



Rep. Daniel Didech

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1 AMENDMENT TO SENATE BILL 380

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 380 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the  
5 Illinois Fertility Fraud Act.

6 Section 5. Legislative intent. The General Assembly finds  
7 that fertility fraud, or the assisted reproductive treatment  
8 of a patient using the health care provider's own human  
9 reproductive material without the patient's informed written  
10 consent, has caused significant harm and had a severe negative  
11 impact on residents of this State including former patients  
12 and their children. This conduct has never constituted or  
13 complied with the medical standard of care and violates  
14 doctor-patient trust. Often discovering the fraud through DNA  
15 testing many years later, these individuals must now cope with  
16 knowing that their bodies and autonomy were violated, grapple

1 with the sexual nature of the conduct, and negotiate identity  
2 issues and changing family relationships. Therefore, it is the  
3 intent of the General Assembly that any civil action  
4 authorized by this Act shall be retroactive and apply to any  
5 treatment by a health care provider occurring prior to the  
6 effective date of this Act.

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

8 "Assisted reproductive treatment" means treatment pursuant  
9 to assisted reproduction, as defined in the Reproductive  
10 Health Act, as a method of achieving a pregnancy through the  
11 handling of human oocytes, sperm, zygotes, or embryos for the  
12 purpose of establishing a pregnancy. "Assisted reproduction"  
13 includes, but is not limited to, methods of artificial  
14 insemination, in vitro fertilization, embryo transfer, zygote  
15 transfer, embryo biopsy, preimplantation genetic diagnosis,  
16 embryo cryopreservation, oocyte, gamete, zygote, and embryo  
17 donation, and gestational surrogacy.

18 "Embryologist" means a laboratory employee who meets any  
19 Clinical Laboratory Improvement Amendments (CLIA) program  
20 requirements for laboratory personnel that are required by 42  
21 CFR Part 493 or the Illinois Clinical Laboratories Code, and  
22 who performs embryology procedures.

23 "Embryology procedures" include:

24 (1) culture media preparation and laboratory quality  
25 control;

- 1 (2) oocyte isolation and identification;
- 2 (3) oocyte maturity and health status assessment;
- 3 (4) oocyte insemination;
- 4 (5) evaluation of fertilization;
- 5 (6) zygote quality assessment;
- 6 (7) embryo culture and grading;
- 7 (8) embryo transfer;
- 8 (9) gamete or embryo cryopreservation; and
- 9 (10) micromanipulation of gametes or embryos,
- 10 including intracytoplasmic sperm injection, assisted
- 11 hatching, and embryo biopsy.

12 "Health care" means any phase of patient care, including,  
13 but not limited to: testing; diagnosis; prognosis; ancillary  
14 research; instructions; assisted reproduction; family  
15 planning, counseling, referrals, or any other advice in  
16 connection with conception; surgery or other care or treatment  
17 rendered by a physician, nurse, paraprofessional, or health  
18 care facility, intended for the physical, emotional, and  
19 mental well-being of persons.

20 "Health care provider" means a physician, physician  
21 assistant, advanced practice registered nurse, registered  
22 nurse, licensed practical nurse, any individual licensed under  
23 the laws of this State to provide health care, or any  
24 individual who handles human reproductive material in a health  
25 care setting.

26 "Human reproductive material" means:

1 (1) a human spermatozoon or ovum; or

2 (2) a human organism at any stage of development from  
3 fertilized ovum to embryo.

4 "In vitro fertilization" means all medical and laboratory  
5 procedures that are necessary to effectuate the extracorporeal  
6 fertilization of egg and sperm.

7 "Intended parent" means a person who enters into an  
8 assisted reproductive technology arrangement, including a  
9 gestational surrogacy arrangement, under which he or she will  
10 be the legal parent of the resulting child.

11 "Laboratory" means a facility for the biological,  
12 microbiological, serological, chemical, immunohematological,  
13 hematological, biophysical, cytological, pathological, or  
14 other examination of materials derived from the human body for  
15 the purpose of providing information for the diagnosis,  
16 prevention, or treatment of any disease or impairment of, or  
17 the assessment of the health of, human beings. These  
18 examinations include procedures to determine, measure, or  
19 otherwise describe the presence or absence of various  
20 substances or organisms in the body. "Laboratory" does not  
21 include facilities only collecting or preparing specimens, or  
22 both, or only serving as a mailing service and not performing  
23 testing.

