18 months or longer, the  
19 Comptroller may terminate the fund, and the balance remaining  
20 in such fund shall be transferred by the Comptroller to the  
21 General Revenue Fund. When a special fund has been terminated  
22 by the Comptroller as provided in this Section, the General  
23 Assembly shall repeal or amend all Sections of the statutes  
24 creating or otherwise referring to that fund.

25 The Comptroller shall be allowed the discretion to  
26 maintain or dissolve any federal trust fund which has been

1 inactive for 18 months or longer.

2 (d) (Blank).

3 (e) (Blank).

4 (Source: P.A. 102-904, eff. 1-1-23; 103-266, eff. 1-1-24;  
5 103-616, eff. 7-1-24.)

6 (30 ILCS 105/5.1030 new)

7 Sec. 5.1030. The Responsibility in Firearm Legislation  
8 (RIFL) Fund.

9 Section 55. The Illinois Income Tax Act is amended by  
10 changing Section 203 as follows:

11 (35 ILCS 5/203)

12 Sec. 203. Base income defined.

13 (a) Individuals.

14 (1) In general. In the case of an individual, base  
15 income means an amount equal to the taxpayer's adjusted  
16 gross income for the taxable year as modified by paragraph  
17 (2).

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

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

1 in the computation of adjusted gross income, except  
2 stock dividends of qualified public utilities  
3 described in Section 305(e) of the Internal Revenue  
4 Code;

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

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

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

25 (D-5) An amount, to the extent not included in  
26 adjusted gross income, equal to the amount of money

1           withdrawn by the taxpayer in the taxable year from a  
2           medical care savings account and the interest earned  
3           on the account in the taxable year of a withdrawal  
4           pursuant to subsection (b) of Section 20 of the  
5           Medical Care Savings Account Act or subsection (b) of  
6           Section 20 of the Medical Care Savings Account Act of  
7           2000;

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

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

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

25          If the taxpayer continues to own property through  
26          the last day of the last tax year for which a

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

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

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

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

10 This paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the  
26 interest expense between the taxpayer and the

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

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

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

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

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

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

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

22 This paragraph shall not apply to the following:

23 (i) any item of intangible expenses or costs  
24 paid, accrued, or incurred, directly or  
25 indirectly, from a transaction with a person who  
26 is subject in a foreign country or state, other

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

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

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

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

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

1 alternative method of apportionment under Section  
2 304(f);

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

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

1 member of the taxpayer's unitary business group  
2 (including amounts included in gross income under  
3 Sections 951 through 964 of the Internal Revenue Code  
4 and amounts included in gross income under Section 78  
5 of the Internal Revenue Code) with respect to the  
6 stock of the same person to whom the premiums and costs  
7 were directly or indirectly paid, incurred, or  
8 accrued. The preceding sentence does not apply to the  
9 extent that the same dividends caused a reduction to  
10 the addition modification required under Section  
11 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
12 Act;

13 (D-20) For taxable years beginning on or after  
14 January 1, 2002 and ending on or before December 31,  
15 2006, in the case of a distribution from a qualified  
16 tuition program under Section 529 of the Internal  
17 Revenue Code, other than (i) a distribution from a  
18 College Savings Pool created under Section 16.5 of the  
19 State Treasurer Act or (ii) a distribution from the  
20 Illinois Prepaid Tuition Trust Fund, an amount equal  
21 to the amount excluded from gross income under Section  
22 529(c)(3)(B). For taxable years beginning on or after  
23 January 1, 2007, in the case of a distribution from a  
24 qualified tuition program under Section 529 of the  
25 Internal Revenue Code, other than (i) a distribution  
26 from a College Savings Pool created under Section 16.5

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

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

1 materials;

2 (D-20.5) For taxable years beginning on or after  
3 January 1, 2018, in the case of a distribution from a  
4 qualified ABLE program under Section 529A of the  
5 Internal Revenue Code, other than a distribution from  
6 a qualified ABLE program created under Section 16.6 of  
7 the State Treasurer Act, an amount equal to the amount  
8 excluded from gross income under Section 529A(c)(1)(B)  
9 of the Internal Revenue Code;

