

1 AN ACT concerning health.

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 Medical Debt Relief Act.

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

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

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

19 (c) Medical debt impacts communities throughout the State.  
20 There are at least 12 counties in Illinois in which 20% to 30%  
21 of residents are living with medical debt in collections:  
22 Alexander, Coles, Grundy, Jefferson, Macon, Marion, Massac,  
23 Randolph, Schuyler, Shelby, Vermilion, and Warren counties.

1 These 12 counties have approximately 475,000 residents, about  
2 112,000 of whom have medical debt in collections. 13% of Cook  
3 County residents have medical debt in collections, and their  
4 medical debts comprise more than a quarter of the statewide  
5 total.

6 (d) While any person can accumulate medical debt, people  
7 of color are disproportionately affected. Nationally, 13% of  
8 the population has medical debt in collections, but 15% of  
9 people in communities of color have medical debt in  
10 collections. In Illinois, 14% of the population has medical  
11 debt in collections, but 20% of the population in communities  
12 of color have medical debt in collections.

13 (e) The medical debt disparity reinforces racial inequity  
14 and exacerbates disparities in health outcomes. Structural  
15 barriers, including housing, credit, and employment  
16 opportunities, further increase financial vulnerability for  
17 communities of color, making it more difficult to pay medical  
18 bills on time.

19 (f) Since medical debt can be difficult for hospital  
20 systems to collect, they will often settle debt obligations  
21 for a fraction of the total amount owed.

22 (g) Cook County launched a successful effort to erase  
23 medical debt obligations for Cook County residents in  
24 partnership with a national nonprofit organization. Accounting  
25 for Cook County's investment, an additional commitment of  
26 approximately \$24,500,000 would eliminate all current medical

1 debt for Illinois residents living at or below 400% of the  
2 federal poverty guidelines.

3 (h) Illinois can accelerate health equity for residents  
4 across the State by establishing a Medical Debt Relief Pilot  
5 Program to provide grant funding to a nonprofit medical debt  
6 relief coordinator to relieve thousands of families from the  
7 crushing burden of medical debt.

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

9 "Eligible resident" means an individual who:

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

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

14 "Department" means the Department of Healthcare and Family  
15 Services.

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

18 "Medical debt relief" means the discharge of a patient's  
19 medical debt, including debt that is not in collections.

20 "Nonprofit medical debt relief coordinator" means a  
21 nonprofit organization that is experienced in locating,  
22 acquiring, and relieving medical debt for individuals and that  
23 is able to discharge medical debt of an eligible resident in a  
24 manner that does not result in a taxable event for the  
25 resident.

1 "Pilot program" means the Medical Debt Relief Pilot  
2 Program.

3 Section 15. Medical Debt Relief Pilot Program.

4 (a) Subject to appropriation, the Department of Healthcare  
5 and Family Services shall establish a Medical Debt Relief  
6 Pilot Program to discharge the medical debt of eligible  
7 residents.

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

17 (c) The Department shall establish the pilot program no  
18 later than January 1, 2025. The Department shall administer  
19 the pilot program consistent with the requirements of the  
20 Grant Accountability and Transparency Act to determine which  
21 nonprofit medical debt relief coordinator to use, unless the  
22 Department and the State's Grant Accountability and  
23 Transparency Unit determine that only a single nonprofit  
24 medical debt relief coordinator has the capacity and  
25 willingness to carry out the duties specified in this Act. The

1 Department shall publish on its website any agreement,  
2 including amendments and attachments, entered into with a debt  
3 relief coordinator within 5 business days after the agreement  
4 or amendment was entered into by the Department.

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

6 (1) Identify eligible residents who qualify for the  
7 pilot program.

8 (2) Review the medical debt accounts of each  
9 commercial debt collection agency or health care provider  
10 willing to sell medical debt accounts of eligible  
11 residents.

12 (3) Conduct an outreach pilot program with hospitals,  
13 hospital systems, and other providers and entities about  
14 the benefits of the Medical Debt Relief Pilot Program.  
15 Such outreach shall first be initiated with safety-net  
16 hospitals.