24 "Physician" means a person licensed to practice medicine  
25 in all its branches in this State.

1           Section 15. Fertility fraud. The following individuals may  
2 bring an action against any health care provider,  
3 embryologist, or any other person involved in any stage of the  
4 treatment who knowingly or intentionally used the health care  
5 provider's, embryologist's, or person's own human reproductive  
6 material without the patient's informed written consent to  
7 treatment using the health care provider's, embryologist's, or  
8 person's human reproductive material:

9           (1) a patient who gives birth to a child after  
10 receiving assisted reproductive treatment or any other  
11 artificial means used to cause pregnancy;

12           (2) the intended parent of the child born as a result  
13 of the assisted reproductive treatment;

14           (3) the surviving spouse of a patient under paragraph  
15 (1); or

16           (4) a child born as a result of the treatment.

17           Section 20. Donor fertility fraud. A donor of human  
18 reproductive material may bring an action against any health  
19 care provider, embryologist, or any other person involved in  
20 any stage of the treatment who:

21           (1) treats a patient for infertility by using human  
22 reproductive material donated by the donor; and

23           (2) knows that the human reproductive material was  
24 used:

25           (A) without the donor's consent; or

1 (B) in a manner or to an extent other than that to  
2 which the donor consented.

3 Section 25. Rewards. A plaintiff who prevails in an action  
4 under this Act is entitled to reasonable attorney's fees and:

5 (1) compensatory and punitive damages; or

6 (2) liquidated damages of \$50,000.

7 A plaintiff who prevails in an action brought under  
8 Section 15 is also entitled to the costs of the fertility  
9 treatment.

10 Section 30. Protective order for access to personal  
11 medical records and health history. Any child born as a result  
12 of the fertility fraud referred to in Section 15 is entitled to  
13 a qualified protective order allowing the child access to the  
14 personal medical records and health history of the health care  
15 provider, embryologist, or other person who committed the  
16 fraud.

17 Section 35. Causes of action.

18 (a) A person who brings an action under Section 15 has a  
19 separate cause of action for each child born as the result of  
20 the fraudulent assisted reproductive treatment.

21 (b) A donor or donor's estate that brings an action under  
22 Section 20 has a separate cause of action for each individual  
23 who received assisted reproductive treatment with the donor's

1 human reproductive material.

2 Section 40. Other remedies. Nothing in this Act may be  
3 construed to prohibit a person from pursuing any other remedy  
4 provided by law.

5 Section 45. The Illinois Income Tax Act is amended by  
6 changing Section 203 as follows:

7 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

8 Sec. 203. Base income defined.

9 (a) Individuals.

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

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

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

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

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

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

21           (D-5) An amount, to the extent not included in  
22 adjusted gross income, equal to the amount of money  
23 withdrawn by the taxpayer in the taxable year from a  
24 medical care savings account and the interest earned  
25 on the account in the taxable year of a withdrawal  
26 pursuant to subsection (b) of Section 20 of the



1 Medical Care Savings Account Act or subsection (b) of  
2 Section 20 of the Medical Care Savings Account Act of  
3 2000;

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

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

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

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

1 equal to that subtraction modification.

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

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

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

6           This paragraph shall not apply to the following:

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

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

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

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

1 terms; or

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

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

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

25 (D-18) An amount equal to the amount of intangible  
26 expenses and costs otherwise allowed as a deduction in

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

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

18 This paragraph shall not apply to the following:

19 (i) any item of intangible expenses or costs  
20 paid, accrued, or incurred, directly or  
21 indirectly, from a transaction with 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 item; or

26 (ii) any item of intangible expense or cost

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

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

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

16                  (iii) any item of intangible expense or cost  
17                  paid, accrued, or incurred, directly or  
18                  indirectly, from a transaction with a person if  
19                  the taxpayer establishes by clear and convincing  
20                  evidence, that the adjustments are unreasonable;  
21                  or if the taxpayer and the Director agree in  
22                  writing to the application or use of an  
23                  alternative method of apportionment under Section  
24                  304(f);

25                  Nothing in this subsection shall preclude the  
26                  Director from making any other adjustment

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

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



1 of the Internal Revenue Code) with respect to the  
2 stock of the same person to whom the premiums and costs  
3 were directly or indirectly paid, incurred, or  
4 accrued. The preceding sentence does not apply to the  
5 extent that the same dividends caused a reduction to  
6 the addition modification required under Section  
7 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
8 Act;

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

1           adopts and determines that its offering materials  
2           comply with the College Savings Plans Network's  
3           disclosure principles and (II) has made reasonable  
4           efforts to inform in-state residents of the existence  
5           of in-state qualified tuition programs by informing  
6           Illinois residents directly and, where applicable, to  
7           inform financial intermediaries distributing the  
8           program to inform in-state residents of the existence  
9           of in-state qualified tuition programs at least  
10          annually, an amount equal to the amount excluded from  
11          gross income under Section 529(c)(3)(B).

