

General Information Letter: Response to questionnaire regarding general income tax issues.

September 19, 2001

Dear:

This is in response to your annual survey dated September 1, 2001 in which you request that we review the submitted tax charts for inclusion within the xxxxxxxxxxxxxxxxxxxxxxxx and xxxxxxxx xxxxxx.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill. Adm. Code §1200, or on our website <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

That being said, we have reviewed your survey, and specifically the tax charts which you have submitted (Page 218, State Corporate Income Taxes, Page 219, 2000 Corporate Income Tax Requirements, Page 220, State Personal Income Taxes, Page 221, 2000 Personal Income Tax Requirements, and Page 227, untitled).

No changes to the information contained in the submitted tax charts are required. However, legislation was enacted in Illinois pertaining to net loss deductions that you may want to be aware of (See Section 207 of the Illinois Income Tax Act).

Effective for loss years ending on or after December 31, 1999, the Illinois net loss deduction provisions were decoupled from Internal Revenue Code (IRC), Section 172. All Illinois net losses must now be carried back 2 years, (unless an election to only carry forward is made) then forward 20 years, which is the same as the general rule under the current version of IRC Section 172. However, any special rules under IRC Section 172, and future amendments to that section, will no longer apply to Illinois net losses. Furthermore, no limitations under IRC Section 382 or the separate return limitation year provisions of the federal consolidated return regulations will apply to an Illinois net loss deduction.

Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Matthew S. Crain
Staff Attorney -- Income Tax