17 (4) Negotiate and acquire medical debt of eligible  
18 residents from health care providers and medical debt  
19 collection agencies.

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

26 (6) Not attempt to seek payment from an eligible

1 resident for medical debt purchased by the nonprofit  
2 medical debt relief coordinator.

3 (7) To the extent possible, give priority to hospitals  
4 and providers who serve a high percentage of volume of  
5 Medicaid customers and providers located in  
6 disproportionately impacted area zip codes.

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

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

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

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

17 (4) The number and characteristics of health care  
18 providers from whom medical debt was purchased and  
19 discharged, including, but not limited to, geography and  
20 payor mix.

21 (f) The Department shall adopt any rules necessary to  
22 implement this Act.

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

24 Section 100. The State Finance Act is amended by adding

1 Sections 5.1015 and 6z-140 as follows:

2 (30 ILCS 105/5.1015 new)

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

4 (30 ILCS 105/6z-140 new)

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

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

19 (35 ILCS 5/203)

20 Sec. 203. Base income defined.

21 (a) Individuals.

22 (1) In general. In the case of an individual, base

1 income means an amount equal to the taxpayer's adjusted  
2 gross income for the taxable year as modified by paragraph  
3 (2).

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

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

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

18 (C) An amount equal to the amount received during  
19 the taxable year as a recovery or refund of real  
20 property taxes paid with respect to the taxpayer's  
21 principal residence under the Revenue Act of 1939 and  
22 for which a deduction was previously taken under  
23 subparagraph (L) of this paragraph (2) prior to July  
24 1, 1991, the retrospective application date of Article  
25 4 of Public Act 87-17. In the case of multi-unit or  
26 multi-use structures and farm dwellings, the taxes on



1 the taxpayer's principal residence shall be that  
2 portion of the total taxes for the entire property  
3 which is attributable to such principal residence;

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

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

17 (D-10) For taxable years ending after December 31,  
18 1997, an amount equal to any eligible remediation  
19 costs that the individual deducted in computing  
20 adjusted gross income and for which the individual  
21 claims a credit under subsection (l) of Section 201;

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

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

26 (ii) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if  
2 the taxpayer can establish, based on a  
3 preponderance of the evidence, both of the  
4 following:

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

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

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

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

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

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

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

5           This paragraph shall not apply to the following:

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

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

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

22               (b) the transaction giving rise to the  
23               intangible expense or cost between the  
24               taxpayer and the person did not have as a  
25               principal purpose the avoidance of Illinois  
26               income tax, and is paid pursuant to a contract

1           or agreement that reflects arm's-length terms;

2           or

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

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

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

22 (D-20) For taxable years beginning on or after  
23 January 1, 2002 and ending on or before December 31,  
24 2006, in the case of a distribution from a qualified  
25 tuition program under Section 529 of the Internal  
26 Revenue Code, other than (i) a distribution from a

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

25 For the purposes of this subparagraph (D-20), a  
26 qualified tuition program has made reasonable efforts

1 if it makes disclosures (which may use the term  
2 "in-state program" or "in-state plan" and need not  
3 specifically refer to Illinois or its qualified  
4 programs by name) (i) directly to prospective  
5 participants in its offering materials or makes a  
6 public disclosure, such as a website posting; and (ii)  
7 where applicable, to intermediaries selling the  
8 out-of-state program in the same manner that the  
9 out-of-state program distributes its offering  
10 materials;

11 (D-20.5) For taxable years beginning on or after  
12 January 1, 2018, in the case of a distribution from a  
13 qualified ABLE program under Section 529A of the  
14 Internal Revenue Code, other than a distribution from  
15 a qualified ABLE program created under Section 16.6 of  
16 the State Treasurer Act, an amount equal to the amount  
17 excluded from gross income under Section 529A(c)(1)(B)  
18 of the Internal Revenue Code;

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

26 (D-21.5) For taxable years beginning on or after

1           January 1, 2018, in the case of the transfer of moneys  
2           from a qualified tuition program under Section 529 or  
3           a qualified ABLE program under Section 529A of the  
4           Internal Revenue Code that is administered by this  
5           State to an ABLE account established under an  
6           out-of-state ABLE account program, an amount equal to  
7           the contribution component of the transferred amount  
8           that was previously deducted from base income under  
9           subsection (a)(2)(Y) or subsection (a)(2)(HH) of this  
10          Section;