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

24           (D-20.5) For taxable years beginning on or after  
25          January 1, 2018, in the case of a distribution from a  
26          qualified ABLE program under Section 529A of the

1 Internal Revenue Code, other than a distribution from  
2 a qualified ABLE program created under Section 16.6 of  
3 the State Treasurer Act, an amount equal to the amount  
4 excluded from gross income under Section 529A(c)(1)(B)  
5 of the Internal Revenue Code;

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

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

24 (D-22) For taxable years beginning on or after  
25 January 1, 2009, and prior to January 1, 2018, in the  
26 case of a nonqualified withdrawal or refund of moneys

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

1           (D-23) An amount equal to the credit allowable to  
2           the taxpayer under Section 218(a) of this Act,  
3           determined without regard to Section 218(c) of this  
4           Act;

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

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

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

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

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

20 (F) An amount equal to all amounts included in  
21 such total pursuant to the provisions of Sections  
22 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
23 408 of the Internal Revenue Code, or included in such  
24 total as distributions under the provisions of any  
25 retirement or disability plan for employees of any  
26 governmental agency or unit, or retirement payments to

1           retired partners, which payments are excluded in  
2           computing net earnings from self employment by Section  
3           1402 of the Internal Revenue Code and regulations  
4           adopted pursuant thereto;

5           (G) The valuation limitation amount;

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

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

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

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

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

5           (L) For taxable years ending after December 31,  
6           1983, an amount equal to all social security benefits  
7           and railroad retirement benefits included in such  
8           total pursuant to Sections 72(r) and 86 of the  
9           Internal Revenue Code;

10          (M) With the exception of any amounts subtracted  
11          under subparagraph (N), an amount equal to the sum of  
12          all amounts disallowed as deductions by (i) Sections  
13          171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
14          and all amounts of expenses allocable to interest and  
15          disallowed as deductions by Section 265(a)(1) of the  
16          Internal Revenue Code; and (ii) for taxable years  
17          ending on or after August 13, 1999, Sections  
18          171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
19          Internal Revenue Code, plus, for taxable years ending  
20          on or after December 31, 2011, Section 45G(e)(3) of  
21          the Internal Revenue Code and, for taxable years  
22          ending on or after December 31, 2008, any amount  
23          included in gross income under Section 87 of the  
24          Internal Revenue Code; the provisions of this  
25          subparagraph are exempt from the provisions of Section  
26          250;



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

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

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

21           (Q) An amount equal to any amounts included in  
22 such total, received by the taxpayer as an  
23 acceleration in the payment of life, endowment or  
24 annuity benefits in advance of the time they would  
25 otherwise be payable as an indemnity for a terminal  
26 illness;

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

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

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

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

24           (V) Beginning with tax years ending on or after  
25 December 31, 1995 and ending with tax years ending on  
26 or before December 31, 2004, an amount equal to the

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

25 (W) For taxable years beginning on or after  
26 January 1, 1998, all amounts included in the

1 taxpayer's federal gross income in the taxable year  
2 from amounts converted from a regular IRA to a Roth  
3 IRA. This paragraph is exempt from the provisions of  
4 Section 250;

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

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

12           (Y) For taxable years beginning on or after  
13          January 1, 2002 and ending on or before December 31,  
14          2004, moneys contributed in the taxable year to a  
15          College Savings Pool account under Section 16.5 of the  
16          State Treasurer Act, except that amounts excluded from  
17          gross income under Section 529(c)(3)(C)(i) of the  
18          Internal Revenue Code shall not be considered moneys  
19          contributed under this subparagraph (Y). For taxable  
20          years beginning on or after January 1, 2005, a maximum  
21          of \$10,000 contributed in the taxable year to (i) a  
22          College Savings Pool account under Section 16.5 of the  
23          State Treasurer Act or (ii) the Illinois Prepaid  
24          Tuition Trust Fund, except that amounts excluded from  
25          gross income under Section 529(c)(3)(C)(i) of the  
26          Internal Revenue Code shall not be considered moneys

