THE INDIANA STATUTES WHICH ARE DIRECTLY APPLICABLE TO THE ADJUSTED GROSS INCOME TAX OF THE STATE OF INDIANA

TITLE 6, ARTICLE 3
OTHER STATE INCOME TAXES
(Modified Through The 2000 Legislative Session)

Table Of Contents

Table Of Contents ................................................................. -i-

The Indiana Statutes Which Are Directly Applicable To The Adjusted Gross Income Tax Of The State Of Indiana . . . . -1-

Other State Income Taxes .......................................................... -1-

Chapter 1. Definitions ............................................................. -1-

Chapter 2. Imposition of Tax and Deductions ............................ -6-

Chapter 3. Credits ............................................................... -18-

Chapter 4. Returns and Remittances ....................................... -23-

Chapter 5. Reciprocity .......................................................... -31-

Chapter 6. Penalties and Administration ................................. -31-

Chapter 7. Miscellaneous ..................................................... -32-
The Indiana Statutes Which Are Directly Applicable To The Adjusted Gross Income Tax Of The State Of Indiana

Title 6, Article 3
Other State Income Taxes

IC 6-3-1
Chapter 1. Definitions

IC 6-3-1-1
Sec. 1. IC 6-3-1 through IC 6-3-7 shall be known and may be cited as the Adjusted Gross Income Tax Act of 1963.
(Formerly: Acts 1963(ss), c.32, s.101.) As amended by P.L.2-1988, SEC.3.

IC 6-3-1-2
Sec. 2. Except where the context otherwise requires, the definitions given in this article govern the construction of this article.
(Formerly: Acts 1963(ss), c.32, s.102.) As amended by P.L.2-1988, SEC.4.

IC 6-3-1-3
(Repealed by Acts 1980, P.L.54, SEC.9.)

IC 6-3-1-3.1
(Repealed by Acts 1979, P.L.70, SEC.2.)

IC 6-3-1-3.5
Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall mean the following:
(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:
(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.
(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).
(4) Subtract one thousand dollars ($1,000) for:
(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;
(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
(5) Subtract:
(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and
(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).
This amount is in addition to the amount subtracted under subdivision (4).
(6) Subtract an amount equal to the lesser of:
(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or
(B) two thousand dollars ($2,000).
(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.
(8) Subtract any amounts included in federal adjusted gross income under Internal Revenue Code Section 111 as a recovery of items previously deducted as an itemized deduction from adjusted gross income.
(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under
subdivision (1).
(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.
(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.
(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.
(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.
(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.
(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.
(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.
(17) Subtract an amount equal to the lesser of:
(A) two thousand five hundred dollars ($2,500); or
(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.
(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:
(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.
(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.
(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.
(c) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) reduced by income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

IC 6-3-1-4
Sec. 4. The term "department" means the Indiana department of state revenue.
(Formerly: Acts 1963(ss), c.32, s.104.)

IC 6-3-1-5

IC 6-3-1-5 Sec. 5. The term "employer" means "employer" as defined in section 3401(d) of the Internal Revenue Code.
(Formerly: Acts 1963(ss), c.32, s.105.)

IC 6-3-1-6
Sec. 6. The term "employee" means "employee" as defined in section 3401(c) of the Internal Revenue Code.
(Formerly: Acts 1963(ss), c.32, s.106.)

IC 6-3-1-7
Sec. 7. "Fiduciary" means any guardian, trustee, executor, administrator, receiver, conservator, or any person, whether individual
or corporate, acting in any fiduciary capacity for any individual, trust, guardian, or estate.

IC 6-3-1-8
Sec. 8. The term "gross income" shall mean gross income as defined by section 61(a) of the Internal Revenue Code.
(Formerly: Acts 1963(ss), c.32, s.108.)

IC 6-3-1-9
Sec. 9. The term "individual" means a natural person, whether married or unmarried, adult or minor.
(Formerly: Acts 1963(ss), c.32, s.109.)

IC 6-3-1-10
Sec. 10. The term "corporation" includes all corporations, associations, real estate investment trusts (as defined in the Internal Revenue Code), joint stock companies, whether organized for profit or not-for-profit, any receiver, trustee or conservator thereof, business trusts, Massachusetts trusts, any proprietorship or partnership taxable under Section 1361 of the Internal Revenue Code, and any publicly traded partnership that is treated as a corporation for federal income tax purposes under Section 7704 of the Internal Revenue Code.

