



MULTISTATE INCOME/FRANCHISE TAX

## Illinois enacts tax changes in response to OBBBA

### Tax Alert

## Overview

On December 12, 2025, Illinois enacted [Senate Bill 1911](#) ("S.B. 1911"), which includes several changes to the state's income tax provisions in response to federal tax changes under federal Public Law 119-21, commonly known as the One, Big, Beautiful Bill Act ("OBBBA"). S.B. 1911 continues to decouple Illinois from federal bonus depreciation IRC section 168(k), decouples from the newly created IRC section 168(n), limits the deduction for Net CFC Tested Income ("NCTI") deduction to 50% of such income, and removes the sunset date applicable on the Illinois pass-through entity tax election ("PTET").

This Tax Alert summarizes some of the key provisions in S.B. 1911. These provisions build upon the 2026 budget act enacted earlier this year, which are covered in this [Tax Alert](#).

## Bonus depreciation

For taxable years 2026 and after, Illinois decouples from the federal bonus depreciation applicable to qualified production property created by the OBBBA under the new IRC section 168(n) and continues to decouple from federal bonus depreciation under IRC section 168(k).

## GILTI/NCTI

For tax years ending on or after December 31, 2025, Illinois [House Bill 2755](#) only allowed a 50% deduction for Global Intangible Low Tax Income ("GILTI") income under IRC section 951A. OBBBA amended IRC section 951A and replaced GILTI with NCTI for tax years beginning on or after January 1, 2026. To address this change from GILTI to NCTI, S.B. 1911 also applies the 50% deduction limitation to NCTI under IRC section 951A.

## PTET election

Illinois' PTET election was set to expire for tax years beginning on or after January 1, 2025. S.B. 1911 removes the sunset date for the Illinois PTET election and makes the election permanent for eligible partnerships and S corporation taxpayers.

## Excess business loss

Illinois was set to decouple from the excess business loss under IRC section 461(l)(1)(B) for tax years beginning on or after January 1, 2026. S.B. 1911 removes the sunset date for the excess business loss limitation and makes the limitation permanent for trust and estate taxpayers.

## Film production tax credit

S.B. 1911 extends the Film Production Tax Credit, set to expire on January 1, 2033, through January 1, 2039. and makes other changes to the program including a new withholding requirement on compensation paid to loan-out companies for services performed in Illinois.

## Get in touch

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