



February 17, 2015

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## HOUSE BILL No. 1349

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DIGEST OF HB 349 (Updated February 16, 2015 1:39 pm - DI 113)

**Citations Affected:** IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-5.5; IC 6-6; IC 6-8; IC 6-8.1; IC 8-24; noncode.

**Synopsis:** Various tax matters. Eliminates various adjustments to income for purposes of determining Indiana adjusted gross income. Eliminates various income tax exemptions, deductions, and credits. Provides that business income is all income apportionable to the state under the Constitution of the United States. Eliminates the taxation of income that is attributed to a state that does not have an income tax (the "throwback rule"). Provides that sales of a broadcaster that arise from the broadcast or other distribution of film programming or radio programming are in this state if the commercial domicile of the broadcaster's customer is in this state. Broadens the addback to Indiana adjusted gross income related to intercompany interest expenses. Uses the most recent Internal Revenue Code for determining the earned income tax credit. Provides for a tax amnesty program. Makes technical corrections and conforming amendments.

**Effective:** July 1, 2015; January 1, 2016.

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## Huston

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January 13, 2015, read first time and referred to Committee on Ways and Means.  
February 16, 2015, amended, reported — Do Pass.

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HB 1349—LS 6858/DI 58





February 17, 2015

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1349

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.205-2013,  
2 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2016]: Sec. 3.5. When used in this article, the term  
4 "adjusted gross income" shall mean the following:  
5 (a) In the case of all individuals, "adjusted gross income" (as  
6 defined in Section 62 of the Internal Revenue Code), modified as  
7 follows:  
8 (1) Subtract income that is exempt from taxation under this article  
9 by the Constitution and statutes of the United States.  
10 (2) Add an amount equal to any deduction or deductions allowed  
11 or allowable pursuant to Section 62 of the Internal Revenue Code  
12 for taxes based on or measured by income and levied at the state  
13 level by any state of the United States.  
14 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
15 joint return filed by a husband and wife, subtract for each spouse

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- 1 one thousand dollars (\$1,000).
- 2 (4) Subtract one thousand dollars (\$1,000) for:
- 3 (A) each of the exemptions provided by Section 151(c) of the
- 4 Internal Revenue Code;
- 5 (B) each additional amount allowable under Section 63(f) of
- 6 the Internal Revenue Code; and
- 7 (C) the spouse of the taxpayer if a separate return is made by
- 8 the taxpayer and if the spouse, for the calendar year in which
- 9 the taxable year of the taxpayer begins, has no gross income
- 10 and is not the dependent of another taxpayer.
- 11 (5) Subtract:
- 12 (A) one thousand five hundred dollars (\$1,500) for each of the
- 13 exemptions allowed under Section 151(c)(1)(B) of the Internal
- 14 Revenue Code (as effective January 1, 2004); and
- 15 (B) five hundred dollars (\$500) for each additional amount
- 16 allowable under Section 63(f)(1) of the Internal Revenue Code
- 17 if the adjusted gross income of the taxpayer, or the taxpayer
- 18 and the taxpayer's spouse in the case of a joint return, is less
- 19 than forty thousand dollars (\$40,000).
- 20 This amount is in addition to the amount subtracted under
- 21 subdivision (4).
- 22 (6) Subtract an amount equal to the lesser of:
- 23 (A) that part of the individual's adjusted gross income (as
- 24 defined in Section 62 of the Internal Revenue Code) for that
- 25 taxable year that is subject to a tax that is imposed by a
- 26 political subdivision of another state and that is imposed on or
- 27 measured by income; or
- 28 (B) two thousand dollars (\$2,000);
- 29 (7) Add an amount equal to the total capital gain portion of a
- 30 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 31 Internal Revenue Code) if the lump sum distribution is received
- 32 by the individual during the taxable year and if the capital gain
- 33 portion of the distribution is taxed in the manner provided in
- 34 Section 402 of the Internal Revenue Code.
- 35 (8) (6) Subtract any amounts included in federal adjusted gross
- 36 income under Section 111 of the Internal Revenue Code as a
- 37 recovery of items previously deducted as an itemized deduction
- 38 from adjusted gross income.
- 39 (9) (7) Subtract any amounts included in federal adjusted gross
- 40 income under the Internal Revenue Code which amounts were
- 41 received by the individual as supplemental railroad retirement
- 42 annuities under 45 U.S.C. 231 and which are not deductible under



- 1 subdivision (1).  
 2 ~~(+0)~~ **(8)** Subtract an amount equal to the amount of federal Social  
 3 Security and Railroad Retirement benefits included in a taxpayer's  
 4 federal gross income by Section 86 of the Internal Revenue Code.  
 5 ~~(+1)~~ **(9)** In the case of a nonresident taxpayer or a resident  
 6 taxpayer residing in Indiana for a period of less than the taxpayer's  
 7 entire taxable year, the total amount of the deductions allowed  
 8 pursuant to subdivisions (3), (4), **and** (5) ~~and~~ (6) shall be reduced  
 9 to an amount which bears the same ratio to the total as the  
 10 taxpayer's income taxable in Indiana bears to the taxpayer's total  
 11 income.  
 12 ~~(+2)~~ **(10)** In the case of an individual who is a recipient of  
 13 assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or  
 14 IC 12-15-7, subtract an amount equal to that portion of the  
 15 individual's adjusted gross income with respect to which the  
 16 individual is not allowed under federal law to retain an amount to  
 17 pay state and local income taxes.  
 18 ~~(+3)~~ **(11)** In the case of an eligible individual, subtract the amount  
 19 of a Holocaust victim's settlement payment included in the  
 20 individual's federal adjusted gross income.  
 21 ~~(+4)~~ **(12)** Subtract an amount equal to the portion of any  
 22 premiums paid during the taxable year by the taxpayer for a  
 23 qualified long term care policy (as defined in IC 12-15-39.6-5) for  
 24 the taxpayer or the taxpayer's spouse, or both.  
 25 ~~(+5)~~ **(13)** Subtract an amount equal to the lesser of:  
 26 (A) two thousand five hundred dollars (\$2,500); or  
 27 (B) the amount of property taxes that are paid during the  
 28 taxable year in Indiana by the individual on the individual's  
 29 principal place of residence.  
 30 ~~(+6)~~ **(14)** Subtract an amount equal to the amount of a September  
 31 11 terrorist attack settlement payment included in the individual's  
 32 federal adjusted gross income.  
 33 ~~(+7)~~ **(15)** Add or subtract the amount necessary to make the  
 34 adjusted gross income of any taxpayer that owns property for  
 35 which bonus depreciation was allowed in the current taxable year  
 36 or in an earlier taxable year equal to the amount of adjusted gross  
 37 income that would have been computed had an election not been  
 38 made under Section 168(k) of the Internal Revenue Code to apply  
 39 bonus depreciation to the property in the year that it was placed  
 40 in service.  
 41 ~~(+8)~~ **(16)** Add an amount equal to any deduction allowed under  
 42 Section 172 of the Internal Revenue Code.



- 1           ~~(19)~~ **(17)** Add or subtract the amount necessary to make the  
2 adjusted gross income of any taxpayer that placed Section 179  
3 property (as defined in Section 179 of the Internal Revenue Code)  
4 in service in the current taxable year or in an earlier taxable year  
5 equal to the amount of adjusted gross income that would have  
6 been computed had an election for federal income tax purposes  
7 not been made for the year in which the property was placed in  
8 service to take deductions under Section 179 of the Internal  
9 Revenue Code in a total amount exceeding twenty-five thousand  
10 dollars (\$25,000).
- 11           ~~(20)~~ **(18)** Add an amount equal to the amount that a taxpayer  
12 claimed as a deduction for domestic production activities for the  
13 taxable year under Section 199 of the Internal Revenue Code for  
14 federal income tax purposes.
- 15           ~~(21)~~ **(19)** Subtract an amount equal to the amount of the taxpayer's  
16 qualified military income that was not excluded from the  
17 taxpayer's gross income for federal income tax purposes under  
18 Section 112 of the Internal Revenue Code.
- 19           ~~(22)~~ **(20)** Subtract income that is:
- 20                   (A) exempt from taxation under IC 6-3-2-21.7; and  
21                   (B) included in the individual's federal adjusted gross income  
22                   under the Internal Revenue Code.
- 23           ~~(23)~~ Subtract any amount of a credit (including an advance refund  
24 of the credit) that is provided to an individual under 26 U.S.C.  
25 6428 (federal Economic Stimulus Act of 2008) and included in  
26 the individual's federal adjusted gross income.
- 27           ~~(24)~~ Add any amount of unemployment compensation excluded  
28 from federal gross income, as defined in Section 61 of the Internal  
29 Revenue Code, under Section 85(e) of the Internal Revenue Code.
- 30           ~~(25)~~ Add the amount excluded from gross income under Section  
31 108(a)(1)(e) of the Internal Revenue Code for the discharge of  
32 debt on a qualified principal residence.
- 33           ~~(26)~~ **(21)** Add an amount equal to any income not included in  
34 gross income as a result of the deferral of income arising from  
35 business indebtedness discharged in connection with the  
36 reacquisition after December 31, 2008, and before January 1,  
37 2011, of an applicable debt instrument, as provided in Section  
38 108(i) of the Internal Revenue Code. Subtract the amount  
39 necessary from the adjusted gross income of any taxpayer that  
40 added an amount to adjusted gross income in a previous year to  
41 offset the amount included in federal gross income as a result of  
42 the deferral of income arising from business indebtedness



1 discharged in connection with the reacquisition after December  
 2 31, 2008, and before January 1, 2011, of an applicable debt  
 3 instrument, as provided in Section 108(i) of the Internal Revenue  
 4 Code.

5 (27) Add or subtract the amount necessary to make the adjusted  
 6 gross income of any taxpayer that claimed the special allowance  
 7 for qualified disaster assistance property under Section 168(n) of  
 8 the Internal Revenue Code equal to the amount of adjusted gross  
 9 income that would have been computed had the special allowance  
 10 not been claimed for the property.

11 (28) Add or subtract the amount necessary to make the adjusted  
 12 gross income of any taxpayer that made an election under Section  
 13 179C of the Internal Revenue Code to expense costs for qualified  
 14 refinery property equal to the amount of adjusted gross income  
 15 that would have been computed had an election for federal  
 16 income tax purposes not been made for the year.

17 (29) Add or subtract the amount necessary to make the adjusted  
 18 gross income of any taxpayer that made an election under Section  
 19 181 of the Internal Revenue Code to expense costs for a qualified  
 20 film or television production equal to the amount of adjusted  
 21 gross income that would have been computed had an election for  
 22 federal income tax purposes not been made for the year.

23 (30) Add or subtract the amount necessary to make the adjusted  
 24 gross income of any taxpayer that treated a loss from the sale or  
 25 exchange of preferred stock in:

26 (A) the Federal National Mortgage Association, established  
 27 under the Federal National Mortgage Association Charter Act  
 28 (12 U.S.C. 1716 et seq.); or

29 (B) the Federal Home Loan Mortgage Corporation, established  
 30 under the Federal Home Loan Mortgage Corporation Act (12  
 31 U.S.C. 1451 et seq.);

32 as an ordinary loss under Section 301 of the Emergency  
 33 Economic Stabilization Act of 2008 in the current taxable year or  
 34 in an earlier taxable year equal to the amount of adjusted gross  
 35 income that would have been computed had the loss not been  
 36 treated as an ordinary loss.

37 (31) (22) Add the amount excluded from federal gross income  
 38 under Section 103 of the Internal Revenue Code for interest  
 39 received on an obligation of a state other than Indiana, or a  
 40 political subdivision of such a state, that is acquired by the  
 41 taxpayer after December 31, 2011.

42 (32) This subdivision does not apply to payments made for



1 services provided to a business that was enrolled and participated  
2 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
3 time the taxpayer conducted business in Indiana in the taxable  
4 year. For a taxable year beginning after June 30, 2011, add the  
5 amount of any trade or business deduction allowed under the  
6 Internal Revenue Code for wages, reimbursements, or other  
7 payments made for services provided in Indiana by an individual  
8 for services as an employee, if the individual was, during the  
9 period of service, prohibited from being hired as an employee  
10 under 8 U.S.C. 1324a.

11 (b) In the case of corporations, the same as "taxable income" (as  
12 defined in Section 63 of the Internal Revenue Code) adjusted as  
13 follows:

14 (1) Subtract income that is exempt from taxation under this article  
15 by the Constitution and statutes of the United States.

16 (2) Add an amount equal to any deduction or deductions allowed  
17 or allowable pursuant to Section 170 of the Internal Revenue  
18 Code.

19 (3) Add an amount equal to any deduction or deductions allowed  
20 or allowable pursuant to Section 63 of the Internal Revenue Code  
21 for taxes based on or measured by income and levied at the state  
22 level by any state of the United States.

23 (4) Subtract an amount equal to the amount included in the  
24 corporation's taxable income under Section 78 of the Internal  
25 Revenue Code.

26 (5) Add or subtract the amount necessary to make the adjusted  
27 gross income of any taxpayer that owns property for which bonus  
28 depreciation was allowed in the current taxable year or in an  
29 earlier taxable year equal to the amount of adjusted gross income  
30 that would have been computed had an election not been made  
31 under Section 168(k) of the Internal Revenue Code to apply bonus  
32 depreciation to the property in the year that it was placed in  
33 service.

34 (6) Add an amount equal to any deduction allowed under Section  
35 172 of the Internal Revenue Code.

36 (7) Add or subtract the amount necessary to make the adjusted  
37 gross income of any taxpayer that placed Section 179 property (as  
38 defined in Section 179 of the Internal Revenue Code) in service  
39 in the current taxable year or in an earlier taxable year equal to  
40 the amount of adjusted gross income that would have been  
41 computed had an election for federal income tax purposes not  
42 been made for the year in which the property was placed in





- 1 service to take deductions under Section 179 of the Internal  
 2 Revenue Code in a total amount exceeding twenty-five thousand  
 3 dollars (\$25,000).
- 4 (8) Add an amount equal to the amount that a taxpayer claimed as  
 5 a deduction for domestic production activities for the taxable year  
 6 under Section 199 of the Internal Revenue Code for federal  
 7 income tax purposes.
- 8 (9) Add to the extent required by IC 6-3-2-20 the amount of  
 9 intangible expenses (as defined in IC 6-3-2-20) and any directly  
 10 related intangible interest expenses (as defined in IC 6-3-2-20) for  
 11 the taxable year that reduced the corporation's taxable income (as  
 12 defined in Section 63 of the Internal Revenue Code) for federal  
 13 income tax purposes.
- 14 (10) Add an amount equal to any deduction for dividends paid (as  
 15 defined in Section 561 of the Internal Revenue Code) to  
 16 shareholders of a captive real estate investment trust (as defined  
 17 in section 34.5 of this chapter).
- 18 (11) Subtract income that is:
- 19 (A) exempt from taxation under IC 6-3-2-21.7; and
- 20 (B) included in the corporation's taxable income under the  
 21 Internal Revenue Code.
- 22 (12) Add an amount equal to any income not included in gross  
 23 income as a result of the deferral of income arising from business  
 24 indebtedness discharged in connection with the reacquisition after  
 25 December 31, 2008, and before January 1, 2011, of an applicable  
 26 debt instrument, as provided in Section 108(i) of the Internal  
 27 Revenue Code. Subtract from the adjusted gross income of any  
 28 taxpayer that added an amount to adjusted gross income in a  
 29 previous year the amount necessary to offset the amount included  
 30 in federal gross income as a result of the deferral of income  
 31 arising from business indebtedness discharged in connection with  
 32 the reacquisition after December 31, 2008, and before January 1,  
 33 2011, of an applicable debt instrument, as provided in Section  
 34 108(i) of the Internal Revenue Code.
- 35 ~~(13) Add or subtract the amount necessary to make the adjusted~~  
 36 ~~gross income of any taxpayer that claimed the special allowance~~  
 37 ~~for qualified disaster assistance property under Section 168(n) of~~  
 38 ~~the Internal Revenue Code equal to the amount of adjusted gross~~  
 39 ~~income that would have been computed had the special allowance~~  
 40 ~~not been claimed for the property.~~
- 41 ~~(14) Add or subtract the amount necessary to make the adjusted~~  
 42 ~~gross income of any taxpayer that made an election under Section~~



1 179C of the Internal Revenue Code to expense costs for qualified  
 2 refinery property equal to the amount of adjusted gross income  
 3 that would have been computed had an election for federal  
 4 income tax purposes not been made for the year.

5 (15) Add or subtract the amount necessary to make the adjusted  
 6 gross income of any taxpayer that made an election under Section  
 7 181 of the Internal Revenue Code to expense costs for a qualified  
 8 film or television production equal to the amount of adjusted  
 9 gross income that would have been computed had an election for  
 10 federal income tax purposes not been made for the year.