IC 6-3-1-11
Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, 1999.
(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, 1999, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, 1999, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.
(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, 1999, that is effective for any taxable year that began before January 1, 1999, and that affects:
(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
(6) taxable income (as defined in Section 832 of the Internal Revenue Code);
is also effective for that same taxable year for purposes of determining adjusted gross income under IC 6-3-1-3.5 and net income under IC 6-3-8-2(b).

IC 6-3-1-12
Sec. 12. The term "resident" includes (a) any individual who was domiciled in this state during the taxable year, or (b) any individual who maintains a permanent place of residence in this state and spends more than one hundred eighty-three (183) days of the taxable year within this state, or (c) any estate of a deceased person defined in (a) or (b), or (d) any trust which has a situs within this state.
(Formerly: Acts 1963(ss), c.32, s.112.)

IC 6-3-1-13
Sec. 13. The term "nonresident" means any person who is not a resident of Indiana.
IC 6-3-1-14  
Sec. 14. The term "person" means an individual, trust or estate: Provided, That no corporation shall be considered to be a person.  
(Formerly: Acts 1963(ss), c.32, s.113.)

IC 6-3-1-15  
Sec. 15. The term "taxpayer" means any person or any corporation subject to taxation under this article.  
(Formerly: Acts 1963(ss), c.32, s.114.) As amended by P.L.2-1988, SEC.5.

IC 6-3-1-16  
Sec. 16. The term "taxable year" with respect to any taxpayer means the taxable year of such taxpayer as shown on his return required to be filed or filed pursuant to the Internal Revenue Code. Where a taxpayer does not file a return pursuant to the Internal Revenue Code, his taxable year shall be the calendar year.  
(Formerly: Acts 1963(ss), c.32, s.116.)

IC 6-3-1-17  
(Repealed by P.L.35-1990, SEC.80.)

IC 6-3-1-18  
(Repealed by P.L.1-1991, SEC.51.)

IC 6-3-1-19  
Sec. 19. (a) The term "partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this chapter, a corporation or a trust or an estate. The term also includes a limited liability company that is treated as a partnership for federal income tax purposes.  
(b) The term "partner" means a member of a partnership.  

IC 6-3-1-19.5  
(Repealed by P.L.47-1984, SEC.7(a).)

IC 6-3-1-20  
Sec. 20. The term "business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.  
(Formerly: Acts 1963(ss), c.32, s.120; Acts 1965, c.233, s.7.)

IC 6-3-1-21  
Sec. 21. The term "nonbusiness income" means all income other than business income.  
(Formerly: Acts 1963(ss), c.32, s.121; Acts 1965, c.233, s.8.)

IC 6-3-1-22  
Sec. 22. The term "commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.  
(Formerly: Acts 1963(ss), c.32, s.122; Acts 1965, c.233, s.9.)

IC 6-3-1-23  
Sec. 23. The term "compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.  
(Formerly: Acts 1963(ss), c.32, s.123; Acts 1965, c.233, s.10.)
Sec. 24. The term "sales" means all gross receipts of the taxpayer not allocated under IC 6-3-2-2(g) through IC 6-3-2-2(k), other than compensation (as defined in section 23 of this chapter).
(Formerly: Acts 1963(ss), c.32, s.124; Acts 1965, c.233, s.11.) As amended by P.L.2-1988, SEC.7.

IC 6-3-1-25
Sec. 25. The term "state" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.
(Formerly: Acts 1963(ss), c.32, s.125; Acts 1965, c.233, s.12.)

IC 6-3-1-26
Sec. 26. "Foreign corporation" means a foreign corporation as defined in Section 7701 of the Internal Revenue Code.
As added by P.L.75-1985, SEC.1.

IC 6-3-1-27
Sec. 27. "United States", when used in a geographical sense, means the United States as defined in Section 7701 of the Internal Revenue Code.
As added by P.L.75-1985, SEC.2.

IC 6-3-1-28
Sec. 28. "Combined income tax return" means any income tax return on which one (1) or more taxpayers report income, deductions, and credits on a combined basis with one (1) or more other entities.
As added by P.L.75-1985, SEC.3.

IC 6-3-1-29
Sec. 29. As used in this chapter, "eligible individual" means:
(1) a person who was systematically persecuted for racial or religious reasons by Nazi Germany or any other Axis regime; or
(2) an heir of a person described in subdivision (1).