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

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

1 Section;

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

1 amount equal to the contribution component of the  
2 nonqualified withdrawal or refund that was previously  
3 deducted from base income under subsection (a)(2)(HH)  
4 of this Section;

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

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

18 (E) For taxable years ending before December 31,  
19 2001, any amount included in such total in respect of  
20 any compensation (including but not limited to any  
21 compensation paid or accrued to a serviceman while a  
22 prisoner of war or missing in action) paid to a  
23 resident by reason of being on active duty in the Armed  
24 Forces of the United States and in respect of any  
25 compensation paid or accrued to a resident who as a  
26 governmental employee was a prisoner of war or missing

1 in action, and in respect of any compensation paid to a  
2 resident in 1971 or thereafter for annual training  
3 performed pursuant to Sections 502 and 503, Title 32,  
4 United States Code as a member of the Illinois  
5 National Guard or, beginning with taxable years ending  
6 on or after December 31, 2007, the National Guard of  
7 any other state. For taxable years ending on or after  
8 December 31, 2001, any amount included in such total  
9 in respect of any compensation (including but not  
10 limited to any compensation paid or accrued to a  
11 serviceman while a prisoner of war or missing in  
12 action) paid to a resident by reason of being a member  
13 of any component of the Armed Forces of the United  
14 States and in respect of any compensation paid or  
15 accrued to a resident who as a governmental employee  
16 was a prisoner of war or missing in action, and in  
17 respect of any compensation paid to a resident in 2001  
18 or thereafter by reason of being a member of the  
19 Illinois National Guard or, beginning with taxable  
20 years ending on or after December 31, 2007, the  
21 National Guard of any other state. The provisions of  
22 this subparagraph (E) are exempt from the provisions  
23 of Section 250;

24 (F) An amount equal to all amounts included in  
25 such total pursuant to the provisions of Sections  
26 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and

1 408 of the Internal Revenue Code, or included in such  
2 total as distributions under the provisions of any  
3 retirement or disability plan for employees of any  
4 governmental agency or unit, or retirement payments to  
5 retired partners, which payments are excluded in  
6 computing net earnings from self employment by Section  
7 1402 of the Internal Revenue Code and regulations  
8 adopted pursuant thereto;

9 (G) The valuation limitation amount;

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

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

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

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

1 such total that were paid by a corporation that  
2 conducts business operations in a federally designated  
3 Foreign Trade Zone or Sub-Zone and that is designated  
4 a High Impact Business located in Illinois; provided  
5 that dividends eligible for the deduction provided in  
6 subparagraph (J) of paragraph (2) of this subsection  
7 shall not be eligible for the deduction provided under  
8 this subparagraph (K);

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

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

1 included in gross income under Section 87 of the  
2 Internal Revenue Code; the provisions of this  
3 subparagraph are exempt from the provisions of Section  
4 250;

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

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

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

25 (Q) An amount equal to any amounts included in  
26 such total, received by the taxpayer as an

1 acceleration in the payment of life, endowment or  
2 annuity benefits in advance of the time they would  
3 otherwise be payable as an indemnity for a terminal  
4 illness;

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

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

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

22 (U) For one taxable year beginning on or after  
23 January 1, 1994, an amount equal to the total amount of  
24 tax imposed and paid under subsections (a) and (b) of  
25 Section 201 of this Act on grant amounts received by  
26 the taxpayer under the Nursing Home Grant Assistance

1 Act during the taxpayer's taxable years 1992 and 1993;

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

1 213 of the Internal Revenue Code of 1986 not actually  
2 deducted on the taxpayer's federal income tax return;

3 (W) For taxable years beginning on or after  
4 January 1, 1998, all amounts included in the  
5 taxpayer's federal gross income in the taxable year  
6 from amounts converted from a regular IRA to a Roth  
7 IRA. This paragraph is exempt from the provisions of  
8 Section 250;