1           contributed under this subparagraph (Y). For purposes  
2           of this subparagraph, contributions made by an  
3           employer on behalf of an employee, or matching  
4           contributions made by an employee, shall be treated as  
5           made by the employee. This subparagraph (Y) is exempt  
6           from the provisions of Section 250;

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

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

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

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

26                   (i) for property on which a bonus

1 depreciation deduction of 30% of the adjusted  
2 basis was taken, "x" equals "y" multiplied by  
3 30 and then divided by 70 (or "y" multiplied  
4 by 0.429);

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

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

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

1 (that is,  $100(1-\text{bonus}\%)$ ).

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

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

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

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

25 This subparagraph (AA) is exempt from the  
26 provisions of Section 250;



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

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

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

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

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

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

17 (GG) For taxable years ending on or after December  
18 31, 2011, in the case of a taxpayer who was required to  
19 add back any insurance premiums under Section  
20 203(a)(2)(D-19), such taxpayer may elect to subtract  
21 that part of a reimbursement received from the  
22 insurance company equal to the amount of the expense  
23 or loss (including expenses incurred by the insurance  
24 company) that would have been taken into account as a  
25 deduction for federal income tax purposes if the  
26 expense or loss had been uninsured. If a taxpayer

1 makes the election provided for by this subparagraph  
2 (GG), the insurer to which the premiums were paid must  
3 add back to income the amount subtracted by the  
4 taxpayer pursuant to this subparagraph (GG). This  
5 subparagraph (GG) is exempt from the provisions of  
6 Section 250;

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

20 (II) For taxable years that begin on or after  
21 January 1, 2021 and begin before January 1, 2026, the  
22 amount that is included in the taxpayer's federal  
23 adjusted gross income pursuant to Section 61 of the  
24 Internal Revenue Code as discharge of indebtedness  
25 attributable to student loan forgiveness and that is  
26 not excluded from the taxpayer's federal adjusted

1 gross income pursuant to paragraph (5) of subsection  
2 (f) of Section 108 of the Internal Revenue Code; and ~~and~~  
3 (JJ) To the extent includible in gross income for  
4 federal income tax purposes, any amount awarded or  
5 paid to the taxpayer as a result of a judgment or  
6 settlement for fertility fraud as provided in Section  
7 15 of the Illinois Fertility Fraud Act, donor  
8 fertility fraud as provided in Section 20 of the  
9 Illinois Fertility Fraud Act, or similar action in  
10 another state.

11 (b) Corporations.

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

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

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

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

1 year;

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

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

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

26 (i) the addition modification relating to the

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

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

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

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

25 (E-10) For taxable years 2001 and thereafter, an  
26 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 (E-11) 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 (E-10), then  
8 an amount equal to the aggregate amount of the  
9 deductions taken in all taxable years under  
10 subparagraph (T) 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 (T) and for which the taxpayer was  
15 allowed in any taxable year to make a subtraction  
16 modification under subparagraph (T), 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 (E-12) 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;

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

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

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

8 This paragraph shall not apply to the following:

9 (i) any item of intangible expenses or costs  
10 paid, accrued, or incurred, directly or  
11 indirectly, from a transaction with a person who  
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 (E-14) 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(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
24 Act;

25 (E-15) For taxable years beginning after December  
26 31, 2008, any deduction for dividends paid by a

1 captive real estate investment trust that is allowed  
2 to a real estate investment trust under Section  
3 857(b)(2)(B) of the Internal Revenue Code for  
4 dividends paid;

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

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

13 (E-18) for taxable years beginning after December  
14 31, 2018, an amount equal to the deduction allowed  
15 under Section 250(a)(1)(A) of the Internal Revenue  
16 Code for the taxable year;

17 (E-19) for taxable years ending on or after June  
18 30, 2021, an amount equal to the deduction allowed  
19 under Section 250(a)(1)(B)(i) of the Internal Revenue  
20 Code for the taxable year;

21 (E-20) for taxable years ending on or after June  
22 30, 2021, an amount equal to the deduction allowed  
23 under Sections 243(e) and 245A(a) of the Internal  
24 Revenue Code for the taxable year.