11 (16) Add or subtract the amount necessary to make the adjusted  
 12 gross income of any taxpayer that treated a loss from the sale or  
 13 exchange of preferred stock in:

14 (A) the Federal National Mortgage Association, established  
 15 under the Federal National Mortgage Association Charter Act  
 16 (12 U.S.C. 1716 et seq.); or

17 (B) the Federal Home Loan Mortgage Corporation, established  
 18 under the Federal Home Loan Mortgage Corporation Act (12  
 19 U.S.C. 1451 et seq.);

20 as an ordinary loss under Section 301 of the Emergency  
 21 Economic Stabilization Act of 2008 in the current taxable year or  
 22 in an earlier taxable year equal to the amount of adjusted gross  
 23 income that would have been computed had the loss not been  
 24 treated as an ordinary loss.

25 (17) This subdivision does not apply to payments made for  
 26 services provided to a business that was enrolled and participated  
 27 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
 28 time the taxpayer conducted business in Indiana in the taxable  
 29 year. For a taxable year beginning after June 30, 2011, add the  
 30 amount of any trade or business deduction allowed under the  
 31 Internal Revenue Code for wages, reimbursements, or other  
 32 payments made for services provided in Indiana by an individual  
 33 for services as an employee, if the individual was, during the  
 34 period of service, prohibited from being hired as an employee  
 35 under 8 U.S.C. 1324a.

36 (18) (13) Add the amount excluded from federal gross income  
 37 under Section 103 of the Internal Revenue Code for interest  
 38 received on an obligation of a state other than Indiana, or a  
 39 political subdivision of such a state, that is acquired by the  
 40 taxpayer after December 31, 2011.

41 (c) In the case of life insurance companies (as defined in Section  
 42 816(a) of the Internal Revenue Code) that are organized under Indiana



1 law, the same as "life insurance company taxable income" (as defined  
2 in Section 801 of the Internal Revenue Code), adjusted as follows:

3 (1) Subtract income that is exempt from taxation under this article  
4 by the Constitution and statutes of the United States.

5 (2) Add an amount equal to any deduction allowed or allowable  
6 under Section 170 of the Internal Revenue Code.

7 (3) Add an amount equal to a deduction allowed or allowable  
8 under Section 805 or Section 831(c) of the Internal Revenue Code  
9 for taxes based on or measured by income and levied at the state  
10 level by any state.

11 (4) Subtract an amount equal to the amount included in the  
12 company's taxable income under Section 78 of the Internal  
13 Revenue Code.

14 (5) Add or subtract the amount necessary to make the adjusted  
15 gross income of any taxpayer that owns property for which bonus  
16 depreciation was allowed in the current taxable year or in an  
17 earlier taxable year equal to the amount of adjusted gross income  
18 that would have been computed had an election not been made  
19 under Section 168(k) of the Internal Revenue Code to apply bonus  
20 depreciation to the property in the year that it was placed in  
21 service.

22 (6) Add an amount equal to any deduction allowed under Section  
23 172 or Section 810 of the Internal Revenue Code.

24 (7) Add or subtract the amount necessary to make the adjusted  
25 gross income of any taxpayer that placed Section 179 property (as  
26 defined in Section 179 of the Internal Revenue Code) in service  
27 in the current taxable year or in an earlier taxable year equal to  
28 the amount of adjusted gross income that would have been  
29 computed had an election for federal income tax purposes not  
30 been made for the year in which the property was placed in  
31 service to take deductions under Section 179 of the Internal  
32 Revenue Code in a total amount exceeding twenty-five thousand  
33 dollars (\$25,000).

34 (8) Add an amount equal to the amount that a taxpayer claimed as  
35 a deduction for domestic production activities for the taxable year  
36 under Section 199 of the Internal Revenue Code for federal  
37 income tax purposes.

38 (9) Subtract income that is:

39 (A) exempt from taxation under IC 6-3-2-21.7; and

40 (B) included in the insurance company's taxable income under  
41 the Internal Revenue Code.

42 (10) Add an amount equal to any income not included in gross



1 income as a result of the deferral of income arising from business  
 2 indebtedness discharged in connection with the reacquisition after  
 3 December 31, 2008, and before January 1, 2011, of an applicable  
 4 debt instrument, as provided in Section 108(i) of the Internal  
 5 Revenue Code. Subtract from the adjusted gross income of any  
 6 taxpayer that added an amount to adjusted gross income in a  
 7 previous year the amount necessary to offset the amount included  
 8 in federal gross income as a result of the deferral of income  
 9 arising from business indebtedness discharged in connection with  
 10 the reacquisition after December 31, 2008, and before January 1,  
 11 2011, of an applicable debt instrument, as provided in Section  
 12 108(i) of the Internal Revenue Code.

13 (11) Add or subtract the amount necessary to make the adjusted  
 14 gross income of any taxpayer that claimed the special allowance  
 15 for qualified disaster assistance property under Section 168(n) of  
 16 the Internal Revenue Code equal to the amount of adjusted gross  
 17 income that would have been computed had the special allowance  
 18 not been claimed for the property.

19 (12) Add or subtract the amount necessary to make the adjusted  
 20 gross income of any taxpayer that made an election under Section  
 21 179C of the Internal Revenue Code to expense costs for qualified  
 22 refinery property equal to the amount of adjusted gross income  
 23 that would have been computed had an election for federal  
 24 income tax purposes not been made for the year.

25 (13) Add or subtract the amount necessary to make the adjusted  
 26 gross income of any taxpayer that made an election under Section  
 27 181 of the Internal Revenue Code to expense costs for a qualified  
 28 film or television production equal to the amount of adjusted  
 29 gross income that would have been computed had an election for  
 30 federal income tax purposes not been made for the year.

31 (14) Add or subtract the amount necessary to make the adjusted  
 32 gross income of any taxpayer that treated a loss from the sale or  
 33 exchange of preferred stock in:

34 (A) the Federal National Mortgage Association, established  
 35 under the Federal National Mortgage Association Charter Act  
 36 (12 U.S.C. 1716 et seq.); or

37 (B) the Federal Home Loan Mortgage Corporation, established  
 38 under the Federal Home Loan Mortgage Corporation Act (12  
 39 U.S.C. 1451 et seq.);

40 as an ordinary loss under Section 301 of the Emergency  
 41 Economic Stabilization Act of 2008 in the current taxable year or  
 42 in an earlier taxable year equal to the amount of adjusted gross



- 1 income that would have been computed had the loss not been  
 2 treated as an ordinary loss.
- 3 ~~(15)~~ **(11)** Add an amount equal to any exempt insurance income  
 4 under Section 953(e) of the Internal Revenue Code that is active  
 5 financing income under Subpart F of Subtitle A, Chapter 1,  
 6 Subchapter N of the Internal Revenue Code.
- 7 ~~(16)~~ This subdivision does not apply to payments made for  
 8 services provided to a business that was enrolled and participated  
 9 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
 10 time the taxpayer conducted business in Indiana in the taxable  
 11 year. For a taxable year beginning after June 30, 2011, add the  
 12 amount of any trade or business deduction allowed under the  
 13 Internal Revenue Code for wages, reimbursements, or other  
 14 payments made for services provided in Indiana by an individual  
 15 for services as an employee, if the individual was, during the  
 16 period of service, prohibited from being hired as an employee  
 17 under 8 U.S.C. 1324a.
- 18 ~~(17)~~ **(12)** Add the amount excluded from federal gross income  
 19 under Section 103 of the Internal Revenue Code for interest  
 20 received on an obligation of a state other than Indiana, or a  
 21 political subdivision of such a state, that is acquired by the  
 22 taxpayer after December 31, 2011.
- 23 (d) In the case of insurance companies subject to tax under Section  
 24 831 of the Internal Revenue Code and organized under Indiana law, the  
 25 same as "taxable income" (as defined in Section 832 of the Internal  
 26 Revenue Code), adjusted as follows:
- 27 (1) Subtract income that is exempt from taxation under this article  
 28 by the Constitution and statutes of the United States.
- 29 (2) Add an amount equal to any deduction allowed or allowable  
 30 under Section 170 of the Internal Revenue Code.
- 31 (3) Add an amount equal to a deduction allowed or allowable  
 32 under Section 805 or Section 831(c) of the Internal Revenue Code  
 33 for taxes based on or measured by income and levied at the state  
 34 level by any state.
- 35 (4) Subtract an amount equal to the amount included in the  
 36 company's taxable income under Section 78 of the Internal  
 37 Revenue Code.
- 38 (5) Add or subtract the amount necessary to make the adjusted  
 39 gross income of any taxpayer that owns property for which bonus  
 40 depreciation was allowed in the current taxable year or in an  
 41 earlier taxable year equal to the amount of adjusted gross income  
 42 that would have been computed had an election not been made



- 1 under Section 168(k) of the Internal Revenue Code to apply bonus  
 2 depreciation to the property in the year that it was placed in  
 3 service.
- 4 (6) Add an amount equal to any deduction allowed under Section  
 5 172 of the Internal Revenue Code.
- 6 (7) Add or subtract the amount necessary to make the adjusted  
 7 gross income of any taxpayer that placed Section 179 property (as  
 8 defined in Section 179 of the Internal Revenue Code) in service  
 9 in the current taxable year or in an earlier taxable year equal to  
 10 the amount of adjusted gross income that would have been  
 11 computed had an election for federal income tax purposes not  
 12 been made for the year in which the property was placed in  
 13 service to take deductions under Section 179 of the Internal  
 14 Revenue Code in a total amount exceeding twenty-five thousand  
 15 dollars (\$25,000).
- 16 (8) Add an amount equal to the amount that a taxpayer claimed as  
 17 a deduction for domestic production activities for the taxable year  
 18 under Section 199 of the Internal Revenue Code for federal  
 19 income tax purposes.
- 20 (9) Subtract income that is:
- 21 (A) exempt from taxation under IC 6-3-2-21.7; and  
 22 (B) included in the insurance company's taxable income under  
 23 the Internal Revenue Code.
- 24 (10) Add an amount equal to any income not included in gross  
 25 income as a result of the deferral of income arising from business  
 26 indebtedness discharged in connection with the reacquisition after  
 27 December 31, 2008, and before January 1, 2011, of an applicable  
 28 debt instrument, as provided in Section 108(i) of the Internal  
 29 Revenue Code. Subtract from the adjusted gross income of any  
 30 taxpayer that added an amount to adjusted gross income in a  
 31 previous year the amount necessary to offset the amount included  
 32 in federal gross income as a result of the deferral of income  
 33 arising from business indebtedness discharged in connection with  
 34 the reacquisition after December 31, 2008, and before January 1,  
 35 2011, of an applicable debt instrument, as provided in Section  
 36 108(i) of the Internal Revenue Code.
- 37 (11) Add or subtract the amount necessary to make the adjusted  
 38 gross income of any taxpayer that claimed the special allowance  
 39 for qualified disaster assistance property under Section 168(n) of  
 40 the Internal Revenue Code equal to the amount of adjusted gross  
 41 income that would have been computed had the special allowance  
 42 not been claimed for the property.



- 1 (12) Add or subtract the amount necessary to make the adjusted  
 2 gross income of any taxpayer that made an election under Section  
 3 179C of the Internal Revenue Code to expense costs for qualified  
 4 refinery property equal to the amount of adjusted gross income  
 5 that would have been computed had an election for federal  
 6 income tax purposes not been made for the year.
- 7 (13) Add or subtract the amount necessary to make the adjusted  
 8 gross income of any taxpayer that made an election under Section  
 9 181 of the Internal Revenue Code to expense costs for a qualified  
 10 film or television production equal to the amount of adjusted  
 11 gross income that would have been computed had an election for  
 12 federal income tax purposes not been made for the year.
- 13 (14) Add or subtract the amount necessary to make the adjusted  
 14 gross income of any taxpayer that treated a loss from the sale or  
 15 exchange of preferred stock in:
- 16 (A) the Federal National Mortgage Association, established  
 17 under the Federal National Mortgage Association Charter Act  
 18 (12 U.S.C. 1716 et seq.); or
- 19 (B) the Federal Home Loan Mortgage Corporation, established  
 20 under the Federal Home Loan Mortgage Corporation Act (12  
 21 U.S.C. 1451 et seq.);
- 22 as an ordinary loss under Section 301 of the Emergency  
 23 Economic Stabilization Act of 2008 in the current taxable year or  
 24 in an earlier taxable year equal to the amount of adjusted gross  
 25 income that would have been computed had the loss not been  
 26 treated as an ordinary loss.
- 27 (15) (11) Add an amount equal to any exempt insurance income  
 28 under Section 953(e) of the Internal Revenue Code that is active  
 29 financing income under Subpart F of Subtitle A, Chapter 1,  
 30 Subchapter N of the Internal Revenue Code.
- 31 (16) This subdivision does not apply to payments made for  
 32 services provided to a business that was enrolled and participated  
 33 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
 34 time the taxpayer conducted business in Indiana in the taxable  
 35 year. For a taxable year beginning after June 30, 2011, add the  
 36 amount of any trade or business deduction allowed under the  
 37 Internal Revenue Code for wages, reimbursements, or other  
 38 payments made for services provided in Indiana by an individual  
 39 for services as an employee, if the individual was, during the  
 40 period of service, prohibited from being hired as an employee  
 41 under 8 U.S.C. 1324a.
- 42 (17) (12) Add the amount excluded from federal gross income



1 under Section 103 of the Internal Revenue Code for interest  
2 received on an obligation of a state other than Indiana, or a  
3 political subdivision of such a state, that is acquired by the  
4 taxpayer after December 31, 2011.

5 (e) In the case of trusts and estates, "taxable income" (as defined for  
6 trusts and estates in Section 641(b) of the Internal Revenue Code)  
7 adjusted as follows:

8 (1) Subtract income that is exempt from taxation under this article  
9 by the Constitution and statutes of the United States.

10 (2) Subtract an amount equal to the amount of a September 11  
11 terrorist attack settlement payment included in the federal  
12 adjusted gross income of the estate of a victim of the September  
13 11 terrorist attack or a trust to the extent the trust benefits a victim  
14 of the September 11 terrorist attack.

15 (3) Add or subtract the amount necessary to make the adjusted  
16 gross income of any taxpayer that owns property for which bonus  
17 depreciation was allowed in the current taxable year or in an  
18 earlier taxable year equal to the amount of adjusted gross income  
19 that would have been computed had an election not been made  
20 under Section 168(k) of the Internal Revenue Code to apply bonus  
21 depreciation to the property in the year that it was placed in  
22 service.

23 (4) Add an amount equal to any deduction allowed under Section  
24 172 of the Internal Revenue Code.

25 (5) Add or subtract the amount necessary to make the adjusted  
26 gross income of any taxpayer that placed Section 179 property (as  
27 defined in Section 179 of the Internal Revenue Code) in service  
28 in the current taxable year or in an earlier taxable year equal to  
29 the amount of adjusted gross income that would have been  
30 computed had an election for federal income tax purposes not  
31 been made for the year in which the property was placed in  
32 service to take deductions under Section 179 of the Internal  
33 Revenue Code in a total amount exceeding twenty-five thousand  
34 dollars (\$25,000).

35 (6) Add an amount equal to the amount that a taxpayer claimed as  
36 a deduction for domestic production activities for the taxable year  
37 under Section 199 of the Internal Revenue Code for federal  
38 income tax purposes.

39 (7) Subtract income that is:

40 (A) exempt from taxation under IC 6-3-2-21.7; and

41 (B) included in the taxpayer's taxable income under the  
42 Internal Revenue Code.





- 1 (8) Add an amount equal to any income not included in gross  
 2 income as a result of the deferral of income arising from business  
 3 indebtedness discharged in connection with the reacquisition after  
 4 December 31, 2008, and before January 1, 2011, of an applicable  
 5 debt instrument, as provided in Section 108(i) of the Internal  
 6 Revenue Code. Subtract from the adjusted gross income of any  
 7 taxpayer that added an amount to adjusted gross income in a  
 8 previous year the amount necessary to offset the amount included  
 9 in federal gross income as a result of the deferral of income  
 10 arising from business indebtedness discharged in connection with  
 11 the reacquisition after December 31, 2008, and before January 1,  
 12 2011, of an applicable debt instrument, as provided in Section  
 13 108(i) of the Internal Revenue Code.
- 14 (9) Add or subtract the amount necessary to make the adjusted  
 15 gross income of any taxpayer that claimed the special allowance  
 16 for qualified disaster assistance property under Section 168(n) of  
 17 the Internal Revenue Code equal to the amount of adjusted gross  
 18 income that would have been computed had the special allowance  
 19 not been claimed for the property.
- 20 (10) Add or subtract the amount necessary to make the adjusted  
 21 gross income of any taxpayer that made an election under Section  
 22 179C of the Internal Revenue Code to expense costs for qualified  
 23 refinery property equal to the amount of adjusted gross income  
 24 that would have been computed had an election for federal  
 25 income tax purposes not been made for the year.
- 26 (11) Add or subtract the amount necessary to make the adjusted  
 27 gross income of any taxpayer that made an election under Section  
 28 181 of the Internal Revenue Code to expense costs for a qualified  
 29 film or television production equal to the amount of adjusted  
 30 gross income that would have been computed had an election for  
 31 federal income tax purposes not been made for the year.
- 32 (12) Add or subtract the amount necessary to make the adjusted  
 33 gross income of any taxpayer that treated a loss from the sale or  
 34 exchange of preferred stock in:
- 35 (A) the Federal National Mortgage Association, established  
 36 under the Federal National Mortgage Association Charter Act  
 37 (12 U.S.C. 1716 et seq.); or
- 38 (B) the Federal Home Loan Mortgage Corporation, established  
 39 under the Federal Home Loan Mortgage Corporation Act (12  
 40 U.S.C. 1451 et seq.);
- 41 as an ordinary loss under Section 301 of the Emergency  
 42 Economic Stabilization Act of 2008 in the current taxable year or



1 in an earlier taxable year equal to the amount of adjusted gross  
2 income that would have been computed had the loss not been  
3 treated as an ordinary loss.