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

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

16 (Y) For taxable years beginning on or after  
17 January 1, 2002 and ending on or before December 31,  
18 2004, moneys contributed in the taxable year to a  
19 College Savings Pool account under Section 16.5 of the  
20 State Treasurer Act, except that amounts excluded from  
21 gross income under Section 529(c)(3)(C)(i) of the  
22 Internal Revenue Code shall not be considered moneys  
23 contributed under this subparagraph (Y). For taxable  
24 years beginning on or after January 1, 2005, a maximum  
25 of \$10,000 contributed in the taxable year to (i) a  
26 College Savings Pool account under Section 16.5 of the

1 State Treasurer Act or (ii) the Illinois Prepaid  
2 Tuition Trust Fund, except that amounts excluded from  
3 gross income under Section 529(c)(3)(C)(i) of the  
4 Internal Revenue Code shall not be considered moneys  
5 contributed under this subparagraph (Y). For purposes  
6 of this subparagraph, contributions made by an  
7 employer on behalf of an employee, or matching  
8 contributions made by an employee, shall be treated as  
9 made by the employee. This subparagraph (Y) is exempt  
10 from the provisions of Section 250;

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

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

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

1 0.429); and

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

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

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

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

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

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

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

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

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

26          The taxpayer is allowed to take the deduction

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

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

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

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

25 (DD) An amount equal to the interest income taken  
26 into account for the taxable year (net of the

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

20 (EE) An amount equal to the income from intangible  
21 property taken into account for the taxable year (net  
22 of the 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(a)(2)(D-18) for intangible expenses and costs  
12 paid, accrued, or incurred, directly or indirectly, to  
13 the same foreign person. This subparagraph (EE) is  
14 exempt from the provisions of Section 250;

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

21 (GG) For taxable years ending on or after December  
22 31, 2011, in the case of a taxpayer who was required to  
23 add back any insurance premiums under Section  
24 203(a)(2)(D-19), such taxpayer may elect to subtract  
25 that part of a reimbursement received from the  
26 insurance company equal to the amount of the expense

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

11 (HH) For taxable years beginning on or after  
12 January 1, 2018 and prior to January 1, 2028, a maximum  
13 of \$10,000 contributed in the taxable year to a  
14 qualified ABLE account under Section 16.6 of the State  
15 Treasurer Act, except that amounts excluded from gross  
16 income under Section 529(c)(3)(C)(i) or Section  
17 529A(c)(1)(C) of the Internal Revenue Code shall not  
18 be considered moneys contributed under this  
19 subparagraph (HH). For purposes of this subparagraph  
20 (HH), contributions made by an employer on behalf of  
21 an employee, or matching contributions made by an  
22 employee, shall be treated as made by the employee;

23 (II) For taxable years that begin on or after  
24 January 1, 2021 and begin before January 1, 2026, the  
25 amount that is included in the taxpayer's federal  
26 adjusted gross income pursuant to Section 61 of the

1 Internal Revenue Code as discharge of indebtedness  
2 attributable to student loan forgiveness and that is  
3 not excluded from the taxpayer's federal adjusted  
4 gross income pursuant to paragraph (5) of subsection  
5 (f) of Section 108 of the Internal Revenue Code;

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

19 (KK) To the extent includible in gross income for  
20 federal income tax purposes, any amount awarded or  
21 paid to the taxpayer as a result of a judgment or  
22 settlement for fertility fraud as provided in Section  
23 15 of the Illinois Fertility Fraud Act, donor  
24 fertility fraud as provided in Section 20 of the  
25 Illinois Fertility Fraud Act, or similar action in  
26 another state; ~~and~~

1 (LL) For taxable years beginning on or after  
2 January 1, 2026, if the taxpayer is a qualified  
3 worker, as defined in the Workforce Development  
4 through Charitable Loan Repayment Act, an amount equal  
5 to the amount included in the taxpayer's federal  
6 adjusted gross income that is attributable to student  
7 loan repayment assistance received by the taxpayer  
8 during the taxable year from a qualified community  
9 foundation under the provisions of the Workforce  
10 Development ~~through~~ Through Charitable Loan Repayment  
11 Act.