IC 6-3-1-30
Sec. 30. As used in this chapter, "Holocaust victim's settlement payment" means a payment received:
(1) as a result of the settlement of the action entitled "In re Holocaust Victims' Asset Litigation", (E.D. NY) C.A. No. 96-4849;
(2) under the German Act Regulating Unresolved Property Claims;
(3) under any other foreign law providing payments for Holocaust claims; or
(4) as a result of the settlement of any other Holocaust claim, including:
(A) insurance claims;
(B) claims relating to looted art;
(C) claims relating to looted financial assets; or
(D) claims relating to slave labor wages.

IC 6-3-2
Chapter 2. Imposition of Tax and Deductions

IC 6-3-2-1
Sec. 1. (a) Each taxable year, a tax at the rate of three and four-tenths percent (3.4%) of adjusted gross income is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person.
(b) Each taxable year, a tax at the rate of three and four-tenths percent (3.4%) of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

IC 6-3-2-2
Sec. 2. (a) With regard to corporations and nonresident persons, "adjusted gross income derived from sources within Indiana".

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for the purposes of this article, shall mean and include:

(1) income from real or tangible personal property located in this state;
(2) income from doing business in this state;
(3) income from a trade or profession conducted in this state;
(4) compensation for labor or services rendered within this state; and
(5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other intangible personal property if the receipt from the intangible is attributable to Indiana under section 2.2 of this chapter.

In the case of nonbusiness income described in subsection (g), only so much of such income as is allocated to this state under the provision of subsection (b) shall be deemed to be derived from sources within Indiana. In the case of business income, only so much of such income as is apportioned to this state under the provision of subsection (b) shall be deemed to be derived from sources within the state of Indiana. In the case of compensation of a team member (as defined in section 2.7 of this chapter) only the portion of income determined to be Indiana income under section 2.7 of this chapter is considered derived from sources within Indiana.

(b) Except as provided in subsection (l), if business income of a corporation or a nonresident person is derived from sources within the state of Indiana and from sources without the state of Indiana, then the business income derived from sources within this state shall be determined by multiplying the business income derived from sources both within and without the state of Indiana by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three (3). However, after a period of two (2) consecutive quarters of income growth and one (1) additional quarter (regardless of any income growth), the fraction shall be computed as follows:

(1) For all taxable years that begin within the first calendar year immediately following the period, the numerator of the fraction is the sum of the property factor plus the payroll factor plus one hundred thirty-three percent (133%) of the sales factor, and the denominator of the fraction is three and thirty-three hundredths (3.33).

(2) For all taxable years that begin within the second calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus one hundred sixty-seven percent (167%) of the sales factor, and the denominator of the fraction is three and sixty-seven hundredths (3.67).

(3) For all taxable years beginning on or after January 1 of the third calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus two hundred percent (200%) of the sales factor, and the denominator of the fraction is four (4).

For purposes of this subsection, income growth occurs when the state's nonfarm personal income for a calendar quarter increases in comparison with the state's nonfarm personal income for the immediately preceding quarter at an annualized compound rate of five percent (5%) or more, as determined by the budget agency based on current dollar figures provided by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency. The annualized compound rate shall be computed in accordance with the formula $(1+N)^4 - 1$, where N equals the percentage change in the state's current dollar nonfarm personal income from one (1) quarter to the next. As soon as possible after two (2) consecutive quarters of income growth, the budget agency shall advise the department of the growth.

(c) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year. However, with respect to a foreign corporation, the denominator does not include the average value of real or tangible personal property owned or rented and used in a place that is outside the United States. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The average of property shall be determined by averaging the values at the beginning and ending of the taxable year but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

(d) The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the taxable year by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year. However, with respect to a foreign corporation, the denominator does not include compensation paid in a place that is outside the United States. Compensation is paid in this state if:

(1) the individual's service is performed entirely within the state;
(2) the individual's service is performed both within and without this state, but the service performed without this state is incidental to the individual's service within this state; or
(3) some of the service is performed in this state and:

(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in this state; or
(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of this state.

(e) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Sales include receipts from intangible property and receipts from the sale or exchange of tangible property. However, with respect to a foreign corporation, the denominator does not include sales made in a place that is outside the United States. Receipts from intangible personal property are derived from sources within Indiana if the receipts from the intangible personal property are attributable to Indiana under section 2.2 of this chapter. Sales of tangible personal property are in this state if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, within this state, regardless of the f.o.b. point or other conditions of the sale; or

(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state and:
   (A) the purchaser is the United States government; or
   (B) the taxpayer is not taxable in the state of the purchaser.