4 ~~(13)~~ Add the amount excluded from gross income under Section  
5 108(a)(1)(e) of the Internal Revenue Code for the discharge of  
6 debt on a qualified principal residence.

7 ~~(14)~~ This subdivision does not apply to payments made for  
8 services provided to a business that was enrolled and participated  
9 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
10 time the taxpayer conducted business in Indiana in the taxable  
11 year. For a taxable year beginning after June 30, 2011, add the  
12 amount of any trade or business deduction allowed under the  
13 Internal Revenue Code for wages, reimbursements, or other  
14 payments made for services provided in Indiana by an individual  
15 for services as an employee, if the individual was, during the  
16 period of service, prohibited from being hired as an employee  
17 under 8 U.S.C. 1324a.

18 ~~(15)~~ **(9)** Add the amount excluded from federal gross income  
19 under Section 103 of the Internal Revenue Code for interest  
20 received on an obligation of a state other than Indiana, or a  
21 political subdivision of such a state, that is acquired by the  
22 taxpayer after December 31, 2011.

23 **(f) For purposes of this section, if a taxpayer:**

24 **(1) claimed the special allowance for qualified disaster**  
25 **assistance property under Section 168(n) of the Internal**  
26 **Revenue Code;**

27 **(2) made an election under Section 179C of the Internal**  
28 **Revenue Code to expense costs for qualified refinery property**  
29 **equal to the amount of adjusted gross income that would have**  
30 **been computed had an election for federal income tax**  
31 **purposes not been made for the year;**

32 **(3) made an election under Section 181 of the Internal**  
33 **Revenue Code to expense costs for a qualified film or**  
34 **television production equal to the amount of adjusted gross**  
35 **income that would have been computed had an election for**  
36 **federal income tax purposes not been made for the year; or**

37 **(4) treated a loss from the sale or exchange of preferred stock**  
38 **in:**

39 **(A) the Federal National Mortgage Association, established**  
40 **under the Federal National Mortgage Association Charter**  
41 **Act (12 U.S.C. 1716 et seq.); or**

42 **(B) the Federal Home Loan Mortgage Corporation,**



1           **established under the Federal Home Loan Mortgage**  
 2           **Corporation Act (12 U.S.C. 1451 et seq.);**  
 3           **as an ordinary loss under Section 301 of the Emergency**  
 4           **Economic Stabilization Act of 2008 for any taxable year**  
 5           **beginning before January 1, 2015;**

6           **the taxpayer shall continue to add or subtract the amounts**  
 7           **required under this section for the taxable years beginning after**  
 8           **December 31, 2014, as provided in this section as in effect on**  
 9           **December 31, 2014. However, any amount otherwise allowable as**  
 10           **a deduction but not deducted in a taxable year beginning before**  
 11           **January 1, 2020, shall be deducted in the taxpayer's first taxable**  
 12           **year beginning after December 31, 2019.**

13           SECTION 2. IC 6-3-1-20 IS AMENDED TO READ AS FOLLOWS  
 14           [EFFECTIVE JANUARY 1, 2016]: Sec. 20. The term "business  
 15           income" means ~~all income arising from transactions and activity in the~~  
 16           ~~regular course of the taxpayer's trade or business and includes income~~  
 17           ~~from tangible and intangible property if the acquisition, management,~~  
 18           ~~and disposition of the property constitutes integral parts of the~~  
 19           ~~taxpayer's regular trade or business operations. that is apportionable~~  
 20           **under the Constitution of the United States.**

21           SECTION 3. IC 6-3-2-2, AS AMENDED BY P.L.233-2013,  
 22           SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 23           JANUARY 1, 2016]: Sec. 2. (a) With regard to corporations and  
 24           nonresident persons, "adjusted gross income derived from sources  
 25           within Indiana", for the purposes of this article, shall mean and include:

- 26           (1) income from real or tangible personal property located in this  
 27           state;  
 28           (2) income from doing business in this state;  
 29           (3) income from a trade or profession conducted in this state;  
 30           (4) compensation for labor or services rendered within this state;  
 31           and  
 32           (5) income from stocks, bonds, notes, bank deposits, patents,  
 33           copyrights, secret processes and formulas, good will, trademarks,  
 34           trade brands, franchises, and other intangible personal property to  
 35           the extent that the income is apportioned to Indiana under this  
 36           section or if the income is allocated to Indiana or considered to be  
 37           derived from sources within Indiana under this section.

38           Income from a pass through entity shall be characterized in a manner  
 39           consistent with the income's characterization for federal income tax  
 40           purposes and shall be considered Indiana source income as if the  
 41           person, corporation, or pass through entity that received the income had  
 42           directly engaged in the income producing activity. Income that is



1 derived from one (1) pass through entity and is considered to pass  
 2 through to another pass through entity does not change these  
 3 characteristics or attribution provisions. In the case of nonbusiness  
 4 income described in subsection (g), only so much of such income as is  
 5 allocated to this state under the provisions of subsections (h) through  
 6 (k) shall be deemed to be derived from sources within Indiana. In the  
 7 case of business income, only so much of such income as is  
 8 apportioned to this state under the provision of subsection (b) shall be  
 9 deemed to be derived from sources within the state of Indiana. In the  
 10 case of compensation of a team member (as defined in section 2.7 of  
 11 this chapter), only the portion of income determined to be Indiana  
 12 income under section 2.7 of this chapter is considered derived from  
 13 sources within Indiana. In the case of a corporation that is a life  
 14 insurance company (as defined in Section 816(a) of the Internal  
 15 Revenue Code) or an insurance company that is subject to tax under  
 16 Section 831 of the Internal Revenue Code, only so much of the income  
 17 as is apportioned to Indiana under subsection (r) is considered derived  
 18 from sources within Indiana.

19 (b) Except as provided in subsection (l), if business income of a  
 20 corporation or a nonresident person is derived from sources within the  
 21 state of Indiana and from sources without the state of Indiana, the  
 22 business income derived from sources within this state shall be  
 23 determined by multiplying the business income derived from sources  
 24 both within and without the state of Indiana by the following:

25 (1) For all taxable years that begin after December 31, 2006, and  
 26 before January 1, 2008, a fraction. The:

27 (A) numerator of the fraction is the sum of the property factor  
 28 plus the payroll factor plus the product of the sales factor  
 29 multiplied by three (3); and

30 (B) denominator of the fraction is five (5).

31 (2) For all taxable years that begin after December 31, 2007, and  
 32 before January 1, 2009, a fraction. The:

33 (A) numerator of the fraction is the property factor plus the  
 34 payroll factor plus the product of the sales factor multiplied by  
 35 four and sixty-seven hundredths (4.67); and

36 (B) denominator of the fraction is six and sixty-seven  
 37 hundredths (6.67).

38 (3) For all taxable years beginning after December 31, 2008, and  
 39 before January 1, 2010, a fraction. The:

40 (A) numerator of the fraction is the property factor plus the  
 41 payroll factor plus the product of the sales factor multiplied by  
 42 eight (8); and



- 1 (B) denominator of the fraction is ten (10).  
 2 (4) For all taxable years beginning after December 31, 2009, and  
 3 before January 1, 2011, a fraction. The:  
 4 (A) numerator of the fraction is the property factor plus the  
 5 payroll factor plus the product of the sales factor multiplied by  
 6 eighteen (18); and  
 7 (B) denominator of the fraction is twenty (20).  
 8 (5) For all taxable years beginning after December 31, 2010, the  
 9 sales factor.  
 10 (c) The property factor is a fraction, the numerator of which is the  
 11 average value of the taxpayer's real and tangible personal property  
 12 owned or rented and used in this state during the taxable year and the  
 13 denominator of which is the average value of all the taxpayer's real and  
 14 tangible personal property owned or rented and used during the taxable  
 15 year. However, with respect to a foreign corporation, the denominator  
 16 does not include the average value of real or tangible personal property  
 17 owned or rented and used in a place that is outside the United States.  
 18 Property owned by the taxpayer is valued at its original cost. Property  
 19 rented by the taxpayer is valued at eight (8) times the net annual rental  
 20 rate. Net annual rental rate is the annual rental rate paid by the taxpayer  
 21 less any annual rental rate received by the taxpayer from subrentals.  
 22 The average of property shall be determined by averaging the values at  
 23 the beginning and ending of the taxable year, but the department may  
 24 require the averaging of monthly values during the taxable year if  
 25 reasonably required to reflect properly the average value of the  
 26 taxpayer's property.  
 27 (d) The payroll factor is a fraction, the numerator of which is the  
 28 total amount paid in this state during the taxable year by the taxpayer  
 29 for compensation, and the denominator of which is the total  
 30 compensation paid everywhere during the taxable year. However, with  
 31 respect to a foreign corporation, the denominator does not include  
 32 compensation paid in a place that is outside the United States.  
 33 Compensation is paid in this state if:  
 34 (1) the individual's service is performed entirely within the state;  
 35 (2) the individual's service is performed both within and without  
 36 this state, but the service performed without this state is incidental  
 37 to the individual's service within this state; or  
 38 (3) some of the service is performed in this state and:  
 39 (A) the base of operations or, if there is no base of operations,  
 40 the place from which the service is directed or controlled is in  
 41 this state; or  
 42 (B) the base of operations or the place from which the service



- 1           is directed or controlled is not in any state in which some part  
2           of the service is performed, but the individual is a resident of  
3           this state.
- 4           (e) The sales factor is a fraction, the numerator of which is the total  
5           sales of the taxpayer in this state during the taxable year, and the  
6           denominator of which is the total sales of the taxpayer everywhere  
7           during the taxable year. Sales include receipts from intangible property  
8           and receipts from the sale or exchange of intangible property. However,  
9           with respect to a foreign corporation, the denominator does not include  
10          sales made in a place that is outside the United States. Receipts from  
11          intangible personal property are derived from sources within Indiana  
12          if the receipts from the intangible personal property are attributable to  
13          Indiana under section 2.2 of this chapter. Regardless of the f.o.b. point  
14          or other conditions of the sale, sales of tangible personal property are  
15          in this state if:
- 16               (1) the property is delivered or shipped to a purchaser that is  
17               within Indiana, other than the United States government; or  
18               (2) the property is shipped from an office, a store, a warehouse, a  
19               factory, or other place of storage in this state and  
20               ~~(A) the purchaser is the United States government. or~~  
21               ~~(B) the taxpayer is not taxable in the state of the purchaser.~~
- 22          Gross receipts derived from commercial printing as described in  
23          IC 6-2.5-1-10 **and from the sale of computer software** shall be  
24          treated as sales of tangible personal property for purposes of this  
25          chapter.
- 26          (f) Sales, other than receipts from intangible property covered by  
27          subsection (e) and sales of tangible personal property, are in this state  
28          if:
- 29               (1) the income-producing activity is performed in this state; or  
30               (2) the income-producing activity is performed both within and  
31               without this state and a greater proportion of the  
32               income-producing activity is performed in this state than in any  
33               other state, based on costs of performance.
- 34          (g) Rents and royalties from real or tangible personal property,  
35          capital gains, interest, dividends, or patent or copyright royalties, to the  
36          extent that they constitute nonbusiness income, shall be allocated as  
37          provided in subsections (h) through (k).
- 38          (h)(1) Net rents and royalties from real property located in this state  
39          are allocable to this state.
- 40          (2) Net rents and royalties from tangible personal property are  
41          allocated to this state:
- 42               (i) if and to the extent that the property is utilized in this state; or



- 1 (ii) in their entirety if the taxpayer's commercial domicile is in this  
2 state and the taxpayer is not organized under the laws of or  
3 taxable in the state in which the property is utilized.
- 4 (3) The extent of utilization of tangible personal property in a state  
5 is determined by multiplying the rents and royalties by a fraction, the  
6 numerator of which is the number of days of physical location of the  
7 property in the state during the rental or royalty period in the taxable  
8 year, and the denominator of which is the number of days of physical  
9 location of the property everywhere during all rental or royalty periods  
10 in the taxable year. If the physical location of the property during the  
11 rental or royalty period is unknown or unascertainable by the taxpayer,  
12 tangible personal property is utilized in the state in which the property  
13 was located at the time the rental or royalty payer obtained possession.
- 14 (i)(1) Capital gains and losses from sales of real property located in  
15 this state are allocable to this state.
- 16 (2) Capital gains and losses from sales of tangible personal property  
17 are allocable to this state if:
- 18 (i) the property had a situs in this state at the time of the sale; or  
19 (ii) the taxpayer's commercial domicile is in this state and the  
20 taxpayer is not taxable in the state in which the property had a  
21 situs.
- 22 (3) Capital gains and losses from sales of intangible personal  
23 property are allocable to this state if the taxpayer's commercial  
24 domicile is in this state.
- 25 (j) Interest and dividends are allocable to this state if the taxpayer's  
26 commercial domicile is in this state.
- 27 (k)(1) Patent and copyright royalties are allocable to this state:
- 28 (i) if and to the extent that the patent or copyright is utilized by  
29 the taxpayer in this state; or  
30 (ii) if and to the extent that the patent or copyright is utilized by  
31 the taxpayer in a state in which the taxpayer is not taxable and the  
32 taxpayer's commercial domicile is in this state.
- 33 (2) A patent is utilized in a state to the extent that it is employed  
34 in production, fabrication, manufacturing, or other processing in  
35 the state or to the extent that a patented product is produced in the  
36 state. If the basis of receipts from patent royalties does not permit  
37 allocation to states or if the accounting procedures do not reflect  
38 states of utilization, the patent is utilized in the state in which the  
39 taxpayer's commercial domicile is located.
- 40 (3) A copyright is utilized in a state to the extent that printing or  
41 other publication originates in the state. If the basis of receipts  
42 from copyright royalties does not permit allocation to states or if



- 1           the accounting procedures do not reflect states of utilization, the  
2           copyright is utilized in the state in which the taxpayer's  
3           commercial domicile is located.
- 4           (l) If the allocation and apportionment provisions of this article do  
5           not fairly represent the taxpayer's income derived from sources within  
6           the state of Indiana, the taxpayer may petition for or the department  
7           may require, in respect to all or any part of the taxpayer's business  
8           activity, if reasonable:
- 9           (1) separate accounting;
- 10          (2) for a taxable year beginning before January 1, 2011, the  
11          exclusion of any one (1) or more of the factors, except the sales  
12          factor;
- 13          (3) the inclusion of one (1) or more additional factors which will  
14          fairly represent the taxpayer's income derived from sources within  
15          the state of Indiana; or
- 16          (4) the employment of any other method to effectuate an equitable  
17          allocation and apportionment of the taxpayer's income.
- 18          (m) In the case of two (2) or more organizations, trades, or  
19          businesses owned or controlled directly or indirectly by the same  
20          interests, the department shall distribute, apportion, or allocate the  
21          income derived from sources within the state of Indiana between and  
22          among those organizations, trades, or businesses in order to fairly  
23          reflect and report the income derived from sources within the state of  
24          Indiana by various taxpayers.
- 25          (n) For purposes of allocation and apportionment of income under  
26          this article, a taxpayer is taxable in another state if:
- 27          (1) in that state the taxpayer is subject to a net income tax, a  
28          franchise tax measured by net income, a franchise tax for the  
29          privilege of doing business, or a corporate stock tax; or
- 30          (2) that state has jurisdiction to subject the taxpayer to a net  
31          income tax regardless of whether, in fact, the state does or does  
32          not.
- 33          (o) Notwithstanding subsections (l) and (m), the department may  
34          not, under any circumstances, require that income, deductions, and  
35          credits attributable to a taxpayer and another entity be reported in a  
36          combined income tax return for any taxable year, if the other entity is:
- 37          (1) a foreign corporation; or
- 38          (2) a corporation that is classified as a foreign operating  
39          corporation for the taxable year by section 2.4 of this chapter.
- 40          (p) Notwithstanding subsections (l) and (m), the department may not  
41          require that income, deductions, and credits attributable to a taxpayer  
42          and another entity not described in subsection (o)(1) or (o)(2) be





1 reported in a combined income tax return for any taxable year, unless  
 2 the department is unable to fairly reflect the taxpayer's adjusted gross  
 3 income for the taxable year through use of other powers granted to the  
 4 department by subsections (l) and (m).