12 This subparagraph (LL) is exempt from the  
13 provisions of Section 250;~~;~~

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

24 (NN) For taxable years that begin on or after  
25 January 1, 2028, any amount received from the  
26 Responsibility in Firearm Legislation (RIFL) Fund or

1           the Responsibility in Firearm Legislation (RIFL)  
2           Financial Assistance Program to the extent included in  
3           the taxpayer's federal adjusted gross income and that  
4           is not excluded from the taxpayer's federal adjusted  
5           gross income.

6           (b) Corporations.

7           (1) In general. In the case of a corporation, 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. The taxable income referred to in  
11          paragraph (1) shall be modified by adding thereto the sum  
12          of the following amounts:

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

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

22               (C) In the case of a regulated investment company,  
23               an amount equal to the excess of (i) the net long-term  
24               capital gain for the taxable year, over (ii) the  
25               amount of the capital gain dividends designated as

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

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

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

21 (i) the addition modification relating to the  
22 net operating loss carried back or forward to the  
23 taxable year from any taxable year ending prior to  
24 December 31, 1986 shall be reduced by the amount  
25 of addition modification under this subparagraph  
26 (E) which related to that net operating loss and

1           which was taken into account in calculating the  
2           base income of an earlier taxable year, and

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

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

15                  (E-5) For taxable years ending after December 31,  
16          1997, an amount equal to any eligible remediation  
17          costs that the corporation deducted in computing  
18          adjusted gross income and for which the corporation  
19          claims a credit under subsection (l) of Section 201;

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

25                  (E-11) If the taxpayer sells, transfers, abandons,  
26          or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an  
2 addition modification under subparagraph (E-10), then  
3 an amount equal to the aggregate amount of the  
4 deductions taken in all taxable years under  
5 subparagraph (T) with respect to that property.

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

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

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

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

17 This paragraph shall not apply to the following:

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

24 (ii) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person if  
26 the taxpayer can establish, based on a

1           preponderance of the evidence, both of the  
2           following:

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

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

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

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

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

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

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

1 marks, copyrights, mask works, trade secrets, and  
2 similar types of intangible assets.

3 This paragraph shall not apply to the following:

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

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

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

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

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

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

20 (E-15) For taxable years beginning after December  
21 31, 2008, any deduction for dividends paid by a  
22 captive real estate investment trust that is allowed  
23 to a real estate investment trust under Section  
24 857(b)(2)(B) of the Internal Revenue Code for  
25 dividends paid;

26 (E-16) An amount equal to the credit allowable to

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

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

8 (E-18) for taxable years beginning after December  
9 31, 2018, an amount equal to the deduction allowed  
10 under Section 250(a)(1)(A) of the Internal Revenue  
11 Code for the taxable year;

12 (E-19) for taxable years ending on or after June  
13 30, 2021, an amount equal to the deduction allowed  
14 under Section 250(a)(1)(B)(i) of the Internal Revenue  
15 Code for the taxable year;

16 (E-20) for taxable years ending on or after June  
17 30, 2021, an amount equal to the deduction allowed  
18 under Sections 243(e) and 245A(a) of the Internal  
19 Revenue Code for the taxable year;

20 (E-21) the amount that is claimed as a federal  
21 deduction when computing the taxpayer's federal  
22 taxable income for the taxable year and that is  
23 attributable to an endowment gift for which the  
24 taxpayer receives a credit under the Illinois Gives  
25 Tax Credit Act;

26 and by deducting from the total so obtained the sum of the

1 following amounts:

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

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

7 (H) In the case of a regulated investment company,  
8 an amount equal to the amount of exempt interest  
9 dividends as defined in subsection (b)(5) of Section  
10 852 of the Internal Revenue Code, paid to shareholders  
11 for the taxable year;