Gross receipts derived from commercial printing as described in IC 6-2.1-2-4 shall be treated as sales of tangible personal property for purposes of this chapter.

(f) Sales, other than receipts from intangible property covered by subsection (e) and sales of tangible personal property, are in this state if:

(1) the income-producing activity is performed in this state; or

(2) the income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

(g) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in subsections (h) through (k).

(h)(1) Net rents and royalties from real property located in this state are allocable to this state.

(2) Net rents and royalties from tangible personal property are allocated to this state:
   (i) if and to the extent that the property is utilized in this state; or
   (ii) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(i)(1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if:
   (i) the property had a situs in this state at the time of the sale; or
   (ii) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(j) Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

(k)(1) Patent and copyright royalties are allocable to this state:
   (i) if and to the extent that the patent or copyright is utilized by the taxpayer in this state; or
   (ii) if and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(l) If the allocation and apportionment provisions of this article do not fairly represent the taxpayer's income derived from sources within the state of Indiana, the taxpayer may petition for or the department may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(1) separate accounting;
(2) the exclusion of any one (1) or more of the factors;
(3) the inclusion of one (1) or more additional factors which will fairly represent the taxpayer's income derived from sources within the state of Indiana; or
(4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.
(m) In the case of two (2) or more organizations, trades, or businesses owned or controlled directly or indirectly by the same interests, the department shall distribute, apportion, or allocate the income derived from sources within the state of Indiana between and among those organizations, trades, or businesses in order to fairly reflect and report the income derived from sources within the state of Indiana by various taxpayers.
(n) For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if:
(1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or
(2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.
(o) Notwithstanding subsections (l) and (m), the department may not, under any circumstances, require that income, deductions, and credits attributable to a taxpayer and another entity be reported in a combined income tax return for any taxable year, if the other entity is:
(1) a foreign corporation; or
(2) a corporation that is classified as a foreign operating corporation for the taxable year by section 2.4 of this chapter.
(p) Notwithstanding subsections (l) and (m), the department may not require that income, deductions, and credits attributable to a taxpayer and another entity not described in subsection (o)(1) or (o)(2) be reported in a combined income tax return for any taxable year, unless the department is unable to fairly reflect the taxpayer's adjusted gross income for the taxable year through use of other powers granted to the department by subsections (l) and (m).
(q) Notwithstanding subsections (o) and (p), one (1) or more taxpayers may petition the department under subsection (l) for permission to file a combined income tax return for a taxable year. The petition to file a combined income tax return must be completed and filed with the department not more than thirty (30) days after the end of the taxpayer's taxable year.


IC 6-3-2-2.2
Sec. 2.2. (a) Interest income and other receipts from assets in the nature of loans or installment sales contracts that are primarily secured by or deal with real or tangible personal property are attributable to this state if the security or sale property is located in Indiana.
(b) Interest income and other receipts from consumer loans not secured by real or tangible personal property are attributable to this state if the loan is made to a resident of Indiana, whether at a place of business, by a traveling loan officer, by mail, by telephone, or by other electronic means.
(c) Interest income and other receipts from commercial loans and installment obligations not secured by real or tangible personal property are attributable to this state if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the funds are to be applied, the income and receipts are attributable to the state in which the business applied for the loan. As used in this section, "applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.
(d) Interest income, merchant discount, and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees are attributable to the state to which the card charges and fees are regularly billed.
(e) Receipts from the performance of fiduciary and other services are attributable to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one (1) state, the receipts from those benefits are attributable to this state on a pro rata basis according to the portion of the benefits consumed in Indiana.
(f) Receipts from the issuance of traveler's checks, money orders, or United States savings bonds are attributable to the state in which the traveler's checks, money orders, or bonds are purchased.
(g) Receipts in the form of dividends from investments are attributable to this state if the taxpayer's commercial domicile is in Indiana.

IC 6-3-2-2.3
Sec. 2.3. Notwithstanding any other provision of this article, with respect to a person, corporation, or partnership that has
contracted with a commercial printer for printing:
(1) the ownership or leasing by that entity of tangible or intangible property located at the Indiana premises of the commercial printer;
(2) the sale by that entity of property of any kind produced at and shipped or distributed from the Indiana premises of the commercial printer;
(3) the activities of any kind performed by or on behalf of that entity at the Indiana premises of the commercial printer; and
(4) the activities performed by the commercial printer in Indiana for or on behalf of that entity;
shall not cause that entity to have adjusted gross income derived from sources within Indiana for purposes of the taxes imposed by this chapter and IC 6-3-8, unless that entity engages in other activities in Indiana away from the premises of the commercial printer that exceed the protection of 15 U.S.C. 381.