5 (q) Notwithstanding subsections (o) and (p), one (1) or more  
 6 taxpayers may petition the department under subsection (l) for  
 7 permission to file a combined income tax return for a taxable year. The  
 8 petition to file a combined income tax return must be completed and  
 9 filed with the department not more than thirty (30) days after the end  
 10 of the taxpayer's taxable year. A taxpayer filing a combined income tax  
 11 return must petition the department within thirty (30) days after the end  
 12 of the taxpayer's taxable year to discontinue filing a combined income  
 13 tax return.

14 (r) This subsection applies to a corporation that is a life insurance  
 15 company (as defined in Section 816(a) of the Internal Revenue Code)  
 16 or an insurance company that is subject to tax under Section 831 of the  
 17 Internal Revenue Code. The corporation's adjusted gross income that  
 18 is derived from sources within Indiana is determined by multiplying the  
 19 corporation's adjusted gross income by a fraction:

- 20 (1) the numerator of which is the direct premiums and annuity  
 21 considerations received during the taxable year for insurance  
 22 upon property or risks in the state; and  
 23 (2) the denominator of which is the direct premiums and annuity  
 24 considerations received during the taxable year for insurance  
 25 upon property or risks everywhere.

26 The term "direct premiums and annuity considerations" means the  
 27 gross premiums received from direct business as reported in the  
 28 corporation's annual statement filed with the department of insurance.

29 (s) This subsection applies to receipts derived from motorsports  
 30 racing.

31 (1) Any purse, prize money, or other amounts earned for  
 32 placement or participation in a race or portion thereof, including  
 33 qualification, shall be attributed to Indiana if the race is conducted  
 34 in Indiana.

35 (2) Any amounts received from an individual or entity as a result  
 36 of sponsorship or similar promotional consideration for one (1) or  
 37 more races shall be in this state in the amount received, multiplied  
 38 by the following fraction:

- 39 (A) The numerator of the fraction is the number of racing  
 40 events for which sponsorship or similar promotional  
 41 consideration has been paid in a taxable year and that occur in  
 42 Indiana.



- 1 (B) The denominator of the fraction is the total number of  
 2 racing events for which sponsorship or similar promotional  
 3 consideration has been paid in a taxable year.
- 4 (3) Any amounts earned as an incentive for placement or  
 5 participation in one (1) or more races and that are not covered  
 6 under subdivisions (1) or (2) or under IC 6-3-2-3.2 shall be  
 7 attributed to Indiana in the proportion of the races that occurred  
 8 in Indiana.
- 9 This subsection, as enacted in 2013, is intended to be a clarification of  
 10 the law and not a substantive change in the law.
- 11 (t) **Sales of a broadcaster that arise from or relate to the**  
 12 **broadcast or other distribution of film programming or radio**  
 13 **programming by any means are in this state if the commercial**  
 14 **domicile of the broadcaster's customer is in this state. Sales to**  
 15 **which this subsection applies include income from advertising and**  
 16 **licensing income from distributing film programming or radio**  
 17 **programming. For purposes of this subsection, the following**  
 18 **definitions apply:**
- 19 (1) **"Broadcaster"** means a taxpayer that is a television or  
 20 radio station licensed by the Federal Communications  
 21 Commission, a television or radio broadcast network, a cable  
 22 program network, or a television distribution company. The  
 23 term "broadcaster" does not include a cable service provider  
 24 or a direct broadcast satellite system.
- 25 (2) **"Commercial domicile"** has the meaning set forth in  
 26 IC 6-3-1-22.
- 27 (3) **"Customer"** means a person, corporation, partnership,  
 28 limited liability company, or other entity, such as an  
 29 advertiser or licensee, that has a direct connection or  
 30 contractual relationship with the broadcaster under which  
 31 revenue is derived by the broadcaster. The term "customer"  
 32 does not include an advertising agency placing advertising on  
 33 behalf of its client. The client of such an advertising agency is  
 34 the customer.
- 35 (4) **"Film programming"** means one (1) or more  
 36 performances, events, or productions (or segments of  
 37 performances, events, or productions) intended to be  
 38 distributed for visual and auditory perception, including but  
 39 not limited to news, entertainment, sporting events, plays,  
 40 stories, or other literary, commercial, educational, or artistic  
 41 works.
- 42 (5) **"Radio programming"** means one (1) or more



1           **performances, events, or productions (or segments of**  
 2           **performances, events, or productions) intended to be**  
 3           **distributed for auditory perception, including but not limited**  
 4           **to news, entertainment, sporting events, plays, stories, or**  
 5           **other literary, commercial, educational, or artistic works.**

6           SECTION 4. IC 6-3-2-4, AS AMENDED BY P.L.6-2012,  
 7           SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8           JANUARY 1, 2016]: Sec. 4. (a) Each taxable year, an individual, or the  
 9           individual's surviving spouse, is entitled to an adjusted gross income  
 10          tax deduction for the first five thousand dollars (\$5,000) of income,  
 11          including retirement or survivor's benefits, received during the taxable  
 12          year by the individual, or the individual's surviving spouse, for the  
 13          individual's service in an active or reserve component of the armed  
 14          forces of the United States, including the army, navy, air force, coast  
 15          guard, marine corps, merchant marine, Indiana army national guard, or  
 16          Indiana air national guard. However, a person who is less than sixty  
 17          (60) years of age on the last day of the person's taxable year, is not, for  
 18          that taxable year, entitled to a deduction under this section for  
 19          retirement or survivor's benefits.

20          (b) An individual whose qualified military income is subtracted  
 21          from the individual's federal adjusted gross income under  
 22          ~~IC 6-3-1-3.5(a)(2)~~ **IC 6-3-1-3.5(a)(19)** for Indiana individual income  
 23          tax purposes is not, for that taxable year, entitled to a deduction under  
 24          this section for the individual's qualified military income.

25          SECTION 5. IC 6-3-2-5 IS REPEALED [EFFECTIVE JANUARY  
 26          1, 2016]. Sec. 5: (a) For purposes of this section, "insulation" means  
 27          any material, commonly used in the building industry, which is  
 28          installed for the sole purpose of retarding the passage of heat energy  
 29          into or out of a building.

30          (b) A resident individual taxpayer is entitled to a deduction from his  
 31          adjusted gross income for a particular taxable year if, during that  
 32          taxable year, he installs in his residence new, but not replacement,  
 33          insulation; weather stripping; double pane windows; storm doors; or  
 34          storm windows. However, a taxpayer does not qualify for this  
 35          deduction unless the part of his residence in which he makes the  
 36          installation was constructed at least three (3) years before the taxable  
 37          year for which the deduction is claimed.

38          (c) The amount of the deduction to which a taxpayer is entitled in  
 39          a particular taxable year is the lesser of:

- 40               (1) the amount the taxpayer pays for labor and materials for the  
 41               installation that is made during the taxable year; or  
 42               (2) one thousand dollars (\$1,000).



1 (d) To obtain the deduction provided by this section, the taxpayer  
 2 must file with the department proof of his costs for the installation and  
 3 a list of the persons or corporations who supplied labor or materials for  
 4 the installation.

5 SECTION 6. IC 6-3-2-5.3 IS REPEALED [EFFECTIVE JANUARY  
 6 1, 2016]. Sec. 5.3: (a) This section applies to taxable years beginning  
 7 after December 31, 2008.

8 (b) As used in this section, "solar powered roof vent or fan" means  
 9 a roof vent or fan that is powered by solar energy and used to release  
 10 heat from a building.

11 (c) A resident individual taxpayer is entitled to a deduction from the  
 12 taxpayer's adjusted gross income for a particular taxable year if, during  
 13 that taxable year, the taxpayer installs a solar powered roof vent or fan  
 14 on a building owned or leased by the taxpayer.

15 (d) The amount of the deduction to which a taxpayer is entitled in  
 16 a particular taxable year is the lesser of:

- 17 (1) one-half (1/2) of the amount the taxpayer pays for labor and  
 18 materials for the installation of a solar powered roof vent or fan  
 19 that is installed during the taxable year; or
- 20 (2) one thousand dollars (\$1,000).

21 (e) To obtain the deduction provided by this section, a taxpayer  
 22 must file with the department proof of the taxpayer's costs for the  
 23 installation of a solar powered roof vent or fan and a list of the persons  
 24 or corporation that supplied labor or materials for the installation of the  
 25 solar powered roof vent or fan.

26 SECTION 7. IC 6-3-2-13, AS AMENDED BY P.L.98-2008,  
 27 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JANUARY 1, 2016]: Sec. 13. (a) As used in this section, "export  
 29 income" means the gross receipts from the sale, transfer, or exchange  
 30 of tangible personal property destined for international markets that is:

- 31 (1) manufactured at a plant located within a maritime opportunity  
 32 district established under IC 6-1.1-40; and
- 33 (2) shipped through a port operated by the state.

34 (b) As used in this section, "export sales ratio" means the quotient  
 35 of:

- 36 (1) the taxpayer's export income; divided by
- 37 (2) the taxpayer's gross receipts from the sale, transfer, or  
 38 exchange of tangible personal property, regardless of its  
 39 destination.

40 (c) As used in this section, "taxpayer" means a person or corporation  
 41 that has export income.

42 (d) The ports of Indiana established by IC 8-10-1-3 shall notify the



1 department when a maritime opportunity district is established under  
 2 IC 6-1.1-40. The notice must include:

3 (1) the resolution passed by the commission to establish the  
 4 district; and

5 (2) a list of all taxpayers located in the district.

6 (e) The ports of Indiana shall also notify the department of any  
 7 subsequent changes in the list of taxpayers located in the district.

8 (f) A taxpayer is entitled to a deduction from the taxpayer's adjusted  
 9 gross income in an amount equal to the lesser of:

10 (1) the taxpayer's adjusted gross income; or

11 (2) the product of the export sales ratio multiplied by the  
 12 percentage set forth in subsection (g).

13 **A deduction under this section is not permitted for a taxpayer**  
 14 **whose first year of a deduction begins after December 31, 2015.**

15 (g) The percentage to be used in determining the amount a taxpayer  
 16 is entitled to deduct under this section depends upon the number of  
 17 years that the taxpayer could have taken a deduction under this section.

18 The percentage to be used in subsection (f) is as follows:

19 YEAR OF DEDUCTION	PERCENTAGE
20 1st through 4th	100%
21 5th	80%
22 6th	60%
23 7th	40%
24 8th	20%
25 9th and thereafter	0%

26 (h) The department shall determine, for each taxpayer claiming a  
 27 deduction under this section, the taxpayer's export sales ratio for  
 28 purposes of IC 6-1.1-40. The department shall certify the amount of the  
 29 ratio to the department of local government finance.

30 SECTION 8. IC 6-3-2-14.1 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 14.1.  
 32 Notwithstanding ~~section 14.5 of this chapter and~~ IC 6-3-4-8.2, a  
 33 payment made after June 30, 2002, on prize money received from a  
 34 winning lottery ticket purchased under IC 4-30 for a lottery held before  
 35 July 1, 2002, is exempt from the adjusted gross income tax and  
 36 supplemental net income tax (repealed) imposed by this article.

37 SECTION 9. IC 6-3-2-14.5 IS REPEALED [EFFECTIVE  
 38 JANUARY 1, 2016]. ~~Sec. 14.5: The first one thousand two hundred~~  
 39 ~~dollars (\$1,200) of prize money received from a winning lottery ticket~~  
 40 ~~purchased under IC 4-30 is exempt from the adjusted gross income tax~~  
 41 ~~imposed by this article. If the amount of prize money received from a~~  
 42 ~~winning lottery ticket exceeds one thousand two hundred dollars~~



1 (\$1,200); the amount of the excess is subject to the adjusted gross  
2 income tax imposed by this article.

3 SECTION 10. IC 6-3-2-17 IS REPEALED [EFFECTIVE  
4 JANUARY 1, 2016]. Sec. 17. A reward received by an individual is  
5 exempt from taxation under IC 6-3-1 through IC 6-3-7, in an amount  
6 not to exceed one thousand dollars (\$1,000), if:

7 (1) the reward is for information provided to a law enforcement  
8 official or agency, or to a not-for-profit corporation whose  
9 exclusive purpose is to assist law enforcement officials or  
10 agencies;

11 (2) the information that is provided assists in the arrest,  
12 indictment, or the filing of charges against a person; and

13 (3) the individual is not:

14 (A) compensated for investigating crimes or accidents  
15 (including an employee of, or an individual under contract  
16 with, a law enforcement agency);

17 (B) the person convicted of the crime; or

18 (C) the victim of the crime.

19 SECTION 11. IC 6-3-2-18 IS AMENDED TO READ AS  
20 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) As used  
21 in this section, "eligible medical expense" has the meaning set forth in  
22 IC 6-8-11-3.

23 (b) As used in this section, "medical care savings account" has the  
24 meaning set forth in IC 6-8-11-6.

25 (c) **This subsection applies only to money deposited by an**  
26 **employer in a medical care savings account before January 1, 2016.**  
27 Except as provided in subsection (g), the amount of money deposited  
28 by an employer in a medical care savings account established for an  
29 employee under IC 6-8-11 is exempt from taxation under IC 6-3-1  
30 through IC 6-3-7 as income of the employee in the taxable year in  
31 which the money is deposited in the account.

32 (d) Except as provided in subsection (g), the amount of money that  
33 is:

34 (1) withdrawn from a medical care savings account established  
35 for an employee under IC 6-8-11; and

36 (2) either:

37 (A) used by the administrator of the account for a purpose set  
38 forth in IC 6-8-11-13; or

39 (B) used under IC 6-8-11-13 to reimburse an employee for  
40 eligible medical expenses that the employee has incurred and  
41 paid for medical care for the employee or a dependent of the  
42 employee;



1 is exempt from taxation under IC 6-3-1 through IC 6-3-7 as income of  
2 the employee.

3 (e) Except as provided in IC 6-8-11-11 **and IC 6-8-11-11.5**, in each  
4 taxable year, the amount of money that is:

5 (1) withdrawn by an employee from a medical care savings  
6 account established under IC 6-8-11; and

7 (2) used for a purpose other than the purposes set forth in  
8 IC 6-8-11-13;

9 is income to the employee that is subject to taxation under IC 6-3-1  
10 through IC 6-3-7.

11 (f) If an employee withdraws money from the employee's medical  
12 care savings account under the circumstances set forth in  
13 IC 6-8-11-17(c), the interest earned on the balance in the account  
14 during the full tax year in which the withdrawal is made is subject to  
15 taxation under IC 6-3-1 through IC 6-3-7 as income of the employee.

16 (g) A taxpayer that excluded or deducted an amount deposited into  
17 a medical care savings account from adjusted gross income under:

18 (1) section 106 of the Internal Revenue Code;

19 (2) section 220 of the Internal Revenue Code; or

20 (3) any other section of the Internal Revenue Code;

21 is not eligible for an additional exemption from adjusted gross income  
22 under this section.

23 SECTION 12. IC 6-3-2-20, AS AMENDED BY P.L.211-2007,  
24 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25 JANUARY 1, 2016]: Sec. 20. (a) The following definitions apply  
26 throughout this section:

27 (1) "Affiliated group" has the meaning provided in Section 1504  
28 of the Internal Revenue Code, except that the ownership  
29 percentage in Section 1504(a)(2) of the Internal Revenue Code  
30 shall be determined using fifty percent (50%) instead of eighty  
31 percent (80%).

32 (2) "Directly related ~~intangible~~ interest expenses" means interest  
33 expenses that are paid to, or accrued or incurred as a liability to,  
34 a recipient if:

35 (A) the amounts represent, in the hands of the recipient,  
36 income from making one (1) or more loans; and

37 (B) the funds loaned were originally received by the recipient  
38 from the payment of ~~intangible~~ expenses by any of the  
39 following:

40 (i) The taxpayer.

41 (ii) A member of the same affiliated group as the taxpayer.

42 (iii) A foreign corporation.