12 (I) With the exception of any amounts subtracted  
13 under subparagraph (J), an amount equal to the sum of  
14 all amounts disallowed as deductions by (i) Sections  
15 171(a)(2) and 265(a)(2) and amounts disallowed as  
16 interest expense by Section 291(a)(3) of the Internal  
17 Revenue Code, and all amounts of expenses allocable to  
18 interest and disallowed as deductions by Section  
19 265(a)(1) of the Internal Revenue Code; and (ii) for  
20 taxable years ending on or after August 13, 1999,  
21 Sections 171(a)(2), 265, 280C, 291(a)(3), and  
22 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
23 for tax years ending on or after December 31, 2011,  
24 amounts disallowed as deductions by Section 45G(e)(3)  
25 of the Internal Revenue Code and, for taxable years  
26 ending on or after December 31, 2008, any amount

1 included in gross income under Section 87 of the  
2 Internal Revenue Code and the policyholders' share of  
3 tax-exempt interest of a life insurance company under  
4 Section 807(a)(2)(B) of the Internal Revenue Code (in  
5 the case of a life insurance company with gross income  
6 from a decrease in reserves for the tax year) or  
7 Section 807(b)(1)(B) of the Internal Revenue Code (in  
8 the case of a life insurance company allowed a  
9 deduction for an increase in reserves for the tax  
10 year); the provisions of this subparagraph are exempt  
11 from the provisions of Section 250;

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

21 (K) An amount equal to those dividends included in  
22 such total which were paid by a corporation which  
23 conducts business operations in a River Edge  
24 Redevelopment Zone or zones created under the River  
25 Edge Redevelopment Zone Act and conducts substantially  
26 all of its operations in a River Edge Redevelopment

1 Zone or zones. This subparagraph (K) is exempt from  
2 the provisions of Section 250;

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

12 (M) For any taxpayer that is a financial  
13 organization within the meaning of Section 304(c) of  
14 this Act, an amount included in such total as interest  
15 income from a loan or loans made by such taxpayer to a  
16 borrower, to the extent that such a loan is secured by  
17 property which is eligible for the River Edge  
18 Redevelopment Zone Investment Credit. To determine the  
19 portion of a loan or loans that is secured by property  
20 eligible for a Section 201(f) investment credit to the  
21 borrower, the entire principal amount of the loan or  
22 loans between the taxpayer and the borrower should be  
23 divided into the basis of the Section 201(f)  
24 investment credit property which secures the loan or  
25 loans, using for this purpose the original basis of  
26 such property on the date that it was placed in service

1 in the River Edge Redevelopment Zone. The subtraction  
2 modification available to the taxpayer in any year  
3 under this subsection shall be that portion of the  
4 total interest paid by the borrower with respect to  
5 such loan attributable to the eligible property as  
6 calculated under the previous sentence. This  
7 subparagraph (M) is exempt from the provisions of  
8 Section 250;

9 (M-1) For any taxpayer that is a financial  
10 organization within the meaning of Section 304(c) of  
11 this Act, an amount included in such total as interest  
12 income from a loan or loans made by such taxpayer to a  
13 borrower, to the extent that such a loan is secured by  
14 property which is eligible for the High Impact  
15 Business Investment Credit. To determine the portion  
16 of a loan or loans that is secured by property eligible  
17 for a Section 201(h) investment credit to the  
18 borrower, the entire principal amount of the loan or  
19 loans between the taxpayer and the borrower should be  
20 divided into the basis of the Section 201(h)  
21 investment credit property which secures the loan or  
22 loans, using for this purpose the original basis of  
23 such property on the date that it was placed in service  
24 in a federally designated Foreign Trade Zone or  
25 Sub-Zone located in Illinois. No taxpayer that is  
26 eligible for the deduction provided in subparagraph

1 (M) of paragraph (2) of this subsection shall be  
2 eligible for the deduction provided under this  
3 subparagraph (M-1). The subtraction modification  
4 available to taxpayers in any year under this  
5 subsection shall be that portion of the total interest  
6 paid by the borrower with respect to such loan  
7 attributable to the eligible property as calculated  
8 under the previous sentence;