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

1 program under Section 529 of the Internal Revenue Code  
2 administered by the State, an amount equal to the  
3 contribution component of the nonqualified withdrawal  
4 or refund that was previously deducted from base  
5 income under subsection (a)(2)(Y) of this Section, and  
6 (2) in the case of a nonqualified withdrawal or refund  
7 from a qualified ABLE program under Section 529A of  
8 the Internal Revenue Code administered by the State  
9 that is not used for qualified disability expenses, an  
10 amount equal to the contribution component of the  
11 nonqualified withdrawal or refund that was previously  
12 deducted from base income under subsection (a)(2)(HH)  
13 of this Section;

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

18 (D-24) For taxable years ending on or after  
19 December 31, 2017, an amount equal to the deduction  
20 allowed under Section 199 of the Internal Revenue Code  
21 for the taxable year;

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

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

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

1           or thereafter by reason of being a member of the  
2           Illinois National Guard or, beginning with taxable  
3           years ending on or after December 31, 2007, the  
4           National Guard of any other state. The provisions of  
5           this subparagraph (E) are exempt from the provisions  
6           of Section 250;

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

18          (G) The valuation limitation amount;

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

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

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

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

18           (L) For taxable years ending after December 31,  
19 1983, an amount equal to all social security benefits  
20 and railroad retirement benefits included in such  
21 total pursuant to Sections 72(r) and 86 of the  
22 Internal Revenue Code;

23           (M) With the exception of any amounts subtracted  
24 under subparagraph (N), an amount equal to the sum of  
25 all amounts disallowed as deductions by (i) Sections  
26 171(a)(2) and 265(a)(2) of the Internal Revenue Code,



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

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

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

26 (P) An amount equal to the amount of the deduction

1           used to compute the federal income tax credit for  
2           restoration of substantial amounts held under claim of  
3           right for the taxable year pursuant to Section 1341 of  
4           the Internal Revenue Code or of any itemized deduction  
5           taken from adjusted gross income in the computation of  
6           taxable income for restoration of substantial amounts  
7           held under claim of right for the taxable year;

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

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

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

24          (T) An amount, to the extent included in adjusted  
25          gross income, equal to the amount of interest earned  
26          in the taxable year on a medical care savings account

1 established under the Medical Care Savings Account Act  
2 or the Medical Care Savings Account Act of 2000 on  
3 behalf of the taxpayer, other than interest added  
4 pursuant to item (D-5) of this paragraph (2);

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

11 (V) Beginning with tax years ending on or after  
12 December 31, 1995 and ending with tax years ending on  
13 or before December 31, 2004, an amount equal to the  
14 amount paid by a taxpayer who is a self-employed  
15 taxpayer, a partner of a partnership, or a shareholder  
16 in a Subchapter S corporation for health insurance or  
17 long-term care insurance for that taxpayer or that  
18 taxpayer's spouse or dependents, to the extent that  
19 the amount paid for that health insurance or long-term  
20 care insurance may be deducted under Section 213 of  
21 the Internal Revenue Code, has not been deducted on  
22 the federal income tax return of the taxpayer, and  
23 does not exceed the taxable income attributable to  
24 that taxpayer's income, self-employment income, or  
25 Subchapter S corporation income; except that no  
26 deduction shall be allowed under this item (V) if the

1 taxpayer is eligible to participate in any health  
2 insurance or long-term care insurance plan of an  
3 employer of the taxpayer or the taxpayer's spouse. The  
4 amount of the health insurance and long-term care  
5 insurance subtracted under this item (V) shall be  
6 determined by multiplying total health insurance and  
7 long-term care insurance premiums paid by the taxpayer  
8 times a number that represents the fractional  
9 percentage of eligible medical expenses under Section  
10 213 of the Internal Revenue Code of 1986 not actually  
11 deducted on the taxpayer's federal income tax return;

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

18 (X) 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 (Y) For taxable years beginning on or after  
26 January 1, 2002 and ending on or before December 31,