- 1 (3) "Foreign corporation" means a corporation that is organized  
 2 under the laws of a country other than the United States and  
 3 would be a member of the same affiliated group as the taxpayer  
 4 if the corporation were organized under the laws of the United  
 5 States.
- 6 (4) "Intangible expenses" means the following amounts to the  
 7 extent these amounts are allowed as deductions in determining  
 8 taxable income under Section 63 of the Internal Revenue Code  
 9 before the application of any net operating loss deduction and  
 10 special deductions for the taxable year:
- 11 (A) Expenses, losses, and costs directly for, related to, or in  
 12 connection with the acquisition, use, maintenance,  
 13 management, ownership, sale, exchange, or any other  
 14 disposition of intangible property.
- 15 (B) Royalty, patent, technical, and copyright fees.
- 16 (C) Licensing fees.
- 17 (D) Other substantially similar expenses and costs.
- 18 (5) "Intangible property" means patents, patent applications, trade  
 19 names, trademarks, service marks, copyrights, trade secrets, and  
 20 substantially similar types of intangible assets.
- 21 (6) "Interest expenses" means amounts that are allowed as  
 22 deductions under Section 163 of the Internal Revenue Code in  
 23 determining taxable income under Section 63 of the Internal  
 24 Revenue Code before the application of any net operating loss  
 25 deductions and special deductions for the taxable year.
- 26 (7) "Makes a disclosure" means a taxpayer provides the following  
 27 information regarding a transaction with a member of the same  
 28 affiliated group or a foreign corporation involving an intangible  
 29 expense ~~and any or a~~ directly related ~~intangible~~ interest expense  
 30 with the taxpayer's tax return on the forms prescribed by the  
 31 department:
- 32 (A) The name of the recipient.
- 33 (B) The state or country of domicile of the recipient.
- 34 (C) The amount paid to the recipient.
- 35 (D) A copy of federal Form 851, Affiliation Schedule, as filed  
 36 with the taxpayer's federal consolidated tax return.
- 37 (E) The information needed to determine the taxpayer's status  
 38 under the exceptions listed in subsection (c).
- 39 (8) "Recipient" means:
- 40 (A) a member of the same affiliated group as the taxpayer; or  
 41 (B) a foreign corporation;  
 42 to which is paid an item of income that corresponds to an





- 1 intangible expense or ~~any~~ directly related ~~intangible~~ interest  
 2 expense.
- 3 (9) "Unrelated party" means a person that, with respect to the  
 4 taxpayer, is not a member of the same affiliated group or a foreign  
 5 corporation.
- 6 (b) Except as provided in subsection (c), in determining its adjusted  
 7 gross income under IC 6-3-1-3.5(b), a corporation subject to the tax  
 8 imposed by IC 6-3-2-1 shall add to its taxable income under Section 63  
 9 of the Internal Revenue Code:
- 10 (1) **all** intangible expenses; and  
 11 (2) ~~any~~ **all** directly related ~~intangible~~ interest expenses;  
 12 paid, accrued, or incurred with one (1) or more members of the same  
 13 affiliated group or with one (1) or more foreign corporations.
- 14 (c) The addition of intangible expenses or ~~any~~ directly related  
 15 ~~intangible~~ interest expenses otherwise required in a taxable year under  
 16 subsection (b) is not required if one (1) or more of the following apply  
 17 to the taxable year:
- 18 (1) The taxpayer and the recipient are both included in the same  
 19 consolidated tax return filed under IC 6-3-4-14 or in the same  
 20 combined return filed under IC 6-3-2-2(q) for the taxable year.
- 21 **(2) If the recipient receives an item of income that**  
 22 **corresponds to the directly related interest expenses and the**  
 23 **recipient:**
- 24 **(A) is subject to the financial institutions tax under**  
 25 **IC 6-5.5;**  
 26 **(B) files a return under IC 6-5.5; and**  
 27 **(C) apportions the items of income that correspond to the**  
 28 **intangible expenses and the directly related interest**  
 29 **expenses in accordance with IC 6-5.5.**
- 30 ~~(2)~~ **(3)** The taxpayer makes a disclosure and, at the request of the  
 31 department, can establish by a preponderance of the evidence  
 32 that:
- 33 (A) the item of income corresponding to the intangible  
 34 expenses ~~and any or the~~ directly related ~~intangible~~ interest  
 35 expenses was included within the recipient's income that is  
 36 subject to tax in:
- 37 (i) a state or possession of the United States; or  
 38 (ii) a country other than the United States;  
 39 that is the recipient's commercial domicile and that imposes a  
 40 net income tax, a franchise tax measured, in whole or in part,  
 41 by net income, or a value added tax;
- 42 (B) the transaction giving rise to the intangible expenses ~~and~~



- 1            ~~any or the~~ directly related ~~intangible~~ interest expenses  
 2            between the taxpayer and the recipient was made at a  
 3            commercially reasonable rate and at terms comparable to an  
 4            arm's length transaction; and  
 5            (C) the transactions giving rise to the intangible expenses ~~and~~  
 6            ~~any or the~~ directly related ~~intangible~~ interest expenses  
 7            between the taxpayer and the recipient did not have Indiana  
 8            tax avoidance as a principal purpose.
- 9            (3) ~~(4)~~ The taxpayer makes a disclosure and, at the request of the  
 10           department, can establish by a preponderance of the evidence  
 11           that:
- 12           (A) the recipient regularly engages in transactions ~~involving~~  
 13           ~~intangible property~~ with one (1) or more unrelated parties on  
 14           terms substantially similar to those of the subject transaction;  
 15           and  
 16           (B) the transaction giving rise to the intangible expenses ~~and~~  
 17           ~~any or the~~ directly related ~~intangible~~ interest expenses  
 18           between the taxpayer and the recipient did not have Indiana  
 19           tax avoidance as a principal purpose.
- 20           (4) ~~(5)~~ The taxpayer makes a disclosure and, at the request of the  
 21           department, can establish by a preponderance of the evidence  
 22           that:
- 23           (A) the payment was received from a person or entity that is an  
 24           unrelated party, and on behalf of that unrelated party, paid that  
 25           amount to the recipient in an arm's length transaction; and  
 26           (B) the transaction giving rise to the intangible expenses ~~and~~  
 27           ~~any or the~~ directly related ~~intangible~~ interest expenses  
 28           between the taxpayer and the recipient did not have Indiana  
 29           tax avoidance as a principal purpose.
- 30           (5) ~~(6)~~ The taxpayer makes a disclosure and, at the request of the  
 31           department, can establish by a preponderance of the evidence  
 32           that:
- 33           (A) the recipient paid, accrued, or incurred a liability to an  
 34           unrelated party during the taxable year for an equal or greater  
 35           amount that was directly for, related to, or in connection with  
 36           the same ~~intangible~~ property giving rise to the ~~intangible~~  
 37           expenses; and  
 38           (B) the transactions giving rise to the intangible expenses ~~and~~  
 39           ~~any or the~~ directly related ~~intangible~~ interest expenses  
 40           between the taxpayer and the recipient did not have Indiana  
 41           tax avoidance as a principal purpose.
- 42           (6) ~~(7)~~ The taxpayer makes a disclosure and, at the request of the



1 department, can establish by a preponderance of the evidence  
2 that:

3 (A) the recipient is engaged in:

4 (i) substantial business activities from the acquisition, use,  
5 licensing, maintenance, management, ownership, sale,  
6 exchange, or any other disposition of intangible property; or

7 (ii) other substantial business activities separate and apart  
8 from the business activities described in item (i);

9 as evidenced by the maintenance of a permanent office space  
10 and an adequate number of full-time, experienced employees;

11 (B) the transactions giving rise to the intangible expenses ~~and~~  
12 ~~any or the~~ directly related ~~intangible~~ interest expenses  
13 between the taxpayer and the recipient did not have Indiana  
14 tax avoidance as a principal purpose; and

15 (C) the ~~transactions were~~ **transaction was** made at a  
16 commercially reasonable rate and at terms comparable to an  
17 arm's length transaction.

18 ~~(7)~~ **(8)** The taxpayer and the department agree, in writing, to the  
19 application or use of an alternative method of allocation or  
20 apportionment under section 2(l) or 2(m) of this chapter.

21 ~~(8)~~ **(9)** Upon request by the taxpayer, the department determines  
22 that the adjustment otherwise required by this section is  
23 unreasonable.

24 (d) For purposes of this section, intangible expenses or directly  
25 related ~~intangible~~ interest expenses shall be considered to be at a  
26 commercially reasonable rate or at terms comparable to an arm's length  
27 transaction if the intangible expenses or directly related ~~intangible~~  
28 interest expenses meet the arm's length standards of United States  
29 Treasury Regulation 1.482-1(b).

30 (e) If intangible expenses or directly related ~~intangible~~ **interest**  
31 expenses are determined not to be at a commercially reasonable rate or  
32 at terms comparable to an arm's length transaction for purposes of this  
33 section, the adjustment required by subsection (b) shall be made only  
34 to the extent necessary to cause the intangible expenses or directly  
35 related ~~intangible~~ interest expenses to be at a commercially reasonable  
36 rate and at terms comparable to an arm's length transaction.

37 (f) For purposes of this section, transactions giving rise to intangible  
38 expenses ~~and any or the~~ directly related ~~intangible~~ interest expenses  
39 between the taxpayer and the recipient shall be considered as having  
40 Indiana tax avoidance as the principal purpose if:

41 (1) there is not one (1) or more valid business purposes that  
42 independently sustain the transaction notwithstanding any tax



1 benefits associated with the transaction; and  
 2 (2) the principal purpose of tax avoidance exceeds any other valid  
 3 business purpose.

4 SECTION 13. IC 6-3-2-25, AS AMENDED BY P.L.6-2012,  
 5 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2016]: Sec. 25. (a) This section applies only to an  
 7 individual who in 2008 paid property taxes that:

8 (1) were imposed on the individual's principal place of residence  
 9 for the March 1, 2006, assessment date or the January 15, 2007,  
 10 assessment date;

11 (2) are due after December 31, 2007; and

12 (3) are paid on or before the due date for the property taxes.

13 (b) As used in this section, "adjusted gross income" has the meaning  
 14 set forth in IC 6-3-1-3.5.

15 (c) An individual described in subsection (a) is entitled to a  
 16 deduction from the individual's adjusted gross income for a taxable  
 17 year beginning after December 31, 2007, and before January 1, 2009,  
 18 in an amount equal to the amount determined in the following STEPS:

19 STEP ONE: Determine the lesser of:

20 (A) two thousand five hundred dollars (\$2,500); or

21 (B) the total amount of property taxes imposed on the  
 22 individual's principal place of residence for the March 1, 2006,  
 23 assessment date or the January 15, 2007, assessment date and  
 24 paid in 2007 or 2008.

25 STEP TWO: Determine the greater of zero (0) or the result of:

26 (A) the STEP ONE result; minus

27 (B) the total amount of property taxes that:

28 (i) were imposed on the individual's principal place of  
 29 residence for the March 1, 2006, assessment date or the  
 30 January 15, 2007, assessment date;

31 (ii) were paid in 2007; and

32 (iii) were deducted from the individual's adjusted gross  
 33 income under ~~IC 6-3-1-3.5(a)(15)~~ **IC 6-3-1-3.5(a)(13)** by  
 34 the individual on the individual's state income tax return for  
 35 a taxable year beginning before January 1, 2008.

36 (d) The deduction under this section is in addition to any deduction  
 37 that an individual is otherwise entitled to claim under  
 38 ~~IC 6-3-1-3.5(a)(15)~~ **IC 6-3-1-3.5(a)(13)**. However, an individual may  
 39 not deduct under ~~IC 6-3-1-3.5(a)(15)~~ **IC 6-3-1-3.5(a)(13)** any property  
 40 taxes deducted under this section.

41 SECTION 14. IC 6-3.1-15-7 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 7. (a) A taxpayer



1 that has donated during the taxable year qualified computer equipment  
 2 to a service center is entitled to a tax credit as provided in section 8 of  
 3 this chapter.

4 **(b) A taxpayer is not entitled to a credit under this chapter for**  
 5 **a contribution made in a taxable year beginning after December**  
 6 **31, 2015.**

7 **(c) This chapter expires January 1, 2019.**

8 SECTION 15. IC 6-3.1-16-7, AS AMENDED BY P.L.166-2014,  
 9 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 10 JANUARY 1, 2016]: Sec. 7. (a) Subject to section 14 of this chapter,  
 11 a taxpayer is entitled to a credit against the taxpayer's state tax liability  
 12 in the taxable year in which the taxpayer completes the preservation or  
 13 rehabilitation of historic property and obtains the certifications required  
 14 under section 8 of this chapter.

15 (b) The amount of the credit is equal to twenty percent (20%) of the  
 16 qualified expenditures that:

- 17 (1) the taxpayer makes for the preservation or rehabilitation of
- 18 historic property; and
- 19 (2) are approved by the office.

20 (c) In the case of a husband and wife who:

- 21 (1) own and rehabilitate a historic property jointly; and
- 22 (2) file separate tax returns;

23 the husband and wife may take the credit in equal shares or one (1)  
 24 spouse may take the whole credit.

25 **(d) A taxpayer is not entitled to a credit under this chapter for**  
 26 **a contribution made in a taxable year beginning after December**  
 27 **31, 2015.**

28 **(e) This chapter expires January 1, 2019.**

29 SECTION 16. IC 6-3.1-18-11 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11. (a) A tax  
 31 credit shall be allowable under this chapter only for the taxable year of  
 32 the taxpayer in which the contribution qualifying for the credit is paid.

33 **(b) A taxpayer is not entitled to a credit under this chapter for**  
 34 **a contribution made in a taxable year beginning after December**  
 35 **31, 2015.**

36 **(c) This chapter expires January 1, 2019.**

37 SECTION 17. IC 6-3.1-19-2, AS AMENDED BY P.L.4-2005,  
 38 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2015]: Sec. 2. As used in this chapter, "qualified investment"  
 40 means the amount of a taxpayer's expenditures that is:

- 41 (1) for redevelopment or rehabilitation of property located within
- 42 a community revitalization enhancement district designated under



1 IC 36-7-13;

2 (2) made under a plan adopted by an advisory commission on  
3 industrial development under IC 36-7-13; and

4 (3) approved by the Indiana economic development corporation  
5 before the expenditure is made.

6 **Beginning after December 31, 2015, the term does not include a**  
7 **taxpayer's expenditures made on property that is classified as**  
8 **residential for property tax purposes, except for expenditures that**  
9 **were approved by the Indiana economic development corporation**  
10 **before January 1, 2016.**

11 SECTION 18. IC 6-3.1-20-4, AS AMENDED BY P.L.166-2014,  
12 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JANUARY 1, 2016]: Sec. 4. (a) Except as provided in subsection (b),  
14 an individual is entitled to a credit under this chapter if:

15 (1) the individual's Indiana income for the taxable year is less than  
16 eighteen thousand six hundred dollars (\$18,600); and

17 (2) the individual pays property taxes in the taxable year on a  
18 homestead that:

19 (A) the individual:

20 (i) owns; or

21 (ii) is buying under a contract that requires the individual to  
22 pay property taxes on the homestead, if the contract or a  
23 memorandum of the contract is recorded in the county  
24 recorder's office; and

25 (B) is located in a county having a population of more than  
26 four hundred thousand (400,000) but less than seven hundred  
27 thousand (700,000).

28 (b) An individual is not entitled to a credit under this chapter for a  
29 taxable year for property taxes paid on the individual's homestead if the  
30 individual claims the deduction under ~~IC 6-3-1-3.5(a)(15)~~  
31 **IC 6-3-1-3.5(a)(13)** for the homestead for that same taxable year.

32 SECTION 19. IC 6-3.1-21-6, AS AMENDED BY P.L.229-2011,  
33 SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 JANUARY 1, 2016]: Sec. 6. (a) Except as provided by subsection (b),  
35 an individual who is eligible for an earned income tax credit under  
36 Section 32 of the Internal Revenue Code as it existed before being  
37 amended by the Tax Relief, Unemployment Insurance Reauthorization,  
38 and Job Creation Act of 2010 (P.L. 111-312); is eligible for a credit  
39 under this chapter equal to nine percent (9%) of the amount of the  
40 federal earned income tax credit that the individual:

41 (1) is eligible to receive in the taxable year; and

42 (2) claimed for the taxable year;



1 under Section 32 of the Internal Revenue Code. ~~as it existed before~~  
 2 ~~being amended by the Tax Relief, Unemployment Insurance~~  
 3 ~~Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).~~

4 (b) In the case of a nonresident taxpayer or a resident taxpayer  
 5 residing in Indiana for a period of less than the taxpayer's entire taxable  
 6 year, the amount of the credit is equal to the product of:

- 7 (1) the amount determined under subsection (a); multiplied by  
 8 (2) the quotient of the taxpayer's income taxable in Indiana  
 9 divided by the taxpayer's total income.

10 (c) If the credit amount exceeds the taxpayer's adjusted gross  
 11 income tax liability for the taxable year, the excess ~~less any advance~~  
 12 ~~payments of the credit made by the taxpayer's employer under~~  
 13 ~~IC 6-3-4-8 that reduce the excess~~, shall be refunded to the taxpayer.

14 SECTION 20. IC 6-3.1-22-8, AS AMENDED BY P.L.166-2014,  
 15 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 16 JANUARY 1, 2016]: Sec. 8. (a) Subject to section 14 of this chapter,  
 17 a taxpayer is entitled to a credit against the taxpayer's state tax liability  
 18 in the taxable year in which the taxpayer completes the preservation or  
 19 rehabilitation of historic property and obtains the certifications required  
 20 under section 9 of this chapter.

21 (b) The amount of the credit is equal to twenty percent (20%) of the  
 22 qualified expenditures that:

- 23 (1) the taxpayer makes for the preservation or rehabilitation of  
 24 historic property; and  
 25 (2) are approved by the office.

26 (c) In the case of a husband and wife who:

- 27 (1) own and rehabilitate a historic property jointly; and  
 28 (2) file separate tax returns;

29 the husband and wife may take the credit in equal shares or one (1)  
 30 spouse may take the whole credit.