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

20 (O) An amount equal to: (i) 85% for taxable years  
21 ending on or before December 31, 1992, or, a  
22 percentage equal to the percentage allowable under  
23 Section 243(a)(1) of the Internal Revenue Code of 1986  
24 for taxable years ending after December 31, 1992, of  
25 the amount by which dividends included in taxable  
26 income and received from a corporation that is not

1 created or organized under the laws of the United  
2 States or any state or political subdivision thereof,  
3 including, for taxable years ending on or after  
4 December 31, 1988, dividends received or deemed  
5 received or paid or deemed paid under Sections 951  
6 through 965 of the Internal Revenue Code, exceed the  
7 amount of the modification provided under subparagraph  
8 (G) of paragraph (2) of this subsection (b) which is  
9 related to such dividends, and including, for taxable  
10 years ending on or after December 31, 2008, dividends  
11 received from a captive real estate investment trust;  
12 plus (ii) 100% of the amount by which dividends,  
13 included in taxable income and received, including,  
14 for taxable years ending on or after December 31,  
15 1988, dividends received or deemed received or paid or  
16 deemed paid under Sections 951 through 964 of the  
17 Internal Revenue Code and including, for taxable years  
18 ending on or after December 31, 2008, dividends  
19 received from a captive real estate investment trust,  
20 from any such corporation specified in clause (i) that  
21 would but for the provisions of Section 1504(b)(3) of  
22 the Internal Revenue Code be treated as a member of the  
23 affiliated group which includes the dividend  
24 recipient, exceed the amount of the modification  
25 provided under subparagraph (G) of paragraph (2) of  
26 this subsection (b) which is related to such

1 dividends. For taxable years ending on or after June  
2 30, 2021, (i) for purposes of this subparagraph, the  
3 term "dividend" does not include any amount treated as  
4 a dividend under Section 1248 of the Internal Revenue  
5 Code, and (ii) this subparagraph shall not apply to  
6 dividends for which a deduction is allowed under  
7 Section 245(a) of the Internal Revenue Code. This  
8 subparagraph (O) is exempt from the provisions of  
9 Section 250 of this Act;

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

13 (Q) 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;

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

1 attorney-in-fact under Section 835(b) of the Internal  
2 Revenue Code for the taxable year; the provisions of  
3 this subparagraph are exempt from the provisions of  
4 Section 250;

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

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

21 (1) "y" equals the amount of the depreciation  
22 deduction taken for the taxable year on the  
23 taxpayer's federal income tax return on property  
24 for which the bonus depreciation deduction was  
25 taken in any year under subsection (k) of Section  
26 168 of the Internal Revenue Code, but not

1 including the bonus depreciation deduction;

2 (2) for taxable years ending on or before  
3 December 31, 2005, "x" equals "y" multiplied by 30  
4 and then divided by 70 (or "y" multiplied by  
5 0.429); and

6 (3) for taxable years ending after December  
7 31, 2005:

8 (i) for property on which a bonus  
9 depreciation deduction of 30% of the adjusted  
10 basis was taken, "x" equals "y" multiplied by  
11 30 and then divided by 70 (or "y" multiplied  
12 by 0.429);

13 (ii) for property on which a bonus  
14 depreciation deduction of 50% of the adjusted  
15 basis was taken, "x" equals "y" multiplied by  
16 1.0;

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

26 (iv) for property on which a bonus

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

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

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

23 If the taxpayer continues to own property through  
24 the last day of the last tax year for which a  
25 subtraction is allowed with respect to that property  
26 under subparagraph (T) and for which the taxpayer was

1 required in any taxable year to make an addition  
2 modification under subparagraph (E-10), then an amount  
3 equal to that addition modification.

