

Income/Franchise:

Illinois DOR Addresses Tax Treatment of R&D Expenditures and Cryptocurrency Transactions

General Information Letter IT 22-0010-GIL, Ill. Dept. of Rev. (7/15/22). Responding to an annual survey request from a third-party research firm, the Illinois Department of Revenue (Department) explains that Illinois conforms to the changes to Internal Revenue Code section 174 as enacted under the federal 2017 Tax Cuts and Jobs Act, which eliminate the current-year expensing of qualifying research and development (R&D) costs effective for amounts paid or incurred in tax years beginning after December 31, 2021, and instead require taxpayers to amortize R&D costs over five years (or over fifteen years for expenditures attributable to R&D activity performed outside the United States). Regarding Illinois' treatment of cryptocurrency transactions, the Department explains that Illinois conforms to the federal tax treatment of cryptocurrency as property, and that for purposes of applying P.L. 86-272 to an out-of-state company that sells cryptocurrency to customers in Illinois, the transactions are treated as sales of intangible property. Similarly, the sale of cryptocurrency is treated as a sale of intangible property for state corporate income tax apportionment purposes. Please contact us with any questions.

URL: <https://www2.illinois.gov/rev/research/legalinformation/letterulings/it/Documents/2022/IT22-0010-GIL.pdf>

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