IC 6-3-2-2.4
Sec. 2.4. (a) For purposes of section 2(o) of this chapter, a corporation is a foreign operating corporation for a particular taxable year if it has eighty percent (80%) or more of its total business activity occurring outside the United States during the taxable year.
(b) For purposes of determining the amount of a corporation's business activity that occurs within the United States, the department shall determine the sum of that corporation's United States property factor and its United States payroll factor and divide that sum by two (2). If the quotient exceeds two-tenths (0.2), then less than eighty percent (80%) of the corporation's business shall be considered to have occurred outside the United States. If the quotient equals or is less than two-tenths (0.2), then eighty percent (80%) or more of the corporation's business shall be considered to have occurred outside the United States.
If a corporation's United States property factor or its United States payroll factor has a denominator of zero (0), then the sum of the two (2) factors shall be divided by one (1) and not by two (2).
(c) The United States property factor of a corporation is a fraction. The numerator of the fraction is the average value of the corporation's real and tangible personal property owned or rented and used in the United States during the taxable year, and the denominator of the fraction is the average value of all the corporation's real and tangible personal property owned or rented and used anywhere in the world during the taxable year. Property owned by the corporation shall be valued at its original cost. Property rented by the corporation shall be valued at eight (8) times the net annual rental rate. The corporation's net annual rental rate is the annual rental rate paid by the corporation less any annual rental rate received by the corporation from subrentals. The average value of property shall be determined by averaging the values at the beginning and ending of the taxable year, but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the corporation's property.
(d) The United States payroll factor of a corporation is a fraction. The numerator of the fraction is the total compensation to individuals paid in the United States during the taxable year by the corporation, and the denominator of the fraction is the total compensation to individuals paid anywhere in the world during the taxable year by the corporation. Compensation to an individual is paid in the United States if:
(1) the individual's service is performed entirely within the United States;
(2) the individual's service is performed both within and outside the United States, but the service performed outside the United States is incidental to the individual's service within the United States; or
(3) the individual is a resident of the United States, some of the service is performed in the United States, and:
(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the United States; or
(B) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is not in a jurisdiction that is outside the United States and that is where some part of the service is performed.
As added by P.L.75-1985, SEC.5.

IC 6-3-2-2.5
Sec. 2.5. (a) This section applies to a resident person, for a particular taxable year, if the taxpayer's adjusted gross income for that taxable year is reduced because of a deduction allowed under Section 172 of the Internal Revenue Code for a net operating loss. For purposes of section 1 of this chapter, the taxpayer's adjusted gross income, for the particular taxable year, is the remainder determined under STEPS THREE and THREE of the following formula:
STEP ONE: Determine the taxpayer's adjusted gross income, for the taxable year, as calculated without the deduction for net operating losses provided by Section 172 of the Internal Revenue Code.
STEP TWO: Determine, in the manner prescribed in subsection (b), the amount of the taxpayer's net operating losses that are deductible for the taxable year under Section 172 of the Internal Revenue Code, as adjusted to reflect the modifications required by IC 6-3-1-3.5.
STEP THREE: Enter the larger of zero (0) or the amount determined under STEP TWO.
STEP FOUR: Subtract the amount entered under STEP THREE from the amount determined under STEP ONE.

(b) For purposes of STEP TWO of subsection (a), the modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year during which each net operating loss was incurred. In addition, for purposes of STEP TWO of subsection (a), the following procedures apply:

(1) The taxpayer's net operating loss for a particular taxable year shall be treated as a positive number.
(2) A modification that is to be added to federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a negative number.
(3) A modification that is to be subtracted from federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a positive number.

As added by P.L.91-1987, SEC.3.