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

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

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

1 transaction with a taxpayer that is required to make  
2 an addition modification with respect to such  
3 transaction under Section 203(a)(2)(D-19), Section  
4 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
5 203(d)(2)(D-9), but not to exceed the amount of that  
6 addition modification. This subparagraph (V) is exempt  
7 from the provisions of Section 250;

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

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

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

24          (Y) For taxable years ending on or after December  
25          31, 2011, in the case of a taxpayer who was required to  
26          add back any insurance premiums under Section

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

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

22                 (AA) 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 (AA) are exempt from the provisions  
8 of Section 250.

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

17 (c) Trusts and estates.

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

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

25 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the  
2 taxable year to the extent excluded from gross income  
3 in the computation of taxable income;

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

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

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

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

1           they are listed:

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

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

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

22                      (F) For taxable years ending on or after January  
23                      1, 1989, an amount equal to the tax deducted pursuant  
24                      to Section 164 of the Internal Revenue Code if the  
25                      trust or estate is claiming the same tax for purposes  
26                      of the Illinois foreign tax credit under Section 601

1 of this Act;

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

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

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

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

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

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

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

1 received by the taxpayer or by a member of the  
2 taxpayer's unitary business group (including amounts  
3 included in gross income pursuant to Sections 951  
4 through 964 of the Internal Revenue Code and amounts  
5 included in gross income under Section 78 of the  
6 Internal Revenue Code) with respect to the stock of  
7 the same person to whom the interest was paid,  
8 accrued, or incurred.

9 This paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the  
25 interest expense between the taxpayer and the  
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid  
2 pursuant to a contract or agreement that  
3 reflects an arm's-length interest rate and  
4 terms; or

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

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

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

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs  
23 paid, accrued, or incurred, directly or  
24 indirectly, from a transaction with a person who  
25 is subject in a foreign country or state, other  
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income  
2 with respect to such item; or

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

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

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

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

1           304(f);

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

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

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

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

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

20 (G-17) the amount that is claimed as a federal  
21 deduction when computing the taxpayer's federal  
22 taxable income for the taxable year and that is  
23 attributable to an endowment gift for which the  
24 taxpayer receives a credit under the Illinois Gives  
25 Tax Credit Act;

26 and by deducting from the total so obtained the sum of the

1 following amounts:

2 (H) An amount equal to all amounts included in  
3 such total pursuant to the provisions of Sections  
4 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408  
5 of the Internal Revenue Code or included in such total  
6 as distributions under the provisions of any  
7 retirement or disability plan for employees of any  
8 governmental agency or unit, or retirement payments to  
9 retired partners, which payments are excluded in  
10 computing net earnings from self employment by Section  
11 1402 of the Internal Revenue Code and regulations  
12 adopted pursuant thereto;

13 (I) The valuation limitation amount;

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

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

1 premium amortization;

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

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

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  
8 a 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;

18           (Q) For taxable year 1999 and thereafter, an  
19 amount equal to the amount of any (i) distributions,  
20 to the extent includible in gross income for federal  
21 income tax purposes, made to the taxpayer because of  
22 his or her status as a victim of persecution for racial  
23 or 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

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

25 (R) For taxable years 2001 and thereafter, for the  
26 taxable year in which the bonus depreciation deduction

1 is taken on the taxpayer's federal income tax return  
2 under subsection (k) of Section 168 of the Internal  
3 Revenue Code and for each applicable taxable year  
4 thereafter, an amount equal to "x", where:

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

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

16 (3) for taxable years ending after December  
17 31, 2005:

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

23 (ii) for property on which a bonus  
24 depreciation deduction of 50% of the adjusted  
25 basis was taken, "x" equals "y" multiplied by  
26 1.0;

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

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

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

1 Section 250;

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

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

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

17 This subparagraph (S) is exempt from the  
18 provisions of Section 250;

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

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

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

1 interest paid, accrued, or incurred, directly or  
2 indirectly, to the same person. This subparagraph (U)  
3 is exempt from the provisions of Section 250;

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

25 (W) in the case of an estate, an amount equal to  
26 all amounts included in such total pursuant to the