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



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

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

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

11           (I) With the exception of any amounts subtracted  
12 under subparagraph (J), an amount equal to the sum of  
13 all amounts disallowed as deductions by (i) Sections  
14 171(a)(2) and 265(a)(2) and amounts disallowed as  
15 interest expense by Section 291(a)(3) of the Internal  
16 Revenue Code, and all amounts of expenses allocable to  
17 interest and disallowed as deductions by Section  
18 265(a)(1) of the Internal Revenue Code; and (ii) for  
19 taxable years ending on or after August 13, 1999,  
20 Sections 171(a)(2), 265, 280C, 291(a)(3), and  
21 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
22 for tax years ending on or after December 31, 2011,  
23 amounts disallowed as deductions by Section 45G(e)(3)  
24 of the Internal Revenue Code and, for taxable years  
25 ending on or after December 31, 2008, any amount  
26 included in gross income under Section 87 of the

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

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

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

1 the provisions of Section 250;

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

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

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

8 (M-1) For any taxpayer that is a financial  
9 organization within the meaning of Section 304(c) of  
10 this Act, an amount included in such total as interest  
11 income from a loan or loans made by such taxpayer to a  
12 borrower, to the extent that such a loan is secured by  
13 property which is eligible for the High Impact  
14 Business Investment Credit. To determine the portion  
15 of a loan or loans that is secured by property eligible  
16 for a Section 201(h) investment credit to the  
17 borrower, the entire principal amount of the loan or  
18 loans between the taxpayer and the borrower should be  
19 divided into the basis of the Section 201(h)  
20 investment credit property which secures the loan or  
21 loans, using for this purpose the original basis of  
22 such property on the date that it was placed in service  
23 in a federally designated Foreign Trade Zone or  
24 Sub-Zone located in Illinois. No taxpayer that is  
25 eligible for the deduction provided in subparagraph  
26 (M) of paragraph (2) of this subsection shall be

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

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

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

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

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

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

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

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

1 Revenue Code for the taxable year; the provisions of  
2 this subparagraph are exempt from the provisions of  
3 Section 250;

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

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

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



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

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

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

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

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

25          (iv) for property on which a bonus  
26          depreciation deduction of a percentage other

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

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

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

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

1 modification under subparagraph (E-10), then an amount  
2 equal to that addition modification.

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

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

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

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

7 (W) An amount equal to the interest income taken  
8 into account for the taxable year (net of the  
9 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(b)(2)(E-12) for interest paid, accrued, or  
25 incurred, directly or indirectly, to the same person.  
26 This subparagraph (W) is exempt from the provisions of

1 Section 250;

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

23 (Y) For taxable years ending on or after December  
24 31, 2011, in the case of a taxpayer who was required to  
25 add back any insurance premiums under Section  
26 203(b)(2)(E-14), such taxpayer may elect to subtract

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

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

21          (3) Special rule. For purposes of paragraph (2)(A),  
22          "gross income" in the case of a life insurance company,  
23          for tax years ending on and after December 31, 1994, and  
24          prior to December 31, 2011, shall mean the gross  
25          investment income for the taxable year and, for tax years  
26          ending on or after December 31, 2011, shall mean all

1 amounts included in life insurance gross income under  
2 Section 803(a)(3) of the Internal Revenue Code.

3 (c) Trusts and estates.

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

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

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

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

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

25 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net  
2 operating loss carried forward from a taxable year  
3 ending prior to December 31, 1986;

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

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

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



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

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

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

18          (G-5) For taxable years ending after December 31,  
19          1997, an amount equal to any eligible remediation  
20          costs that the trust or estate deducted in computing  
21          adjusted gross income and for which the trust or  
22          estate claims a credit under subsection (1) of Section  
23          201;

24          (G-10) For taxable years 2001 and thereafter, an  
25          amount equal to the bonus depreciation deduction taken  
26          on the taxpayer's federal income tax return for the

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

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

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

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

20 (G-12) An amount equal to the amount otherwise  
21 allowed as a deduction in computing base income for  
22 interest paid, accrued, or incurred, directly or  
23 indirectly, (i) for taxable years ending on or after  
24 December 31, 2004, to a foreign person who would be a  
25 member of the same unitary business group but for the  
26 fact that the foreign person's business activity

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

21 This paragraph shall not apply to the following:

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

1 with respect to such interest; or

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

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

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

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

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

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

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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



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

24                 (G-15) 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 (G-16) 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 sum of the  
7 following amounts:

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

19 (I) The valuation limitation amount;