IC 6-3-2-2.6

IC 6-3-2-2.6 Sec. 2.6. (a) This section applies to a corporation or a nonresident person, for a particular taxable year, if the taxpayer's adjusted gross income for that taxable year is reduced because of a deduction allowed under Section 172 of the Internal Revenue Code for a net operating loss. For purposes of section 1 of this chapter, the taxpayer's adjusted gross income, for the particular taxable year, derived from sources within Indiana is the remainder determined under STEP FOUR of the following formula:

STEP ONE: Determine, in the manner prescribed in section 2 of this chapter, the taxpayer's adjusted gross income, for the taxable year, derived from sources within Indiana, as calculated without the deduction for net operating losses provided by Section 172 of the Internal Revenue Code.
STEP TWO: Determine, in the manner prescribed in subsection (b), the amount of the taxpayer's net operating losses that are deductible for the taxable year under Section 172 of the Internal Revenue Code, as adjusted to reflect the modifications required by IC 6-3-1-3.5, and that are derived from sources within Indiana.
STEP THREE: Enter the larger of zero (0) or the amount determined under STEP TWO.
STEP FOUR: Subtract the amount entered under STEP THREE from the amount determined under STEP ONE.

(b) For purposes of STEP TWO of subsection (a), the modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year during which each net operating loss was incurred. In addition, for purposes of STEP TWO of subsection (a), the amount of a taxpayer's net operating losses that are derived from sources within Indiana shall be determined in the same manner that the amount of the taxpayer's income derived from sources within Indiana is determined, under section 2 of this chapter, for the same taxable year during which each loss was incurred. Also, for purposes of STEP TWO of subsection (a), the following procedures apply:

(1) The taxpayer's net operating loss for a particular taxable year shall be treated as a positive number.
(2) A modification that is to be added to federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a negative number.
(3) A modification that is to be subtracted from federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a positive number.

As added by P.L.91-1987, SEC.4.

IC 6-3-2-2.7

Sec. 2.7. (a) As used in this section:

(1) "Bonus for services rendered as a team member" includes:
(A) a bonus earned as a result of play during the season, such as a performance bonus, including a bonus paid for a championship, playoff, or bowl game played by a team, or for selection to an all-star league or other honorary position; and
(B) a bonus paid for signing a contract, unless all of the following conditions are met:
(i) The payment of the signing bonus is not conditional upon the signee playing any games for the team, performing any subsequent services for the team, or making the team.
(ii) The signing bonus is payable separately from the salary and any other compensation.
(iii) The signing bonus is nonrefundable.

(2) "Indiana duty days" means the number of total duty days spent by a team member within Indiana rendering a service for the team in any manner during the taxable year, except:
(A) travel days spent in Indiana that do not involve either a game, practice, team meeting, promotional caravan, or other similar team event; and
(B) those days spent in Indiana for which a team member is on the disabled list.
(3) "Team" includes a professional baseball, basketball, football, hockey, or soccer team that played games in Indiana or that had services rendered in Indiana by a team member.

(4) "Team member" includes employees who are active players, players on the disabled list, and any other individuals required to travel and who do travel with and perform services on behalf of a team on a regular basis. The term includes coaches, managers, and trainers.

(5) "Total duty days" means all days during the taxable year that a team member renders a service for the team, beginning with the team's official preseason training period through the last game in which the team competes or is scheduled to compete. The term includes days on which a team member renders a service for the team on a date that does not fall within this period. The term includes:

(A) game days, practice days, days spent at team meetings, days spent with a promotional caravan and at preseason training camps, and days served with the team through all postseason games in which the team competes or is scheduled to compete;
(B) days spent conducting training and rehabilitation activities, but only if the service is conducted at the facilities of the team;
(C) travel days that do not involve either a game, practice, team meeting, promotional caravan, or other similar team event;
(D) days spent participating in instructional leagues and all-star or pro bowl games; and
(E) days for which a team member is on the disabled list.

Total duty days for an individual who joins a team during the season begin on the day the individual joins the team, and, for an individual who leaves a team, end on the day the individual leaves the team. When an individual changes teams during a taxable year, a separate duty day calculation must be made for the period the individual was with each team. Total duty days do not include those days for which a team member is not compensated and is not rendering a service for the team in any manner, including days when the team member has been suspended without pay and prohibited from performing any services for the team.

(6) "Total income" means the total compensation received during the taxable year for services rendered:

(A) from the beginning of the official pre-season training period through the last game in which the team competes or is scheduled to compete during that taxable year; and
(B) on a date during the taxable year that does not fall within the period described in clause (A), such as participation in instructional leagues, an all-star or pro bowl game, or with a promotional caravan.