31 **(d) A taxpayer may not claim a credit under this chapter for**  
 32 **qualified expenditures approved in a taxable year beginning after**  
 33 **December 31, 2015.**

34 **(e) This chapter expires January 1, 2033.**

35 SECTION 21. IC 6-3.5-1.1-7 IS REPEALED [EFFECTIVE  
 36 JANUARY 1, 2016]. Sec. 7. (a) ~~If for a particular taxable year a county~~  
 37 ~~taxpayer is; or a county taxpayer and the taxpayer's spouse who file a~~  
 38 ~~joint return are; allowed a credit for the elderly or individuals with a~~  
 39 ~~total disability under Section 22 of the Internal Revenue Code; the~~  
 40 ~~county taxpayer is; or the county taxpayer and the taxpayer's spouse~~  
 41 ~~are; entitled to a credit against the taxpayer's or the taxpayer's and the~~  
 42 ~~taxpayer's spouse's county adjusted gross income tax liability for that~~



1 same taxable year. The amount of the credit equals the lesser of:

2 (1) the product of:

3 (A) the taxpayer's or the taxpayer's and the taxpayer's spouse's  
4 credit for the elderly or individuals with a total disability for  
5 that same taxable year; multiplied by

6 (B) a fraction; the numerator of which is the county adjusted  
7 gross income tax rate imposed against the county taxpayer; or  
8 the county taxpayer and the taxpayer's spouse; and the  
9 denominator of which is fifteen hundredths (0.15); or

10 (2) the amount of county adjusted gross income tax imposed on  
11 the county taxpayer; or the county taxpayer and the taxpayer's  
12 spouse:

13 (b) If a county taxpayer and the taxpayer's spouse file a joint return  
14 and are subject to different county adjusted gross income tax rates for  
15 the same taxable year; they shall compute the credit under this section  
16 by using the formula provided by subsection (a); except that they shall  
17 use the average of the two (2) county adjusted gross income tax rates  
18 imposed against them as the numerator referred to in subsection  
19 (a)(1)(B):

20 SECTION 22. IC 6-3.5-1.1-18, AS AMENDED BY P.L.146-2008,  
21 SECTION 330, IS AMENDED TO READ AS FOLLOWS  
22 [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise  
23 provided in this chapter, all provisions of the adjusted gross income tax  
24 law (IC 6-3) concerning:

- 25 (1) definitions;  
26 (2) declarations of estimated tax;  
27 (3) filing of returns;  
28 (4) remittances;  
29 (5) incorporation of the provisions of the Internal Revenue Code;  
30 (6) penalties and interest;  
31 (7) exclusion of military pay credits for withholding; and  
32 (8) exemptions and deductions;

33 apply to the imposition, collection, and administration of the tax  
34 imposed by this chapter.

35 (b) ~~The provisions of IC 6-3-1-3.5(a)(6); IC 6-3-3-3 and IC 6-3-3-5~~  
36 ~~and IC 6-3-5-1~~ do not apply to the tax imposed by this chapter.

37 (c) Notwithstanding subsections (a) and (b), each employer shall  
38 report to the department the amount of withholdings attributable to  
39 each county. This report shall be submitted to the department:

- 40 (1) each time the employer remits to the department the tax that  
41 is withheld; and  
42 (2) annually along with the employer's annual withholding report.





1 SECTION 23. IC 6-3.5-6-22, AS AMENDED BY P.L.146-2008,  
 2 SECTION 340, IS AMENDED TO READ AS FOLLOWS  
 3 [EFFECTIVE JANUARY 1, 2016]: Sec. 22. (a) Except as otherwise  
 4 provided in subsection (b) and the other provisions of this chapter, all  
 5 provisions of the adjusted gross income tax law (IC 6-3) concerning:

- 6 (1) definitions;  
 7 (2) declarations of estimated tax;  
 8 (3) filing of returns;  
 9 (4) deductions or exemptions from adjusted gross income;  
 10 (5) remittances;  
 11 (6) incorporation of the provisions of the Internal Revenue Code;  
 12 (7) penalties and interest; and  
 13 (8) exclusion of military pay credits for withholding;

14 apply to the imposition, collection, and administration of the tax  
 15 imposed by this chapter.

16 (b) ~~The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3 and IC 6-3-3-5~~  
 17 ~~and IC 6-3-5-1~~ do not apply to the tax imposed by this chapter.

18 (c) Notwithstanding subsections (a) and (b), each employer shall  
 19 report to the department the amount of withholdings attributable to  
 20 each county. This report shall be submitted to the department:

- 21 (1) each time the employer remits to the department the tax that  
 22 is withheld; and  
 23 (2) annually along with the employer's annual withholding report.

24 SECTION 24. IC 6-3.5-6-24 IS REPEALED [EFFECTIVE  
 25 JANUARY 1, 2016]. Sec. 24. (a) ~~If for a particular taxable year a~~  
 26 ~~county taxpayer is, or a county taxpayer and the taxpayer's spouse who~~  
 27 ~~file a joint return are, allowed a credit for the elderly or individuals~~  
 28 ~~with a total disability under Section 22 of the Internal Revenue Code,~~  
 29 ~~the county taxpayer is, or the county taxpayer and the taxpayer's spouse~~  
 30 ~~are, entitled to a credit against the county option income tax liability for~~  
 31 ~~that same taxable year. The amount of the credit equals the lesser of:~~

- 32 ~~(1) the product of:~~  
 33 ~~(A) the credit for the elderly or individuals with a total~~  
 34 ~~disability for that same taxable year; multiplied by~~  
 35 ~~(B) a fraction, the numerator of which is the county option~~  
 36 ~~income tax rate imposed against the county taxpayer, or the~~  
 37 ~~county taxpayer and the taxpayer's spouse; and the~~  
 38 ~~denominator of which is fifteen-hundredths (0.15); or~~  
 39 ~~(2) the amount of county option income tax imposed on the~~  
 40 ~~county taxpayer, or the county taxpayer and the taxpayer's spouse.~~

41 ~~(b) If a county taxpayer and the taxpayer's spouse file a joint return~~  
 42 ~~and are subject to different county option income tax rates for the same~~



1 taxable year; they shall compute the credit under this section by using  
 2 the formula provided by subsection (a); except that they shall use the  
 3 average of the two (2) county option income tax rates imposed against  
 4 them as the numerator referred to in subsection (a)(1)(B):

5 SECTION 25. IC 6-3.5-7-9 IS REPEALED [EFFECTIVE  
 6 JANUARY 1, 2016]. Sec. 9: (a) If for a taxable year a county taxpayer  
 7 is (or a county taxpayer and a county taxpayer's spouse who file a joint  
 8 return are) allowed a credit for the elderly or individuals with a total  
 9 disability under Section 22 of the Internal Revenue Code, the county  
 10 taxpayer is (or the county taxpayer and the county taxpayer's spouse  
 11 are) entitled to a credit against the county taxpayer's (or the county  
 12 taxpayer's and the county taxpayer's spouse's) county economic  
 13 development income tax liability for that same taxable year. The  
 14 amount of the credit equals the lesser of:

15 (1) the product of:

16 (A) the county taxpayer's (or the county taxpayer's and the  
 17 county taxpayer's spouse's) credit for the elderly or individuals  
 18 with a total disability for that same taxable year; multiplied by  
 19 (B) a fraction: The numerator of the fraction is the county  
 20 economic development income tax rate imposed against the  
 21 county taxpayer (or against the county taxpayer and the county  
 22 taxpayer's spouse). The denominator of the fraction is  
 23 fifteen-hundredths (0.15); or

24 (2) the amount of county economic development income tax  
 25 imposed on the county taxpayer (or the county taxpayer and the  
 26 county taxpayer's spouse):

27 (b) If a county taxpayer and the county taxpayer's spouse file a joint  
 28 return and are subject to different county economic development  
 29 income tax rates for the same taxable year; they shall compute the  
 30 credit under this section by using the formula provided by subsection  
 31 (a); except that they shall use the average of the two (2) county  
 32 economic development income tax rates imposed against them as the  
 33 numerator referred to in subsection (a)(1)(B):

34 SECTION 26. IC 6-3.5-7-18, AS AMENDED BY P.L.146-2008,  
 35 SECTION 348, IS AMENDED TO READ AS FOLLOWS  
 36 [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise  
 37 provided in this chapter, all provisions of the adjusted gross income tax  
 38 law (IC 6-3) concerning:

- 39 (1) definitions;  
 40 (2) declarations of estimated tax;  
 41 (3) filing of returns;  
 42 (4) remittances;



1 (5) incorporation of the provisions of the Internal Revenue Code;  
 2 (6) penalties and interest;  
 3 (7) exclusion of military pay credits for withholding; and  
 4 (8) exemptions and deductions;  
 5 apply to the imposition, collection, and administration of the tax  
 6 imposed by this chapter.

7 (b) ~~The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3 and IC 6-3-3-5~~  
 8 ~~and IC 6-3-5-1~~ do not apply to the tax imposed by this chapter.

9 (c) Notwithstanding subsections (a) and (b), each employer shall  
 10 report to the department the amount of withholdings attributable to  
 11 each county. This report shall be submitted to the department:

12 (1) each time the employer remits to the department the tax that  
 13 is withheld; and

14 (2) annually along with the employer's annual withholding report.

15 SECTION 27. IC 6-5.5-1-2, AS AMENDED BY P.L.205-2013,  
 16 SECTION 124, IS AMENDED TO READ AS FOLLOWS  
 17 [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) Except as provided in  
 18 subsections (b) through (d), "adjusted gross income" means taxable  
 19 income as defined in Section 63 of the Internal Revenue Code, adjusted  
 20 as follows:

21 (1) Add the following amounts:

22 (A) An amount equal to a deduction allowed or allowable  
 23 under Section 166, Section 585, or Section 593 of the Internal  
 24 Revenue Code.

25 (B) An amount equal to a deduction allowed or allowable  
 26 under Section 170 of the Internal Revenue Code.

27 (C) An amount equal to a deduction or deductions allowed or  
 28 allowable under Section 63 of the Internal Revenue Code for  
 29 taxes based on or measured by income and levied at the state  
 30 level by a state of the United States or levied at the local level  
 31 by any subdivision of a state of the United States.

32 (D) The amount of interest excluded under Section 103 of the  
 33 Internal Revenue Code or under any other federal law, minus  
 34 the associated expenses disallowed in the computation of  
 35 taxable income under Section 265 of the Internal Revenue  
 36 Code.

37 (E) An amount equal to the deduction allowed under Section  
 38 172 or 1212 of the Internal Revenue Code for net operating  
 39 losses or net capital losses.

40 (F) For a taxpayer that is not a large bank (as defined in  
 41 Section 585(c)(2) of the Internal Revenue Code), an amount  
 42 equal to the recovery of a debt, or part of a debt, that becomes



1           worthless to the extent a deduction was allowed from gross  
 2           income in a prior taxable year under Section 166(a) of the  
 3           Internal Revenue Code.  
 4           (G) Add the amount necessary to make the adjusted gross  
 5           income of any taxpayer that owns property for which bonus  
 6           depreciation was allowed in the current taxable year or in an  
 7           earlier taxable year equal to the amount of adjusted gross  
 8           income that would have been computed had an election not  
 9           been made under Section 168(k) of the Internal Revenue Code  
 10          to apply bonus depreciation to the property in the year that it  
 11          was placed in service.  
 12          (H) Add the amount necessary to make the adjusted gross  
 13          income of any taxpayer that placed Section 179 property (as  
 14          defined in Section 179 of the Internal Revenue Code) in  
 15          service in the current taxable year or in an earlier taxable year  
 16          equal to the amount of adjusted gross income that would have  
 17          been computed had an election for federal income tax  
 18          purposes not been made for the year in which the property was  
 19          placed in service to take deductions under Section 179 of the  
 20          Internal Revenue Code in a total amount exceeding  
 21          twenty-five thousand dollars (\$25,000).  
 22          (I) Add an amount equal to the amount that a taxpayer claimed  
 23          as a deduction for domestic production activities for the  
 24          taxable year under Section 199 of the Internal Revenue Code  
 25          for federal income tax purposes.  
 26          (J) Add an amount equal to any income not included in gross  
 27          income as a result of the deferral of income arising from  
 28          business indebtedness discharged in connection with the  
 29          reacquisition after December 31, 2008, and before January 1,  
 30          2011, of an applicable debt instrument, as provided in Section  
 31          108(i) of the Internal Revenue Code. Subtract from the  
 32          adjusted gross income of any taxpayer that added an amount  
 33          to adjusted gross income in a previous year the amount  
 34          necessary to offset the amount included in federal gross  
 35          income as a result of the deferral of income arising from  
 36          business indebtedness discharged in connection with the  
 37          reacquisition after December 31, 2008, and before January 1,  
 38          2011, of an applicable debt instrument, as provided in Section  
 39          108(i) of the Internal Revenue Code.  
 40          ~~(K) Add or subtract the amount necessary to make the adjusted~~  
 41          ~~gross income of any taxpayer that claimed the special~~  
 42          ~~allowance for qualified disaster assistance property under~~



- 1 Section 168(n) of the Internal Revenue Code equal to the  
 2 amount of adjusted gross income that would have been  
 3 computed had the special allowance not been claimed for the  
 4 property.
- 5 (L) Add or subtract the amount necessary to make the adjusted  
 6 gross income of any taxpayer that made an election under  
 7 Section 179C of the Internal Revenue Code to expense costs  
 8 for qualified refinery property equal to the amount of adjusted  
 9 gross income that would have been computed had an election  
 10 for federal income tax purposes not been made for the year.
- 11 (M) Add or subtract the amount necessary to make the  
 12 adjusted gross income of any taxpayer that made an election  
 13 under Section 181 of the Internal Revenue Code to expense  
 14 costs for a qualified film or television production equal to the  
 15 amount of adjusted gross income that would have been  
 16 computed had an election for federal income tax purposes not  
 17 been made for the year.
- 18 (N) Add or subtract the amount necessary to make the adjusted  
 19 gross income of any taxpayer that treated a loss from the sale  
 20 or exchange of preferred stock in:
- 21 (i) the Federal National Mortgage Association, established  
 22 under the Federal National Mortgage Association Charter  
 23 Act (12 U.S.C. 1716 et seq.); or
- 24 (ii) the Federal Home Loan Mortgage Corporation,  
 25 established under the Federal Home Loan Mortgage  
 26 Corporation Act (12 U.S.C. 1451 et seq.);
- 27 as an ordinary loss under Section 301 of the Emergency  
 28 Economic Stabilization Act of 2008 in the current taxable year  
 29 or in an earlier taxable year equal to the amount of adjusted  
 30 gross income that would have been computed had the loss not  
 31 been treated as an ordinary loss.
- 32 (O) (K) Add an amount equal to any exempt insurance income  
 33 under Section 953(e) of the Internal Revenue Code for active  
 34 financing income under Subpart F, Subtitle A, Chapter 1,  
 35 Subchapter N of the Internal Revenue Code.
- 36 (2) Subtract the following amounts:
- 37 (A) Income that the United States Constitution or any statute  
 38 of the United States prohibits from being used to measure the  
 39 tax imposed by this chapter.
- 40 (B) Income that is derived from sources outside the United  
 41 States, as defined by the Internal Revenue Code.
- 42 (C) An amount equal to a debt or part of a debt that becomes



- 1           worthless, as permitted under Section 166(a) of the Internal  
2           Revenue Code.
- 3           (D) An amount equal to any bad debt reserves that are  
4           included in federal income because of accounting method  
5           changes required by Section 585(c)(3)(A) or Section 593 of  
6           the Internal Revenue Code.
- 7           (E) The amount necessary to make the adjusted gross income  
8           of any taxpayer that owns property for which bonus  
9           depreciation was allowed in the current taxable year or in an  
10          earlier taxable year equal to the amount of adjusted gross  
11          income that would have been computed had an election not  
12          been made under Section 168(k) of the Internal Revenue Code  
13          to apply bonus depreciation.
- 14          (F) The amount necessary to make the adjusted gross income  
15          of any taxpayer that placed Section 179 property (as defined  
16          in Section 179 of the Internal Revenue Code) in service in the  
17          current taxable year or in an earlier taxable year equal to the  
18          amount of adjusted gross income that would have been  
19          computed had an election for federal income tax purposes not  
20          been made for the year in which the property was placed in  
21          service to take deductions under Section 179 of the Internal  
22          Revenue Code in a total amount exceeding twenty-five  
23          thousand dollars (\$25,000).
- 24          (G) Income that is:
- 25               (i) exempt from taxation under IC 6-3-2-21.7; and
- 26               (ii) included in the taxpayer's taxable income under the  
27               Internal Revenue Code.
- 28          (H) This clause does not apply to payments made for services  
29          provided to a business that was enrolled and participated in the  
30          E-Verify program (as defined in IC 22-5-1.7-3) during the time  
31          the taxpayer conducted business in Indiana in the taxable year.  
32          For a taxable year beginning after June 30, 2011, add the  
33          amount of any trade or business deduction allowed under the  
34          Internal Revenue Code for wages, reimbursements, or other  
35          payments made for services provided in Indiana by an  
36          individual for services as an employee, if the individual was,  
37          during the period of service, prohibited from being hired as an  
38          employee under 8 U.S.C. 1324a.
- 39          (b) In the case of a credit union, "adjusted gross income" for a  
40          taxable year means the total transfers to undivided earnings minus  
41          dividends for that taxable year after statutory reserves are set aside  
42          under IC 28-7-1-24.