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

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

26                         (1) "y" equals the amount of the depreciation

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

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

11 (3) for taxable years ending after December  
12 31, 2005:

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

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

22 (iii) for property on which a bonus  
23 depreciation deduction of 100% of the adjusted  
24 basis was taken in a taxable year ending on or  
25 after December 31, 2021, "x" equals the  
26 depreciation deduction that would be allowed

1 on that property if the taxpayer had made the  
2 election under Section 168(k)(7) of the  
3 Internal Revenue Code to not claim bonus  
4 depreciation on that property; and

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

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

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



1 an amount equal to that addition modification.

2 If the taxpayer continues to own property through  
3 the last day of the last tax year for which a  
4 subtraction is allowed with respect to that property  
5 under subparagraph (Z) and for which the taxpayer was  
6 required in any taxable year to make an addition  
7 modification under subparagraph (D-15), then an amount  
8 equal to that addition modification.

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

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

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

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

1 year with respect to a transaction with a taxpayer  
2 that is required to make an addition modification with  
3 respect to such transaction under Section  
4 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
5 203(d)(2)(D-8), but not to exceed the amount of that  
6 addition modification. This subparagraph (CC) is  
7 exempt from the provisions of Section 250;

8 (DD) 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(a)(2)(D-17) for interest paid, accrued, or  
26 incurred, directly or indirectly, to the same person.

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

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

24          (FF) An amount equal to any amount awarded to the  
25          taxpayer during the taxable year by the Court of  
26          Claims under subsection (c) of Section 8 of the Court

1 of Claims Act for time unjustly served in a State  
2 prison. This subparagraph (FF) is exempt from the  
3 provisions of Section 250;

4 (GG) For taxable years ending on or after December  
5 31, 2011, in the case of a taxpayer who was required to  
6 add back any insurance premiums under Section  
7 203(a)(2)(D-19), such taxpayer may elect to subtract  
8 that part of a reimbursement received from the  
9 insurance company equal to the amount of the expense  
10 or loss (including expenses incurred by the insurance  
11 company) that would have been taken into account as a  
12 deduction for federal income tax purposes if the  
13 expense or loss had been uninsured. If a taxpayer  
14 makes the election provided for by this subparagraph  
15 (GG), the insurer to which the premiums were paid must  
16 add back to income the amount subtracted by the  
17 taxpayer pursuant to this subparagraph (GG). This  
18 subparagraph (GG) is exempt from the provisions of  
19 Section 250;

20 (HH) For taxable years beginning on or after  
21 January 1, 2018 and prior to January 1, 2028, a maximum  
22 of \$10,000 contributed in the taxable year to a  
23 qualified ABLE account under Section 16.6 of the State  
24 Treasurer Act, except that amounts excluded from gross  
25 income under Section 529(c)(3)(C)(i) or Section  
26 529A(c)(1)(C) of the Internal Revenue Code shall not

1           be considered moneys contributed under this  
2           subparagraph (HH). For purposes of this subparagraph  
3           (HH), contributions made by an employer on behalf of  
4           an employee, or matching contributions made by an  
5           employee, shall be treated as made by the employee;

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

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

1 of Section 250; ~~and~~.

2 (KK) ~~(JJ)~~ To the extent includible in gross income  
3 for federal income tax purposes, any amount awarded or  
4 paid to the taxpayer as a result of a judgment or  
5 settlement for fertility fraud as provided in Section  
6 15 of the Illinois Fertility Fraud Act, donor  
7 fertility fraud as provided in Section 20 of the  
8 Illinois Fertility Fraud Act, or similar action in  
9 another state.

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

20 (b) Corporations.