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

23 (K) An amount equal to all amounts included in  
24 taxable income as modified by subparagraphs (A), (B),  
25 (C), (D), (E), (F) and (G) which are exempt from  
26 taxation by this State either by reason of its

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

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

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

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

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

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

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

24          (Q) For taxable year 1999 and thereafter, an  
25          amount equal to the amount of any (i) distributions,  
26          to the extent includible in gross income for federal

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

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

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

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

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

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

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

1 30 and then divided by 70 (or "y" multiplied  
2 by 0.429);

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

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

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

26 The aggregate amount deducted under this

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

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

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

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

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

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



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

16 (U) 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 the foreign person's business activity  
22 outside the United States is 80% or more of that  
23 person's total business activity and (ii) for taxable  
24 years ending on or after December 31, 2008, to a person  
25 who would be a member of the same unitary business  
26 group but for the fact that the person is prohibited

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

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

1           203(c)(2)(G-13) for intangible expenses and costs  
2           paid, accrued, or incurred, directly or indirectly, to  
3           the same foreign person. This subparagraph (V) is  
4           exempt from the provisions of Section 250;

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

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

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

1 makes the election provided for by this subparagraph  
2 (Y), the insurer to which the premiums were paid must  
3 add back to income the amount subtracted by the  
4 taxpayer pursuant to this subparagraph (Y). This  
5 subparagraph (Y) is exempt from the provisions of  
6 Section 250; and

7 (Z) For taxable years beginning after December 31,  
8 2018 and before January 1, 2026, the amount of excess  
9 business loss of the taxpayer disallowed as a  
10 deduction by Section 461(1)(1)(B) of the Internal  
11 Revenue Code.

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

19 (d) Partnerships.

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

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

1           (A) An amount equal to all amounts paid or accrued  
2 to the taxpayer as interest or dividends during the  
3 taxable year to the extent excluded from gross income  
4 in the computation of taxable income;

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

8           (C) The amount of deductions allowed to the  
9 partnership pursuant to Section 707 (c) of the  
10 Internal Revenue Code in calculating its taxable  
11 income;

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

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

21           (D-6) If the taxpayer sells, transfers, abandons,  
22 or otherwise disposes of property for which the  
23 taxpayer was required in any taxable year to make an  
24 addition modification under subparagraph (D-5), then  
25 an amount equal to the aggregate amount of the  
26 deductions taken in all taxable years under

1           subparagraph (O) with respect to that property.

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

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

12          (D-7) An amount equal to the amount otherwise  
13          allowed as a deduction in computing base income for  
14          interest paid, accrued, or incurred, directly or  
15          indirectly, (i) for taxable years ending on or after  
16          December 31, 2004, to a foreign person who would be a  
17          member of the same unitary business group but for the  
18          fact the foreign person's business activity outside  
19          the United States is 80% or more of the foreign  
20          person's total business activity and (ii) for taxable  
21          years ending on or after December 31, 2008, to a person  
22          who would be a member of the same unitary business  
23          group but for the fact that the person is prohibited  
24          under Section 1501(a)(27) from being included in the  
25          unitary business group because he or she is ordinarily  
26          required to apportion business income under different

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

13 This paragraph shall not apply to the following:

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

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

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

1 to a person that is not a related member, and

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

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

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

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



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

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

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

25 This paragraph shall not apply to the following:

26 (i) any item of intangible expenses or costs

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

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

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

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

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

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

15 (D-9) For taxable years ending on or after  
16 December 31, 2008, an amount equal to the amount of  
17 insurance premium expenses and costs otherwise allowed  
18 as a deduction in computing base income, and that were  
19 paid, accrued, or incurred, directly or indirectly, 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. The  
26 addition modification required by this subparagraph

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

15 (D-10) An amount equal to the credit allowable to  
16 the taxpayer under Section 218(a) of this Act,  
17 determined without regard to Section 218(c) of this  
18 Act;

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

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

25 (E) The valuation limitation amount;

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

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

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

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

21 (I) An amount equal to all amounts of income  
22 distributable to an entity subject to the Personal  
23 Property Tax Replacement Income Tax imposed by  
24 subsections (c) and (d) of Section 201 of this Act  
25 including amounts distributable to organizations  
26 exempt from federal income tax by reason of Section

1           501(a) of the Internal Revenue Code; this subparagraph  
2           (I) is exempt from the provisions of Section 250;