1 provisions of Section 111 of the Internal Revenue Code  
2 as a recovery of items previously deducted by the  
3 decedent from adjusted gross income in the computation  
4 of taxable income. This subparagraph (W) is exempt  
5 from Section 250;

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

11 (Y) 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(c)(2)(G-14), 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 (Y), 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 (Y). This  
25 subparagraph (Y) is exempt from the provisions of  
26 Section 250;

1           (Z) For taxable years beginning after December 31,  
2           2018 and before January 1, 2026, the amount of excess  
3           business loss of the taxpayer disallowed as a  
4           deduction by Section 461(1)(1)(B) of the Internal  
5           Revenue Code; and

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

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

1 (d) Partnerships.

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

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

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

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

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

1 the Internal Revenue Code;

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

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

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

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

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

20 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

6 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

26 (D-11) For taxable years ending on or after

1 December 31, 2017, an amount equal to the deduction  
2 allowed under Section 199 of the Internal Revenue Code  
3 for the taxable year;

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

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

12 (E) The valuation limitation amount;

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

16 (G) An amount equal to all amounts included in  
17 taxable income as modified by subparagraphs (A), (B),  
18 (C) and (D) which are exempt from taxation by this  
19 State either by reason of its statutes or Constitution  
20 or by reason of the Constitution, treaties or statutes  
21 of the 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  
25 net of bond premium amortization;

26 (H) Any income of the partnership which

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

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

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

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

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

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

18 (M) 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 (M);

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

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

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

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

23 (3) for taxable years ending after December  
24 31, 2005:

25 (i) for property on which a bonus  
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by  
2 30 and then divided by 70 (or "y" multiplied  
3 by 0.429);

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

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

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

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

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

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

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

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

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

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

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

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

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

1 made for the same taxable year under Section  
2 203(d)(2)(D-8) for intangible expenses and costs paid,  
3 accrued, or incurred, directly or indirectly, to the  
4 same person. This subparagraph (S) is exempt from  
5 Section 250;

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

22 (U) 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 (U) are exempt from the provisions  
8 of Section 250.

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

10 (1) In general. Subject to the provisions of paragraph  
11 (2) and subsection (b) (3), for purposes of this Section  
12 and Section 803(e), a taxpayer's gross income, adjusted  
13 gross income, or taxable income for the taxable year shall  
14 mean the amount of gross income, adjusted gross income or  
15 taxable income properly reportable for federal income tax  
16 purposes for the taxable year under the provisions of the  
17 Internal Revenue Code. Taxable income may be less than  
18 zero. However, for taxable years ending on or after  
19 December 31, 1986, net operating loss carryforwards from  
20 taxable years ending prior to December 31, 1986, may not  
21 exceed the sum of federal taxable income for the taxable  
22 year before net operating loss deduction, plus the excess  
23 of addition modifications over subtraction modifications  
24 for the taxable year. For taxable years ending prior to  
25 December 31, 1986, taxable income may never be an amount

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

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

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

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

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

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

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

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

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

1 resulting Illinois net loss and the standards to be  
2 used by the Director in evaluating requests to revoke  
3 elections. Public Act 96-932 is declaratory of  
4 existing law;

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

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

1 but which would be taken into account by an individual  
2 in calculating his taxable income.

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

20 (f) Valuation limitation amount.

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

24 (A) The sum of the pre-August 1, 1969 appreciation  
25 amounts (to the extent consisting of gain reportable

1 under the provisions of Section 1245 or 1250 of the  
2 Internal Revenue Code) for all property in respect of  
3 which such gain was reported for the taxable year;  
4 plus

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

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

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

25 (B) If the fair market value of property referred  
26 to in paragraph (1) was not readily ascertainable on

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

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

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

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

1 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;  
2 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.  
3 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592,  
4 Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170,  
5 Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647,  
6 eff. 7-1-24; revised 8-20-24.)

1

INDEX

2

Statutes amended in order of appearance

3

New Act

4

30 ILCS 105/5

from Ch. 127, par. 141

5

30 ILCS 105/5.1030 new

6

35 ILCS 5/203