**Section 100.4100 Taxable Years (IITA Section 401)**

a) *The term "taxable year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the base income is computed under the IITA. "Taxable year" means, in the case of a return made for a fractional part of a year under the provisions of the IITA, the period for which that return is made.* [IITA Section 1501(a)(23)]

b) Except as provided in this Section, for all purposes of the IITA, *the taxable year of a person is the same as the taxable year used by that person for federal income tax purposes.* [IITA Section 401(a)]

1) *The taxable year of any person required to file a return under the IITA but not under the Internal Revenue Code is the taxpayer's annual accounting period if it is a fiscal or calendar year, and in all other cases, is the calendar year.*  [IITA Section 401(a)] The taxable year of a taxpayer that keeps no books or that does not have an annual accounting period is the calendar year.

2) *If the taxable year of a person is changed for federal income tax purposes, the taxable year of that person for purposes of the IITA is also changed.* [IITA Section 401(b)]

c) Short Taxable Years

1) *In the case of a taxable year for a period of less than 12 months, the standard exemption allowed under IITA Section 204 is prorated on the basis of the number of days in that year to 365.*  [IITA Section 401(b)]

2) Change in the Taxpayer's Membership in a Unitary Business Group. If a taxpayer becomes a member of a unitary business group during the taxpayer's taxable year, or if a member of a unitary business group ceases to be a member during the taxpayer's taxable year, and the taxpayer's taxable year does not terminate at the time of the change for federal income tax purposes, the taxpayer's taxable year that includes the change is not a short taxable year. However, for that taxable year, the taxpayer determines its income, deductions, apportionment factors, and other tax items separately for the portions of that taxable year before and after the change, so that these tax items may properly be reported for each portion of that taxable year.

A) If the taxpayer is a member of a combined group before the change and of a different combined group after the change, the tax items for each portion of the taxable year are combined with the tax items of the appropriate combined group for each portion. (See Section 100.5265(f).)

B) If a taxpayer is a member of a combined group for only one portion of the taxable year, the tax items for that portion of the taxable year are combined with the tax items of the combined group as provided in Section 100.5265(f) and the tax items for the other portion are reported on a separate return of the taxpayer for the taxable year.

C) If the taxpayer is not a member of a combined group for either portion of the taxable year, the tax items for the entire taxable year are reported on a single return of the taxpayer for the taxable year, but the business income for each portion of that taxable year is apportioned according to the taxpayer's separate or unitary status for that portion of the year.

d) 52-53 Week Taxable Years

1) 26 USC 441(f)(1) permits a taxpayer to elect to use a 52-53 week taxable year; that is, an annual period that varies from 52 to 53 weeks and ends always on the same day of the week and ends always:

A) on whatever date that same day of the week last occurs in a calendar month; or

B) on whatever date that same day of the week falls that is nearest to the last day of a calendar month.

2) In any case in which the effective date or the applicability of any provision of the IITA or a regulation under this Part is expressed in terms of taxable years beginning, including, or ending with reference to a specified date that is the first or last day of a month, then, for purposes of that provision, a 52-53 week taxable year is treated:

A) as beginning with the first day of the calendar month beginning nearest to the first day of that taxable year; or

B) as ending with the last day of the calendar month ending nearest to the last day of that taxable year, as the case may be. (See 26 USC 441(f)(2)(A).)

(Source: Added at 44 Ill. Reg. 2363, effective January 17, 2020)