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

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

1 the provisions of Section 250;

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

11          This subparagraph (P) is exempt from the  
12          provisions of Section 250;

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

1           203(d)(2)(D-8), but not to exceed the amount of such  
2 addition modification. This subparagraph (Q) is exempt  
3 from Section 250;

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

24           (S) An amount equal to the income from intangible  
25 property taken into account for the taxable year (net  
26 of the deductions allocable thereto) with respect to

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

19 (T) For taxable years ending on or after December  
20 31, 2011, in the case of a taxpayer who was required to  
21 add back any insurance premiums under Section  
22 203(d)(2)(D-9), such taxpayer may elect to subtract  
23 that part of a reimbursement received from the  
24 insurance company equal to the amount of the expense  
25 or loss (including expenses incurred by the insurance  
26 company) that would have been taken into account as a

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

20 (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

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

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

1 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;  
2 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.  
3 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

4 Section 50. The Code of Civil Procedure is amended by  
5 changing Section 13-212 and by adding Section 13-215.1 as  
6 follows:

7 (735 ILCS 5/13-212) (from Ch. 110, par. 13-212)

8 Sec. 13-212. Physician or hospital.

9 (a) Except as provided in Section 13-215 or 13-215.1 of  
10 this Act, no action for damages for injury or death against any  
11 physician, dentist, registered nurse or hospital duly licensed  
12 under the laws of this State, whether based upon tort, or  
13 breach of contract, or otherwise, arising out of patient care  
14 shall be brought more than 2 years after the date on which the  
15 claimant knew, or through the use of reasonable diligence  
16 should have known, or received notice in writing of the  
17 existence of the injury or death for which damages are sought  
18 in the action, whichever of such date occurs first, but in no  
19 event shall such action be brought more than 4 years after the  
20 date on which occurred the act or omission or occurrence  
21 alleged in such action to have been the cause of such injury or  
22 death.

23 (b) Except as provided in Section 13-215 or 13-215.1 of  
24 this Act, no action for damages for injury or death against any

1 physician, dentist, registered nurse or hospital duly licensed  
2 under the laws of this State, whether based upon tort, or  
3 breach of contract, or otherwise, arising out of patient care  
4 shall be brought more than 8 years after the date on which  
5 occurred the act or omission or occurrence alleged in such  
6 action to have been the cause of such injury or death where the  
7 person entitled to bring the action was, at the time the cause  
8 of action accrued, under the age of 18 years; provided,  
9 however, that in no event may the cause of action be brought  
10 after the person's 22nd birthday. If the person was under the  
11 age of 18 years when the cause of action accrued and, as a  
12 result of this amendatory Act of 1987, the action is either  
13 barred or there remains less than 3 years to bring such action,  
14 then he or she may bring the action within 3 years of July 20,  
15 1987.

16 (c) If the person entitled to bring an action described in  
17 this Section is, at the time the cause of action accrued, under  
18 a legal disability other than being under the age of 18 years,  
19 then the period of limitations does not begin to run until the  
20 disability is removed.

21 (d) If the person entitled to bring an action described in  
22 this Section is not under a legal disability at the time the  
23 cause of action accrues, but becomes under a legal disability  
24 before the period of limitations otherwise runs, the period of  
25 limitations is stayed until the disability is removed. This  
26 subsection (d) does not invalidate any statute of repose

1 provisions contained in this Section. This subsection (d)  
2 applies to actions commenced or pending on or after the  
3 effective date of this amendatory Act of the 98th General  
4 Assembly.

5 (Source: P.A. 98-1077, eff. 1-1-15.)

6 (735 ILCS 5/13-215.1 new)

7 Sec. 13-215.1. Fertility fraud limitation. Notwithstanding  
8 any other provision of the law, an action for fertility fraud  
9 under the Illinois Fertility Fraud Act must be commenced  
10 within the later of 20 years, if brought under Section 15 of  
11 the Illinois Fertility Fraud Act, or 8 years, if brought under  
12 Section 20 of the Illinois Fertility Fraud Act, after:

13 (1) the procedure was performed;

14 (2) the 18th birthday of the child;

15 (3) the person first discovers evidence sufficient to  
16 bring an action against the defendant through DNA  
17 (deoxyribonucleic acid) analysis;

18 (4) the person first becomes aware of the existence of  
19 a record that provides evidence sufficient to bring an  
20 action against the defendant; or

21 (5) the defendant confesses to the offense."