1 (c) In the case of an investment company, "adjusted gross income"  
 2 means the company's federal taxable income plus the amount excluded  
 3 from federal gross income under Section 103 of the Internal Revenue  
 4 Code for interest received on an obligation of a state other than Indiana,  
 5 or a political subdivision of such a state, that is acquired by the  
 6 taxpayer after December 31, 2011, multiplied by the quotient of:

7 (1) the aggregate of the gross payments collected by the company  
 8 during the taxable year from old and new business upon  
 9 investment contracts issued by the company and held by residents  
 10 of Indiana; divided by

11 (2) the total amount of gross payments collected during the  
 12 taxable year by the company from the business upon investment  
 13 contracts issued by the company and held by persons residing  
 14 within Indiana and elsewhere.

15 (d) As used in subsection (c), "investment company" means a  
 16 person, copartnership, association, limited liability company, or  
 17 corporation, whether domestic or foreign, that:

18 (1) is registered under the Investment Company Act of 1940 (15  
 19 U.S.C. 80a-1 et seq.); and

20 (2) solicits or receives a payment to be made to itself and issues  
 21 in exchange for the payment:

22 (A) a so-called bond;

23 (B) a share;

24 (C) a coupon;

25 (D) a certificate of membership;

26 (E) an agreement;

27 (F) a pretended agreement; or

28 (G) other evidences of obligation;

29 entitling the holder to anything of value at some future date, if the  
 30 gross payments received by the company during the taxable year  
 31 on outstanding investment contracts, plus interest and dividends  
 32 earned on those contracts (by prorating the interest and dividends  
 33 earned on investment contracts by the same proportion that  
 34 certificate reserves (as defined by the Investment Company Act  
 35 of 1940) is to the company's total assets) is at least fifty percent  
 36 (50%) of the company's gross payments upon investment  
 37 contracts plus gross income from all other sources except  
 38 dividends from subsidiaries for the taxable year. The term  
 39 "investment contract" means an instrument listed in clauses (A)  
 40 through (G).

41 (e) For purposes of this section, if a taxpayer:

42 (1) claimed the special allowance for qualified disaster



1 assistance property under Section 168(n) of the Internal  
2 Revenue Code;

3 (2) made an election under Section 179C of the Internal  
4 Revenue Code to expense costs for qualified refinery property  
5 equal to the amount of adjusted gross income that would have  
6 been computed had an election for federal income tax  
7 purposes not been made for the year;

8 (3) made an election under Section 181 of the Internal  
9 Revenue Code to expense costs for a qualified film or  
10 television production equal to the amount of adjusted gross  
11 income that would have been computed had an election for  
12 federal income tax purposes not been made for the year; or

13 (4) treated a loss from the sale or exchange of preferred stock  
14 in:

15 (A) the Federal National Mortgage Association, established  
16 under the Federal National Mortgage Association Charter  
17 Act (12 U.S.C. 1716 et seq.); or

18 (B) the Federal Home Loan Mortgage Corporation,  
19 established under the Federal Home Loan Mortgage  
20 Corporation Act (12 U.S.C. 1451 et seq.);

21 as an ordinary loss under Section 301 of the Emergency  
22 Economic Stabilization Act of 2008 for any taxable year  
23 beginning before January 1, 2015;

24 the taxpayer shall continue to add or subtract the amounts  
25 required under this section for the taxable years beginning after  
26 December 31, 2014, as provided in this section as in effect on  
27 December 31, 2014. However, any amount otherwise allowable as  
28 a deduction but not deducted in a taxable year beginning before  
29 January 1, 2020, shall be deducted in the taxpayer's first taxable  
30 year beginning after December 31, 2019.

31 SECTION 28. IC 6-6-5-1, AS AMENDED BY P.L.259-2013,  
32 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
33 JANUARY 1, 2016]: Sec. 1. (a) As used in this chapter, "vehicle"  
34 means a vehicle subject to annual registration as a condition of its  
35 operation on the public highways pursuant to the motor vehicle  
36 registration laws of the state.

37 (b) As used in this chapter, "mobile home" means a  
38 nonself-propelled vehicle designed for occupancy as a dwelling or  
39 sleeping place.

40 (c) As used in this chapter, "bureau" means the bureau of motor  
41 vehicles.

42 (d) As used in this chapter, "license branch" means a branch office





1 of the bureau authorized to register motor vehicles pursuant to the laws  
2 of the state.

3 (e) As used in this chapter, "owner" means the person in whose  
4 name the vehicle or trailer is registered (as defined in IC 9-13-2).

5 (f) As used in this chapter, "motor home" means a self-propelled  
6 vehicle having been designed and built as an integral part thereof  
7 having living and sleeping quarters, including that which is commonly  
8 referred to as a recreational vehicle.

9 (g) As used in this chapter, "last preceding annual excise tax  
10 liability" means either:

11 (1) the amount of excise tax liability to which the vehicle was  
12 subject on the owner's last preceding regular annual registration  
13 date; or

14 (2) the amount of excise tax liability to which a vehicle that was  
15 registered after the owner's last preceding annual registration date  
16 would have been subject if it had been registered on that date.

17 (h) As used in this chapter, "trailer" means a device having a gross  
18 vehicle weight equal to or less than three thousand (3,000) pounds that  
19 is pulled behind a vehicle and that is subject to annual registration as  
20 a condition of its operation on the public highways pursuant to the  
21 motor vehicle registration laws of the state. The term includes any  
22 utility, boat, or other two (2) wheeled trailer.

23 (i) This chapter does not apply to the following:

24 (1) Vehicles owned, or leased and operated, by the United States,  
25 the state, or political subdivisions of the state.

26 (2) Mobile homes and motor homes.

27 (3) Vehicles assessed under IC 6-1.1-8.

28 (4) Vehicles subject to registration as trucks under the motor  
29 vehicle registration laws of the state, except trucks having a  
30 declared gross weight not exceeding eleven thousand (11,000)  
31 pounds, trailers, semitrailers, tractors, and buses.

32 (5) Vehicles owned, or leased and operated, by a postsecondary  
33 educational institution ~~described in IC 6-3-3-5(d)~~ that:

34 **(A) normally maintains a regular faculty and curriculum**  
35 **and normally has a regularly organized body of students**  
36 **in attendance at the place where its educational activities**  
37 **are carried on;**

38 **(B) regularly offers education at a level above grade 12;**

39 **(C) regularly awards either associate, bachelor's, master's,**  
40 **or doctoral degrees, or any combination thereof; and**

41 **(D) is accredited by the North Central Association of**  
42 **Colleges and Schools, the Indiana state board of education,**



- 1                   **or the American Association of Theological Schools.**  
 2                   (6) Vehicles owned, or leased and operated, by a volunteer fire  
 3                   department (as defined in IC 36-8-12-2).  
 4                   (7) Vehicles owned, or leased and operated, by a volunteer  
 5                   emergency ambulance service that:  
 6                   (A) meets the requirements of IC 16-31; and  
 7                   (B) has only members that serve for no compensation or a  
 8                   nominal annual compensation of not more than three thousand  
 9                   five hundred dollars (\$3,500).  
 10                  (8) Vehicles that are exempt from the payment of registration fees  
 11                  under IC 9-18-3-1.  
 12                  (9) Farm wagons.  
 13                  (10) Off-road vehicles (as defined in IC 14-8-2-185).  
 14                  (11) Snowmobiles (as defined in IC 14-8-2-261).  
 15                  SECTION 29. IC 6-6-5.1-1, AS ADDED BY P.L.131-2008,  
 16                  SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17                  JANUARY 1, 2016]: Sec. 1. This chapter does not apply to the  
 18                  following:  
 19                  (1) A vehicle subject to the motor vehicle excise tax under  
 20                  IC 6-6-5.  
 21                  (2) A vehicle owned or leased and operated by the United States,  
 22                  the state, or a political subdivision of the state.  
 23                  (3) A mobile home.  
 24                  (4) A vehicle assessed under IC 6-1.1-8.  
 25                  (5) A vehicle subject to the commercial vehicle excise tax under  
 26                  IC 6-6-5.5.  
 27                  (6) A trailer subject to the annual excise tax imposed under  
 28                  IC 6-6-5-5.5.  
 29                  (7) A bus (as defined in IC 9-13-2-17(a)).  
 30                  (8) A vehicle owned or leased and operated by a postsecondary  
 31                  educational institution ~~(as described in IC 6-3-3-5(d))~~ **that:**  
 32                         **(A) normally maintains a regular faculty and curriculum**  
 33                         **and normally has a regularly organized body of students**  
 34                         **in attendance at the place where its educational activities**  
 35                         **are carried on;**  
 36                         **(B) regularly offers education at a level above grade 12;**  
 37                         **(C) regularly awards either associate, bachelor's, master's,**  
 38                         **or doctoral degrees, or any combination thereof; and**  
 39                         **(D) is accredited by the North Central Association of**  
 40                         **Colleges and Schools, the Indiana state board of education,**  
 41                         **or the American Association of Theological Schools.**  
 42                  (9) A vehicle owned or leased and operated by a volunteer fire



- 1 department (as defined in IC 36-8-12-2).
- 2 (10) A vehicle owned or leased and operated by a volunteer
- 3 emergency ambulance service that:
- 4 (A) meets the requirements of IC 16-31; and
- 5 (B) has only members who serve for no compensation or a
- 6 nominal annual compensation of not more than three thousand
- 7 five hundred dollars (\$3,500).
- 8 (11) A vehicle that is exempt from the payment of registration
- 9 fees under IC 9-18-3-1.
- 10 (12) A farm wagon.
- 11 (13) A recreational vehicle or truck camper in the inventory of
- 12 recreational vehicles and truck campers held for sale by a
- 13 manufacturer, distributor, or dealer in the course of business.
- 14 SECTION 30. IC 6-6-5.5-2, AS AMENDED BY P.L.2-2007,
- 15 SECTION 127, IS AMENDED TO READ AS FOLLOWS
- 16 [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) Except as provided in
- 17 subsection (b), this chapter applies to all commercial vehicles.
- 18 (b) This chapter does not apply to the following:
- 19 (1) Vehicles owned or leased and operated by the United States,
- 20 the state, or political subdivisions of the state.
- 21 (2) Mobile homes and motor homes.
- 22 (3) Vehicles assessed under IC 6-1.1-8.
- 23 (4) Buses subject to apportioned registration under the
- 24 International Registration Plan.
- 25 (5) Vehicles subject to taxation under IC 6-6-5.
- 26 (6) Vehicles owned or leased and operated by a postsecondary
- 27 educational institution ~~described in IC 6-3-3-5(d)~~ **that:**
- 28 (A) **normally maintains a regular faculty and curriculum**
- 29 **and normally has a regularly organized body of students**
- 30 **in attendance at the place where its educational activities**
- 31 **are carried on;**
- 32 **(B) regularly offers education at a level above grade 12;**
- 33 **(C) regularly awards either associate, bachelor's, master's,**
- 34 **or doctoral degrees, or any combination thereof; and**
- 35 **(D) is accredited by the North Central Association of**
- 36 **Colleges and Schools, the Indiana state board of education,**
- 37 **or the American Association of Theological Schools.**
- 38 (7) Vehicles owned or leased and operated by a volunteer fire
- 39 department (as defined in IC 36-8-12-2).
- 40 (8) Vehicles owned or leased and operated by a volunteer
- 41 emergency ambulance service that:
- 42 (A) meets the requirements of IC 16-31; and



- 1 (B) has only members that serve for no compensation or a  
 2 nominal annual compensation of not more than three thousand  
 3 five hundred dollars (\$3,500).  
 4 (9) Vehicles that are exempt from the payment of registration fees  
 5 under IC 9-18-3-1.  
 6 (10) Farm wagons.  
 7 (11) A vehicle in the inventory of vehicles held for sale by a  
 8 manufacturer, distributor, or dealer in the course of business.
- 9 SECTION 31. IC 6-8-11-9 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 9. (a) Except as  
 11 otherwise provided by statute, contract, or a collective bargaining  
 12 agreement, an employer may establish a medical care savings account  
 13 program for the employer's employees.  
 14 (b) An employer that establishes a medical care savings account  
 15 program under this chapter shall, before making any contributions to  
 16 medical care savings accounts under the program, inform all employees  
 17 in writing of the federal tax status of contributions made under this  
 18 chapter.  
 19 (c) Except as provided in sections **11.5**, 17, and 23 of this chapter,  
 20 the:  
 21 (1) principal contributed by an employer to a medical care savings  
 22 account **before January 1, 2016**;  
 23 (2) interest earned on money on deposit in a medical care savings  
 24 account; and  
 25 (3) money:  
 26 (A) paid out of a medical care savings account for eligible  
 27 medical expenses; or  
 28 (B) used to reimburse an employee for eligible medical  
 29 expenses;  
 30 are exempt from taxation as income of the employee under IC 6-3-2-18.
- 31 SECTION 32. IC 6-8-11-11.5 IS ADDED TO THE INDIANA  
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 33 [EFFECTIVE JANUARY 1, 2016]: **Sec. 11.5. Notwithstanding**  
 34 **sections 17 and 23 of this chapter, if an employer contributes**  
 35 **money to an account under this chapter after December 31, 2015,**  
 36 **for which no exemption applies under IC 6-3-2-18(c):**  
 37 (1) the money may be withdrawn from the account by the  
 38 employee at any time and for any purpose without a penalty;  
 39 (2) the withdrawal of the money by the employee is not  
 40 income to the employee that is subject to taxation under  
 41 IC 6-3-1 through IC 6-3-7; and  
 42 (3) income earned on the money while it is in the account is



1           **not income to the employee that is subject to taxation under**  
 2           **IC 6-3-1 through IC 6-3-7.**

3           SECTION 33. IC 6-8-11-17 IS AMENDED TO READ AS  
 4 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 17. (a) An  
 5 employee may, under this section, withdraw money from the  
 6 employee's medical care savings account for a purpose other than the  
 7 purposes set forth in section 13 of this chapter.

8           (b) Except as provided in ~~section~~ **sections 11(b) and 11.5** of this  
 9 chapter, if an employee withdraws money from the employee's medical  
 10 care savings account on the last business day of the account  
 11 administrator's business year for a purpose not set forth in section 13  
 12 of this chapter:

13           (1) the money withdrawn is income to the individual that is  
 14 subject to taxation under IC 6-3-2-18(e); but

15           (2) the withdrawal does not:

16           (A) subject the employee to a penalty; or

17           (B) make the interest earned on the account during the tax year  
 18 taxable as income of the employee.

19           (c) Except as provided in ~~section~~ **sections 11(b) and 11.5** of this  
 20 chapter, if an employee withdraws money for a purpose not set forth in  
 21 section 13 of this chapter at any time other than the last business day  
 22 of the account administrator's business year, all of the following apply:

23           (1) The amount of the withdrawal is income to the individual that  
 24 is subject to taxation under IC 6-3-2-18(e).

25           (2) The administrator shall withhold and, on behalf of the  
 26 employee, pay a penalty to the department of state revenue equal  
 27 to ten percent (10%) of the amount of the withdrawal.

28           (3) All interest earned on the balance in the account during the tax  
 29 year in which a withdrawal under this subsection is made is  
 30 income to the individual that is subject to taxation under  
 31 IC 6-3-2-18(f).

32           (d) Money paid to the department of state revenue as a penalty  
 33 under this section shall be deposited in the local health maintenance  
 34 fund established by IC 16-46-10-1.

35           SECTION 34. IC 6-8-11-23 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 23. (a) This  
 37 section applies when the employment of an individual by an employer  
 38 that participates in a medical care savings account program is  
 39 terminated.

40           (b) If the former employer is not informed, within ninety (90) days  
 41 after the former employee's final day of employment, of the name and  
 42 address of an account administrator to which the former employer is



1 transferring the former employee's medical care savings account under  
 2 section 21 of this chapter, the former employer shall pay the money in  
 3 the former employee's medical care savings account to the former  
 4 employee under subsection (d).

5 (c) If:

6 (1) the former employee, under section 22(2) of this chapter,  
 7 requests in writing that the former employer's account  
 8 administrator remain the administrator of the individual's medical  
 9 care savings account; and

10 (2) the account administrator does not agree to retain the account;  
 11 the former employer shall, within ninety (90) days after the former  
 12 employee's final day of employment, pay the money in the former  
 13 employee's medical care savings account to the former employee under  
 14 subsection (d).

15 (d) An employer that is required under this section to pay the money  
 16 in a former employee's medical care savings account to the former  
 17 employee shall mail to the former employee, at the former employee's  
 18 last known address, a check for the balance in the account on the  
 19 ninety-first day after the employee's final day of employment.

20 (e) Except as provided in ~~section sections~~ 11(b) and 11.5 of this  
 21 chapter, money that is paid to a former employee under subsection (d):

22 (1) is subject to taxation under IC 6-3-1 through IC 6-3-7 as  
 23 income of the individual; but

24 (2) is not subject to the penalty referred to in section 17(c)(2) of  
 25 this chapter.