The term includes salaries, wages, bonuses, and any other type of compensation paid during the taxable year to a team member for services rendered in that year. The term does not include strike benefits, severance pay, termination pay, contract or option year buy-out payments, expansion or relocation payments, or any other payments not related to services rendered to the team.

(b) For purposes of IC 6-3, Indiana income is the individual's total income during the taxable year multiplied by the following fraction:

1. The numerator of the fraction is the individual's Indiana duty days for the taxable year.
2. The denominator of the fraction is the individual's total duty days for the taxable year.

(c) It is presumed that this section results in a fair and equitable apportionment of the team member's compensation. However, if the department demonstrates that the method provided under this section does not fairly and equitably apportion a team member's compensation, the department may require the team member to apportion the team member's compensation under another method that the department prescribes. The prescribed method must result in a fair and equitable apportionment. A team member may submit a proposal for an alternative method to apportion the team member's compensation if the team member demonstrates that the method provided under this section does not fairly and equitably apportion the team member's compensation. If approved by the department, the proposed method must be fully explained in the team member's nonresident personal income tax return.

(d) The department may adopt rules under IC 4-22-2 to establish either of the following methods of simplifying return filing for team members of a team, if the team is not based in Indiana:

1. A withholding system requiring a team to withhold adjusted gross income tax for each team member and to remit the withheld taxes to Indiana on an annual basis. The department may require each team to submit information for each team member regarding total income, Indiana income subject to tax under this section, and the amount of tax withheld. Remittance of the withholding and submission of the required information satisfies the team member's tax liability and return filing responsibilities under this article. A team that is required to withhold and remit shall provide all participating team members with a Form W-2 evidencing the amount of tax withheld and remitted to Indiana. Even though a team is required to withhold and remit, a team member may file an individual income tax return to claim a refund if the amount remitted exceeds the amount otherwise owed using the methodology under this section. However, if the team member files an individual income tax return to claim such a refund, the team member is required to notify the team member's state of residence of the filing.

2. A composite return method that permits the filing of a composite tax return by the team on behalf of each team member. Other department rules concerning composite returns apply to the extent these rules are not inconsistent with this subsection. The team must obtain approval from the department before filing a composite return. The team must obtain written authorization...
each taxable year from each team member who elects to participate in the composite return. The participating team members must acknowledge through their elections that the composite return constitutes an irrevocable filing and that they may not file an individual income tax return in Indiana. The team must maintain a power of attorney from each participating team member that authorizes the team to represent them in a protest or other appeal. The team and participating team members must agree that the team is responsible for any deficiencies, including penalties. The team shall withhold tax from each participating team member's compensation and remit it to the state of Indiana. The return must contain information for each participating team member regarding total income, Indiana income subject to tax using the methodology under this section, and the amount of tax due. Filing of the return and remittance of the tax satisfy the participating team member's tax liability and return filing responsibilities under IC 6-3-4-1.

If the method under subdivision (1) or the method under subdivision (2) is required, a team member's Indiana adjusted gross income may not be reduced by using a deduction, an exemption, or an exclusion. For a team member to participate in either method, a team member's compensation from the team must be the only source of income attributable to Indiana. If a team member leaves the team during a taxable year, the team remains responsible for remitting the appropriate tax and may either collect the tax paid from the team member or absorb the cost itself.

As added by P.L.63-1997, SEC.2.

IC 6-3-2-2.8

YAMD.1994

Sec. 2.8. Notwithstanding any provision of IC 6-3-1 through IC 6-3-7, there shall be no tax on the adjusted gross income of the following:

(1) Any organization described in Section 501(a) of the Internal Revenue Code, except that any income of such organization which is subject to income tax under the Internal Revenue Code shall be subject to the tax under IC 6-3-1 through IC 6-3-7.

(2) Any corporation which is exempt from income tax under Section 1363 of the Internal Revenue Code and which complies with the requirements of IC 6-3-4-13. However, income of a corporation described under this subdivision that is subject to income tax under the Internal Revenue Code is subject to the tax under IC 6-3-1 through IC 6-3-7. A corporation will not lose its exemption under this section because it fails to comply with IC 6-3-4-13 but it will be subject to the penalties provided by IC 6-8.1-10.

(3) Banks and trust companies, national banking associations, savings banks, building and loan associations, and savings and loan associations.

(4) Insurance companies subject to tax under IC 27-1-18-2.

(5) International banking facilities (as defined in Regulation D of the Board of Governors of the Federal Reserve System (12 CFR 204)).