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

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

1 of the following amounts:

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

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

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

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

25 (E) For taxable years in which a net operating  
26 loss carryback or carryforward from a taxable year

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

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

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

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



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

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

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

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

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

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

24 (E-13) An amount equal to the amount of intangible  
25 expenses and costs otherwise allowed as a deduction in  
26 computing base income, and that were paid, accrued, or

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

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

17 This paragraph shall not apply to the following:

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

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

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

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

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

15 (iii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, from a transaction with a person if  
18 the taxpayer establishes by clear and convincing  
19 evidence, that the adjustments are unreasonable;  
20 or if the taxpayer and the Director agree in  
21 writing to the application or use of an  
22 alternative method of apportionment under Section  
23 304(f);

24 Nothing in this subsection shall preclude the  
25 Director from making any other adjustment  
26 otherwise allowed under Section 404 of this Act

1           for any tax year beginning after the effective  
2           date of this amendment provided such adjustment is  
3           made pursuant to regulation adopted by the  
4           Department and such regulations provide methods  
5           and standards by which the Department will utilize  
6           its authority under Section 404 of this Act;

7           (E-14) For taxable years ending on or after  
8           December 31, 2008, an amount equal to the amount of  
9           insurance premium expenses and costs otherwise allowed  
10          as a deduction in computing base income, and that were  
11          paid, accrued, or incurred, directly or indirectly, 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. The  
18          addition modification required by this subparagraph  
19          shall be reduced to the extent that dividends were  
20          included in base income of the unitary group for the  
21          same taxable year and received by the taxpayer or by a  
22          member of the taxpayer's unitary business group  
23          (including amounts included in gross income under  
24          Sections 951 through 964 of the Internal Revenue Code  
25          and amounts included in gross income under Section 78  
26          of the Internal Revenue Code) with respect to the



1 stock of the same person to whom the premiums and costs  
2 were directly or indirectly paid, incurred, or  
3 accrued. The preceding sentence does not apply to the  
4 extent that the same dividends caused a reduction to  
5 the addition modification required under Section  
6 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
7 Act;

8 (E-15) For taxable years beginning after December  
9 31, 2008, any deduction for dividends paid by a  
10 captive real estate investment trust that is allowed  
11 to a real estate investment trust under Section  
12 857(b)(2)(B) of the Internal Revenue Code for  
13 dividends paid;

14 (E-16) An amount equal to the credit allowable to  
15 the taxpayer under Section 218(a) of this Act,  
16 determined without regard to Section 218(c) of this  
17 Act;

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

22 (E-18) for taxable years beginning after December  
23 31, 2018, an amount equal to the deduction allowed  
24 under Section 250(a)(1)(A) of the Internal Revenue  
25 Code for the taxable year;

26 (E-19) for taxable years ending on or after June

1           30, 2021, an amount equal to the deduction allowed  
2           under Section 250(a)(1)(B)(i) of the Internal Revenue  
3           Code for the taxable year;

4           (E-20) for taxable years ending on or after June  
5           30, 2021, an amount equal to the deduction allowed  
6           under Sections 243(e) and 245A(a) of the Internal  
7           Revenue Code for the taxable year.

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

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

15           (H) In the case of a regulated investment company,  
16           an amount equal to the amount of exempt interest  
17           dividends as defined in subsection (b)(5) of Section  
18           852 of the Internal Revenue Code, paid to shareholders  
19           for the taxable year;

20           (I) With the exception of any amounts subtracted  
21           under subparagraph (J), an amount equal to the sum of  
22           all amounts disallowed as deductions by (i) Sections  
23           171(a)(2) and 265(a)(2) and amounts disallowed as  
24           interest expense by Section 291(a)(3) of the Internal  
25           Revenue Code, and all amounts of expenses allocable to  
26           interest and disallowed as deductions by Section

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

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

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

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

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

20          (M) For any taxpayer that is a financial  
21          organization within the meaning of Section 304(c) of  
22          this Act, an amount included in such total as interest  
23          income from a loan or loans made by such taxpayer to a  
24          borrower, to the extent that such a loan is secured by  
25          property which is eligible for the River Edge  
26          Redevelopment Zone Investment Credit. To determine the

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

17                 (M-1) For any taxpayer that is a financial  
18                 organization within the meaning of Section 304(c) of  
19                 this Act, an amount included in such total as interest  
20                 income from a loan or loans made by such taxpayer to a  
21                 borrower, to the extent that such a loan is secured by  
22                 property which is eligible for the High Impact  
23                 Business Investment Credit. To determine the portion  
24                 of a loan or loans that is secured by property eligible  
25                 for a Section 201(h) investment credit to the  
26                 borrower, the entire principal amount of the loan or

