

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.2770 Subtraction for Recovery of Itemized Deductions of a Decedent (IITA Section 203(c)(2)(W))

TITLE 86: REVENUE

**PART 100
INCOME TAX**

SUBPART H: BASE INCOME OF TRUSTS AND ESTATES

Section 100.2770 Subtraction for Recovery of Itemized Deductions of a Decedent (IITA Section 203(c)(2)(W))

- a) In computing its base income, an estate is allowed to subtract from its federal taxable income *an amount equal to all amounts included in that total pursuant to the provisions of IRC section 111 as a recovery of items previously deducted by the decedent from adjusted gross income in the computation of taxable income.* (IITA Section 203(c)(2)(W))
- b) Under IRC section 111, a taxpayer who is allowed a deduction in computing federal taxable income in one taxable year, and recovers the deductible expenditure in a subsequent taxable year, includes the recovery in gross income in the year of recovery. For example, an individual who claims an itemized deduction for State income taxes paid in 2015 on his or her 2015 federal income tax return, and in 2016 receives a refund of some of that tax, includes the refund in gross income for 2016. This procedure prevents the taxpayer from receiving a tax benefit for an expenditure that ultimately did not cost the taxpayer, without requiring the filing of an amended return to remove the deduction from the computation of taxable income in the year the deduction was taken.
- c) If the estate of a deceased individual recovers an item that the individual had deducted in a taxable year prior to his or her death, the estate must include the recovery in its taxable income.
- d) Under IITA Section 203(a)(1), the computation of an individual's base income begins with his or her federal adjusted gross income, which is equal to taxable income before itemized deductions, the standard deduction and personal exemptions are taken into account. As a result, individuals receive no Illinois income tax benefit from federal itemized deductions. Accordingly, recoveries of federal itemized deductions taken by a decedent do not need to be included in the base income of the decedent's estate to prevent receiving a tax benefit for the item. IITA Section 203(c)(2)(W) therefore allows an estate to subtract recoveries of itemized deductions taken by the decedent that are included in the estate's federal taxable income.
- e) IITA Section 203(c)(2)(W) provides that it is exempt from the automatic sunset provisions of IITA Section 250.

(Source: Added at 42 Ill. Reg. 17852, effective September 24, 2018)