26 SECTION 35. IC 6-8.1-3-17, AS AMENDED BY P.L.236-2005,  
 27 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JULY 1, 2015]: Sec. 17. (a) Before an original tax appeal is filed with  
 29 the tax court under IC 33-26, the commissioner may settle any tax  
 30 liability dispute if a substantial doubt exists as to:

31 (1) the constitutionality of the tax under the Constitution of the  
 32 State of Indiana;

33 (2) the right to impose the tax;

34 (3) the correct amount of tax due;

35 (4) the ~~collectibility~~ **collectability** of the tax; or

36 (5) whether the taxpayer is a resident or nonresident of Indiana.

37 (b) After an original tax appeal is filed with the tax court under  
 38 IC 33-26, and notwithstanding IC 4-6-2-11, the commissioner may  
 39 settle a tax liability dispute with an amount in contention of twenty-five  
 40 thousand dollars (\$25,000) or less. Notwithstanding IC 6-8.1-7-1(a),  
 41 the terms of a settlement under this subsection are available for public  
 42 inspection.



1 (c) The department shall establish an amnesty program for taxpayers  
 2 having an unpaid tax liability for a listed tax that was due and payable  
 3 for a tax period ending before ~~July 1, 2004~~. **January 1, 2013**. A  
 4 taxpayer is not eligible for the amnesty program:

5 (1) for any tax liability resulting from the taxpayer's failure to  
 6 comply with IC 6-3-1-3.5(b)(3) with regard to the tax imposed by  
 7 IC 4-33-13 or **IC 4-35-8**; or

8 **(2) if the taxpayer participated in any previous amnesty**  
 9 **program under:**

10 (A) **this section (as in effect on December 31, 2014); or**

11 (B) **IC 6-2.5-14.**

12 The time in which a voluntary payment of tax liability may be made (or  
 13 the taxpayer may enter into a payment program acceptable to the  
 14 department for the payment of the unpaid listed taxes in full in the  
 15 manner and time established in a written payment program agreement  
 16 between the department and the taxpayer) under the amnesty program  
 17 is limited to the period determined by the department, not to exceed  
 18 eight (8) regular business weeks ending before the earlier of the date  
 19 set by the department or ~~July 1, 2006~~. **January 1, 2017**. The amnesty  
 20 program must provide that, upon payment by a taxpayer to the  
 21 department of all listed taxes due from the taxpayer for a tax period (or  
 22 payment of the unpaid listed taxes in full in the manner and time  
 23 established in a written payment program agreement between the  
 24 department and the taxpayer), entry into an agreement that the taxpayer  
 25 is not eligible for any other amnesty program that may be established  
 26 and waives any part of interest and penalties on the same type of listed  
 27 tax that is being granted amnesty in the current amnesty program, and  
 28 compliance with all other amnesty conditions adopted under a rule of  
 29 the department in effect on the date the voluntary payment is made, the  
 30 department:

31 (1) shall abate and not seek to collect any interest, penalties,  
 32 collection fees, or costs that would otherwise be applicable;

33 (2) shall release any liens imposed;

34 (3) shall not seek civil or criminal prosecution against any  
 35 individual or entity; and

36 (4) shall not issue, or, if issued, shall withdraw, an assessment, a  
 37 demand notice, or a warrant for payment under **IC 6-8.1-5-1**,  
 38 IC 6-8.1-5-3, IC 6-8.1-8-2, or another law against any individual  
 39 or entity;

40 for listed taxes due from the taxpayer for the tax period for which  
 41 amnesty has been granted to the taxpayer. Amnesty granted under this  
 42 subsection is binding on the state and its agents. However, failure to



1 pay to the department all listed taxes due for a tax period invalidates  
 2 any amnesty granted under this subsection for that tax period. The  
 3 department shall conduct an assessment of the impact of the tax  
 4 amnesty program on tax collections and an analysis of the costs of  
 5 administering the tax amnesty program. As soon as practicable after the  
 6 end of the tax amnesty period, the department shall submit a copy of  
 7 the assessment and analysis to the legislative council in an electronic  
 8 format under IC 5-14-6. The department shall enforce an agreement  
 9 with a taxpayer that prohibits the taxpayer from receiving amnesty in  
 10 another amnesty program.

11 (d) For purposes of subsection (c), a liability for a listed tax is due  
 12 and payable if:

13 (1) the department has issued:

14 (A) an assessment of the listed tax ~~and~~ **under IC 6-8.1-5-1;**

15 **(B) a demand for payment under IC 6-8.1-5-3; or**

16 ~~(B)~~ **(C) a demand notice for payment of the listed tax under**  
 17 **IC 6-8.1-8-2;**

18 (2) the taxpayer has filed a return or an amended return in which  
 19 the taxpayer has reported a liability for the listed tax; or

20 (3) the taxpayer has filed a written statement of liability for the  
 21 listed tax in a form that is satisfactory to the department.

22 SECTION 36. IC 6-8.1-3-24 IS ADDED TO THE INDIANA CODE  
 23 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**  
 24 **1, 2015]: Sec. 24. (a) The department of state revenue may adopt**  
 25 **emergency rules under IC 4-22-2-37.1 to carry out a tax amnesty**  
 26 **program under section 17 of this chapter.**

27 **(b) Notwithstanding IC 4-22-2-37.1(g), an emergency rule**  
 28 **adopted by the department under IC 4-22-2-37.1 expires on the**  
 29 **date specified in the emergency rule.**

30 **(c) This section expires July 1, 2017.**

31 SECTION 37. IC 6-8.1-10-12, AS AMENDED BY P.L.1-2009,  
 32 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2015]: Sec. 12. (a) This section applies to a penalty related to  
 34 a tax liability to the extent that the:

35 (1) tax liability is for a listed tax;

36 (2) tax liability was due and payable, as determined under  
 37 IC 6-8.1-3-17(d), for a tax period ending before ~~July 1, 2004;~~  
 38 **January 1, 2013;**

39 (3) department establishes an amnesty program for the tax  
 40 liability under IC 6-8.1-3-17(c);

41 (4) individual or entity from which the tax liability is due was  
 42 eligible to participate in the amnesty program described in





- 1 subdivision (3); and  
 2 (5) tax liability is not paid:  
 3 (A) in conformity with a payment program acceptable to the  
 4 department that provides for payment of the unpaid listed  
 5 taxes in full in the manner and time established in a written  
 6 payment program agreement entered into between the  
 7 department and the taxpayer under IC 6-8.1-3-17(c); or  
 8 (B) if clause (A) does not apply, before the end of the amnesty  
 9 period established by the department.  
 10 (b) Subject to subsection (c), if a penalty is imposed or otherwise  
 11 calculated under any combination of:  
 12 (1) IC 6-8.1-1-8;  
 13 (2) section 2.1 of this chapter;  
 14 (3) section 3 of this chapter;  
 15 **(4) section 3.5 of this chapter;**  
 16 ~~(4) (5)~~ section 4 of this chapter;  
 17 ~~(5) (6)~~ section 5 of this chapter;  
 18 ~~(6) (7)~~ section 6 of this chapter;  
 19 ~~(7) (8)~~ section 7 of this chapter;  
 20 ~~(8) (9)~~ section 9 of this chapter; or  
 21 ~~(9) (10)~~ IC 6-6;  
 22 an additional penalty is imposed under this section. The amount of the  
 23 additional penalty imposed under this section is equal to the sum of the  
 24 penalties imposed or otherwise calculated under the provisions listed  
 25 in subdivisions (1) through ~~(9)~~: **(10)**.  
 26 (c) The additional penalty provided by subsection (b) does not apply  
 27 if all of the following apply:  
 28 (1) The department imposes a penalty on a taxpayer or otherwise  
 29 calculates the penalty under the provisions described in  
 30 subsection (b)(1) through ~~(b)(9)~~: **(b)(10)**.  
 31 (2) The taxpayer against whom the penalty is imposed:  
 32 (A) timely files an original tax appeal in the tax court under  
 33 IC 6-8.1-5-1; and  
 34 (B) contests the department's imposition of the penalty or the  
 35 tax on which the penalty is based.  
 36 (3) The taxpayer meets all other jurisdictional requirements to  
 37 initiate the original tax appeal.  
 38 (4) Either the:  
 39 (A) tax court enjoins collection of the penalty or the tax on  
 40 which the penalty is based under IC 33-26-6-2; or  
 41 (B) department consents to an injunction against collection of  
 42 the penalty or tax without entry of an order by the tax court.



1 (d) The additional penalty provided by subsection (b) does not apply  
2 if the taxpayer:

3 (1) has a legitimate hold on making the payment as a result of an  
4 audit, bankruptcy, protest, taxpayer advocate action, or another  
5 reason permitted by the department;

6 (2) had established a payment plan with the department before  
7 ~~May 12, 2005~~; **July 1, 2016**; or

8 (3) verifies with reasonable particularity that is satisfactory to the  
9 commissioner that the taxpayer did not ever receive notice of the  
10 outstanding tax liability.

11 SECTION 38. IC 8-24-17-14, AS ADDED BY P.L.182-2009(ss),  
12 SECTION 282, IS AMENDED TO READ AS FOLLOWS  
13 [EFFECTIVE JANUARY 1, 2016]: Sec. 14. (a) Except as otherwise  
14 provided in this chapter, all provisions of the adjusted gross income tax  
15 law (IC 6-3) concerning:

16 (1) definitions;

17 (2) declarations of estimated tax;

18 (3) filing of returns;

19 (4) remittances;

20 (5) incorporation of the provisions of the Internal Revenue Code;

21 (6) penalties and interest;

22 (7) exclusion of military pay credits for withholding; and

23 (8) exemptions and deductions;

24 apply to the imposition, collection, and administration of the  
25 improvement tax.

26 (b) ~~IC 6-3-1-3.5(a)(6)~~; IC 6-3-3-3 **and** IC 6-3-3-5 **and** ~~IC 6-3-5-1~~ do  
27 not apply to the improvement tax.

28 (c) Notwithstanding subsections (a) and (b), each employer shall  
29 report to the department the amount of withholdings of the  
30 improvement tax attributable to each county. This report shall be  
31 submitted to the department:

32 (1) each time the employer remits to the department the tax that  
33 is withheld; and

34 (2) annually along with the employer's annual withholding report.

35 SECTION 39. [EFFECTIVE JULY 1, 2015] (a) **IC 6-3-1-3.5,**  
36 **IC 6-3-1-20, IC 6-3-2-2, IC 6-3-2-4, IC 6-3-2-14.1, IC 6-3-2-18,**  
37 **IC 6-3-2-20, IC 6-3-2-25, and IC 6-5.5-1-2, all as amended by this**  
38 **act, apply to taxable years beginning after December 31, 2015.**

39 (b) **IC 6-3-2-5, IC 6-3-2-5.3, IC 6-3-2-14.5, IC 6-3-2-17,**  
40 **IC 6-3.5-1.1-7, IC 6-3.5-6-24, and IC 6-3.5-7-9, all as repealed by**  
41 **this act, apply only to taxable years beginning before January 1,**  
42 **2016.**



- 1           **(c) The legislative council shall provide for the preparation and**
- 2 **introduction of legislation in the 2016 session of the general**
- 3 **assembly to correct cross references and make other changes, as**
- 4 **necessary, to bring provisions that are not added or amended by**
- 5 **this act into conformity with this act.**
- 6           **(d) This SECTION expires July 1, 2018.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1349, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

- Page 1, delete lines 1 through 15.
- Delete pages 2 through 9.
- Page 10, delete lines 1 through 12.
- Page 13, line 4, after "(22)" insert "**(20)**".
- Page 13, line 4, reset in roman "Subtract income that is:".
- Page 13, reset in roman lines 5 through 7.
- Page 13, line 18, delete "(20)" and insert "**(21)**".
- Page 14, line 22, delete "(21)" and insert "**(22)**".
- Page 16, reset in roman lines 3 through 6.
- Page 16, line 7, reset in roman "(12)".
- Page 16, line 7, delete "(11)".
- Page 17, line 21, delete "(12)" and insert "**(13)**".
- Page 18, reset in roman lines 23 through 26.
- Page 18, line 27, reset in roman "(10)".
- Page 18, line 27, delete "(9)".
- Page 19, line 30, delete "(10)" and insert "**(11)**".
- Page 20, line 3, delete "(11)" and insert "**(12)**".
- Page 21, reset in roman lines 5 through 8.
- Page 21, line 9, reset in roman "(10)".
- Page 21, line 9, delete "(9)".
- Page 22, line 12, delete "(10)" and insert "**(11)**".
- Page 22, line 27, delete "(11)" and insert "**(12)**".
- Page 23, reset in roman lines 24 through 27.
- Page 23, line 28, reset in roman "(8)".
- Page 23, line 28, delete "(7)".
- Page 25, line 3, delete "(8)" and insert "**(9)**".
- Page 28, line 37, reset in roman "Receipts from".
- Page 28, reset in roman lines 38 through 39.
- Page 28, line 40, reset in roman "Indiana under section 2.2 of this chapter."
- Page 29, reset in roman lines 11 through 18.
- Page 29, delete lines 19 through 42.
- Page 30, delete lines 1 through 12.
- Page 33, between lines 31 and 32, begin a new paragraph and insert:  
**"(t) Sales of a broadcaster that arise from or relate to the broadcast or other distribution of film programming or radio**



programming by any means are in this state if the commercial domicile of the broadcaster's customer is in this state. Sales to which this subsection applies include income from advertising and licensing income from distributing film programming or radio programming. For purposes of this subsection, the following definitions apply:

(1) "Broadcaster" means a taxpayer that is a television or radio station licensed by the Federal Communications Commission, a television or radio broadcast network, a cable program network, or a television distribution company. The term "broadcaster" does not include a cable service provider or a direct broadcast satellite system.

(2) "Commercial domicile" has the meaning set forth in IC 6-3-1-22.

(3) "Customer" means a person, corporation, partnership, limited liability company, or other entity, such as an advertiser or licensee, that has a direct connection or contractual relationship with the broadcaster under which revenue is derived by the broadcaster. The term "customer" does not include an advertising agency placing advertising on behalf of its client. The client of such an advertising agency is the customer.

(4) "Film programming" means one (1) or more performances, events, or productions (or segments of performances, events, or productions) intended to be distributed for visual and auditory perception, including but not limited to news, entertainment, sporting events, plays, stories, or other literary, commercial, educational, or artistic works.

(5) "Radio programming" means one (1) or more performances, events, or productions (or segments of performances, events, or productions) intended to be distributed for auditory perception, including but not limited to news, entertainment, sporting events, plays, stories, or other literary, commercial, educational, or artistic works."

Page 35, delete lines 10 through 38.

Page 43, delete lines 17 through 42.

Delete page 44.

Page 45, delete lines 1 through 18.

Page 46, delete lines 14 through 42.

Delete pages 47 through 51.

Page 52, delete lines 1 through 20.



Page 53, line 30, delete "." and insert ", **except for expenditures that were approved by the Indiana economic development corporation before January 1, 2016.**".

Page 55, delete lines 13 through 30.

Page 56, line 31, delete "IC 6-3-3-5," and insert "**and IC 6-3-3-5**".

Page 56, line 32, reset in roman "do".

Page 56, line 32, delete "does".

Page 57, line 12, delete "IC 6-3-3-5," and insert "**and IC 6-3-3-5**".

Page 57, line 13, reset in roman "do".

Page 57, line 13, delete "does".

Page 59, line 3, delete "IC 6-3-3-5," and insert "**and IC 6-3-3-5**".

Page 59, line 4, reset in roman "do".

Page 59, line 4, delete "does".

Page 62, reset in roman lines 20 through 23.

Page 63, between lines 36 and 37, begin a new paragraph and insert:  
**"(e) For purposes of this section, if a taxpayer:**

**(1) claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code;**

**(2) made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year;**

**(3) made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year; or**

**(4) treated a loss from the sale or exchange of preferred stock in:**

**(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or**

**(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);**

**as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 for any taxable year beginning before January 1, 2015;**

**the taxpayer shall continue to add or subtract the amounts required under this section for the taxable years beginning after**



**December 31, 2014, as provided in this section as in effect on December 31, 2014. However, any amount otherwise allowable as a deduction but not deducted in a taxable year beginning before January 1, 2020, shall be deducted in the taxpayer's first taxable year beginning after December 31, 2019."**

Page 73, line 32, delete "IC 6-3-3-5," and insert "**and IC 6-3-3-5**".

Page 73, line 32, reset in roman "do".

Page 73, line 33, delete "does".

Page 73, delete lines 41 through 42.

Page 74, delete lines 1 through 6.

Page 74, line 9, delete "IC 6-3-2-21.7,".

Page 74, line 9, delete "IC 6-3-3-5, 6-3-3-5.1,".

Page 74, line 10, delete "IC 6-3-3-10,".

Page 74, line 12, delete "IC 6-3-2-8,".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1349 as introduced.)

BROWN T

Committee Vote: yeas 10, nays 6.