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

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

1 provisions of Section 250;

2 (O) An amount equal to: (i) 85% for taxable years  
3 ending on or before December 31, 1992, or, a  
4 percentage equal to the percentage allowable under  
5 Section 243(a)(1) of the Internal Revenue Code of 1986  
6 for taxable years ending after December 31, 1992, of  
7 the amount by which dividends included in taxable  
8 income and received from a corporation that is not  
9 created or organized under the laws of the United  
10 States or any state or political subdivision thereof,  
11 including, for taxable years ending on or after  
12 December 31, 1988, dividends received or deemed  
13 received or paid or deemed paid under Sections 951  
14 through 965 of the Internal Revenue Code, exceed the  
15 amount of the modification provided under subparagraph  
16 (G) of paragraph (2) of this subsection (b) which is  
17 related to such dividends, and including, for taxable  
18 years ending on or after December 31, 2008, dividends  
19 received from a captive real estate investment trust;  
20 plus (ii) 100% of the amount by which dividends,  
21 included in taxable income and received, including,  
22 for taxable years ending on or after December 31,  
23 1988, dividends received or deemed received or paid or  
24 deemed paid under Sections 951 through 964 of the  
25 Internal Revenue Code and including, for taxable years  
26 ending on or after December 31, 2008, dividends

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

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

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

26 (R) On and after July 20, 1999, in the case of an



1 attorney-in-fact with respect to whom an interinsurer  
2 or a reciprocal insurer has made the election under  
3 Section 835 of the Internal Revenue Code, 26 U.S.C.  
4 835, an amount equal to the excess, if any, of the  
5 amounts paid or incurred by that interinsurer or  
6 reciprocal insurer in the taxable year to the  
7 attorney-in-fact over the deduction allowed to that  
8 interinsurer or reciprocal insurer with respect to the  
9 attorney-in-fact under Section 835(b) of the Internal  
10 Revenue Code for the taxable year; the provisions of  
11 this subparagraph are exempt from the provisions of  
12 Section 250;

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

23 (T) For taxable years 2001 and thereafter, for the  
24 taxable year in which the bonus depreciation deduction  
25 is taken on the taxpayer's federal income tax return  
26 under subsection (k) of Section 168 of the Internal

1 Revenue Code and for each applicable taxable year  
2 thereafter, an amount equal to "x", where:

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

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

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

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

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

25 (iii) for property on which a bonus  
26 depreciation deduction of 100% of the adjusted

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

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

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

26 (U) If the taxpayer sells, transfers, abandons, or

1 otherwise disposes of property for which the taxpayer  
2 was required in any taxable year to make an addition  
3 modification under subparagraph (E-10), then an amount  
4 equal to that addition modification.

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

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

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

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

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

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

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

11 (X) 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(b)(2)(E-13) for intangible expenses and costs  
3           paid, accrued, or incurred, directly or indirectly, to  
4           the same foreign person. This subparagraph (X) is  
5           exempt from the provisions of Section 250;

6           (Y) 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(b)(2)(E-14), 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          (Y), 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 (Y). This  
20          subparagraph (Y) is exempt from the provisions of  
21          Section 250;

22          (Z) The difference between the nondeductible  
23          controlled foreign corporation dividends under Section  
24          965(e)(3) of the Internal Revenue Code over the  
25          taxable income of the taxpayer, computed without  
26          regard to Section 965(e)(2)(A) of the Internal Revenue

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

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

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

25 (c) Trusts and estates.



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

4           (2) Modifications. Subject to the provisions of  
5 paragraph (3), the taxable income referred to in paragraph  
6 (1) shall be modified by adding thereto the sum of the  
7 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) In the case of (i) an estate, \$600; (ii) a  
13 trust which, under its governing instrument, is  
14 required to distribute all of its income currently,  
15 \$300; and (iii) any other trust, \$100, but in each such  
16 case, only to the extent such amount was deducted in  
17 the computation of taxable income;

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

26           (E) For taxable years in which a net operating

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

10 (i) 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 be reduced by the amount  
14 of addition modification under this subparagraph  
15 (E) which related to that net operating loss and  
16 which was taken into account in calculating the  
17 base income of an earlier taxable year, and

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

23 For taxable years in which there is a net  
24 operating loss carryback or carryforward from more  
25 than one other taxable year ending prior to December  
26 31, 1986, the addition modification provided in this

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

4           (F) For taxable years ending on or after January  
5           1, 1989, an amount equal to the tax deducted pursuant  
6           to Section 164 of the Internal Revenue Code if the  
7           trust or estate is claiming the same tax for purposes  
8           of the Illinois foreign tax credit under Section 601  
9           of this Act;

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

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

20          (G-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; and

25          (G-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 (G-10), then  
3 an amount equal to the aggregate amount of the  
4 deductions taken in all taxable years under  
5 subparagraph (R) 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 (R) and for which the taxpayer was  
10 allowed in any taxable year to make a subtraction  
11 modification under subparagraph (R), 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 (G-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 that the foreign person's business activity  
23 outside 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           (G-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(c)(2)(G-12) of  
15          this Act. As used in this subparagraph, the term  
16          "intangible expenses and costs" includes: (1)  
17          expenses, losses, and costs for or related to the  
18          direct or indirect acquisition, use, maintenance or  
19          management, ownership, sale, exchange, or any other  
20          disposition of intangible property; (2) losses  
21          incurred, directly or indirectly, from factoring  
22          transactions or discounting transactions; (3) royalty,  
23          patent, technical, and copyright fees; (4) licensing  
24          fees; and (5) other similar expenses and costs. For  
25          purposes of this subparagraph, "intangible property"  
26          includes patents, patent applications, trade names,



1 trademarks, service marks, copyrights, mask works,  
2 trade secrets, and 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           (G-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(c)(2)(G-12) or Section 203(c)(2)(G-13) of this  
19 Act;

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

24 (G-16) For taxable years ending on or after  
25 December 31, 2017, an amount equal to the deduction  
26 allowed under Section 199 of the Internal Revenue Code

1           for the taxable year;

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

4                   (H) An amount equal to all amounts included in  
5                   such total pursuant to the provisions of Sections  
6                   402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408  
7                   of the Internal Revenue Code or included in such total  
8                   as distributions under the provisions of any  
9                   retirement or disability plan for employees of any  
10                  governmental agency or unit, or retirement payments to  
11                  retired partners, which payments are excluded in  
12                  computing net earnings from self employment by Section  
13                  1402 of the Internal Revenue Code and regulations  
14                  adopted pursuant thereto;

15                   (I) The valuation limitation amount;

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

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

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

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

21 (M) 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 (M) is exempt from  
2           the provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

21 (T) The amount of (i) any interest income (net of  
22 the deductions allocable thereto) taken into account  
23 for the taxable year with respect to a transaction  
24 with a taxpayer that is required to make an addition  
25 modification with respect to such transaction under  
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

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

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

1 addition modification required to be made for the same  
2 taxable year under Section 203(c)(2)(G-12) for  
3 interest paid, accrued, or incurred, directly or  
4 indirectly, to the same person. This subparagraph (U)  
5 is exempt from the provisions of Section 250;

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

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

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

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

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

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

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

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

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

2 (d) Partnerships.

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

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

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

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

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

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

24 (D-5) For taxable years 2001 and thereafter, an  
25 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the  
2 taxable year under subsection (k) of Section 168 of  
3 the Internal Revenue Code;

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

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

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

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



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

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or  
24 incurred, directly or indirectly, to 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 interest; or

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

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

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

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

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

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

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

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

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

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

8 This paragraph shall not apply to the following:

9 (i) any item of intangible expenses or costs  
10 paid, accrued, or incurred, directly or  
11 indirectly, from a transaction with a person who  
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 item; or

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

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

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

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

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

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

24 (D-9) For taxable years ending on or after  
25 December 31, 2008, an amount equal to the amount of  
26 insurance premium expenses and costs otherwise allowed

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

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

1 Act;

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

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

8 (E) The valuation limitation amount;

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

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

22 (H) Any income of the partnership which  
23 constitutes personal service income as defined in  
24 Section 1348(b)(1) of the Internal Revenue Code (as in  
25 effect December 31, 1981) or a reasonable allowance  
26 for compensation paid or accrued for services rendered



1 by partners to the partnership, whichever is greater;  
2 this subparagraph (H) is exempt from the provisions of  
3 Section 250;

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

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

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

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

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

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

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

1 the Internal Revenue Code;

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

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

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

19 (3) for taxable years ending after December  
20 31, 2005:

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

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted  
2 basis was taken, "x" equals "y" multiplied by  
3 1.0;

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

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

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

1 taxpayer's federal income tax return under subsection  
2 (k) of Section 168 of the Internal Revenue Code. This  
3 subparagraph (O) is exempt from the provisions of  
4 Section 250;

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

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

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

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

22 (Q) The amount of (i) any interest income (net of  
23 the deductions allocable thereto) taken into account  
24 for the taxable year with respect to a transaction  
25 with a taxpayer that is required to make an addition  
26 modification with respect to such transaction under

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

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

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

7 (S) An amount equal to the income from intangible  
8 property taken into account for the taxable year (net  
9 of the deductions allocable thereto) with respect to  
10 transactions with (i) a foreign person who would be a  
11 member of the taxpayer's unitary business group but  
12 for the fact that the foreign person's business  
13 activity outside the United States is 80% or more of  
14 that person's total business activity and (ii) for  
15 taxable years ending on or after December 31, 2008, 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, but  
22 not to exceed the addition modification required to be  
23 made for the same taxable year under Section  
24 203(d)(2)(D-8) for intangible expenses and costs paid,  
25 accrued, or incurred, directly or indirectly, to the  
26 same person. This subparagraph (S) is exempt from

1 Section 250;

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

18 (U) For taxable years beginning on or after  
19 January 1, 2023, for any cannabis establishment  
20 operating in this State and licensed under the  
21 Cannabis Regulation and Tax Act or any cannabis  
22 cultivation center or medical cannabis dispensing  
23 organization operating in this State and licensed  
24 under the Compassionate Use of Medical Cannabis  
25 Program Act, an amount equal to the deductions that  
26 were disallowed under Section 280E of the Internal



1 Revenue Code for the taxable year and that would not be  
2 added back under this subsection. The provisions of  
3 this subparagraph (U) are exempt from the provisions  
4 of Section 250.

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

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

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

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

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

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

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

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

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

22           (F) Cooperatives. In the case of a cooperative  
23 corporation or association, the taxable income of such  
24 organization determined in accordance with the  
25 provisions of Section 1381 through 1388 of the  
26 Internal Revenue Code, but without regard to the

1 prohibition against offsetting losses from patronage  
2 activities against income from nonpatronage  
3 activities; except that a cooperative corporation or  
4 association may make an election to follow its federal  
5 income tax treatment of patronage losses and  
6 nonpatronage losses. In the event such election is  
7 made, such losses shall be computed and carried over  
8 in a manner consistent with subsection (a) of Section  
9 207 of this Act and apportioned by the apportionment  
10 factor reported by the cooperative on its Illinois  
11 income tax return filed for the taxable year in which  
12 the losses are incurred. The election shall be  
13 effective for all taxable years with original returns  
14 due on or after the date of the election. In addition,  
15 the cooperative may file an amended return or returns,  
16 as allowed under this Act, to provide that the  
17 election shall be effective for losses incurred or  
18 carried forward for taxable years occurring prior to  
19 the date of the election. Once made, the election may  
20 only be revoked upon approval of the Director. The  
21 Department shall adopt rules setting forth  
22 requirements for documenting the elections and any  
23 resulting Illinois net loss and the standards to be  
24 used by the Director in evaluating requests to revoke  
25 elections. Public Act 96-932 is declaratory of  
26 existing law;

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

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

25          (3) Recapture of business expenses on disposition of  
26          asset or business. Notwithstanding any other law to the

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

16          (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

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

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



1           Section 999. Effective date. This Act takes effect upon  
2           becoming law.