IC 6-3-2-2.9

(Repealed by P.L.47-1984, SEC.7(c).)

IC 6-3-2-3

(Repealed, as amended by P.L.79-1983, SEC.2, and as amended by P.L.82-1983, SEC.5, by P.L.47-1984, SEC.7(b).)

IC 6-3-2-3.1

Sec. 3.1. (a) Except as otherwise provided in subsection (b), income is not exempt from the adjusted gross income tax, or the supplemental net income tax, under section 2.8(1) of this chapter if the income is derived by the exempt organization from an unrelated trade or business, as defined in Section 513 of the Internal Revenue Code.

(b) This section does not apply to:

(1) the United States government;

(2) an agency or instrumentality of the United States government;

(3) this state;

(4) a state agency, as defined in IC 34-6-2-141;

(5) a political subdivision, as defined in IC 34-6-2-110; or

(6) a county solid waste management district or a joint solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal).

IC 6-3-2-3.5
Sec. 3.5. All fares collected for public transportation services are exempt from the income taxes imposed by this article if the fares are exempt from the gross income tax under IC 6-2.1-3-27.

IC 6-3-2-3.7
Sec. 3.7. Each taxable year, an individual is entitled to an adjusted gross income tax deduction equal to the remainder of:
(1) the first two thousand dollars ($2,000) which is received by the individual during the taxable year from a federal civil service annuity, and which is included in adjusted gross income under Section 62 of the Internal Revenue Code; minus
(2) the total amount of social security benefits and railroad retirement benefits received by the individual during the taxable year.
However, the individual is only entitled to the deduction provided by this section if the individual is at least sixty-two (62) years of age before the end of the taxable year.

IC 6-3-2-4
Sec. 4. Each taxable year, an individual, or the individual's surviving spouse, is entitled to an adjusted gross income tax deduction for the first two thousand dollars ($2,000) of income, including retirement or survivor's benefits, received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. However, a person who is less than sixty (60) years of age on the last day of the person's taxable year, is not, for that taxable year, entitled to a deduction under this section for retirement or survivor's benefits.

IC 6-3-2-5
Sec. 5. (a) For purposes of this section, "insulation" means any material, commonly used in the building industry, which is installed for the sole purpose of retarding the passage of heat energy into or out of a building.
(b) A resident individual taxpayer is entitled to a deduction from his adjusted gross income for a particular taxable year if, during that taxable year, he installs in his residence new, but not replacement, insulation, weather stripping, double pane windows, storm doors, or storm windows. However, a taxpayer does not qualify for this deduction unless the part of his residence in which he makes the installation was constructed at least three (3) years before the taxable year for which the deduction is claimed.
(c) The amount of the deduction to which a taxpayer is entitled in a particular taxable year is the lesser of:
(1) the amount the taxpayer pays for labor and materials for the installation that is made during the taxable year; or
(2) one thousand dollars ($1,000).
(d) To obtain the deduction provided by this section, the taxpayer must file with the department proof of his costs for the installation and a list of the persons or corporations who supplied labor or materials for the installation.

IC 6-3-2-5.5
(Repealed by Acts 1980, P.L.54, SEC.9.)

IC 6-3-2-6
Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as his principal place of residence may deduct from his adjusted gross income, as defined in IC 6-3-1-3.5(a), the lesser of:
(1) the amount of rent paid by him with respect to the dwelling during the taxable year; or
(2) two thousand dollars ($2,000).
(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than two thousand dollars ($2,000).
(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.
(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling.

IC 6-3-2-7
(Repealed by P.L.9-1986, SEC.10.)
Section 8. (a) For purposes of this section, "qualified employee" means an individual who is employed by a taxpayer or by an employer exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(3), (4), or (5) and who:

1. has the employee's principal place of residence in the enterprise zone in which the employee is employed;
2. performs services for the taxpayer or employer, ninety percent (90%) of which are directly related to the conduct of the taxpayer's or employer's trade or business that is located in an enterprise zone; and
3. performs at least fifty percent (50%) of the employee's service for the taxpayer or employer during the taxable year in the enterprise zone.

(b) Except as provided in subsection (c), a qualified employee is entitled to deduction from his adjusted gross income in each taxable year in the amount of the lesser of:

1. one-half (1/2) of his adjusted gross income for the taxable year that he earns as a qualified employee; or
2. seven thousand five hundred dollars ($7,500).

(c) No qualified employee is entitled to a deduction under this section for a taxable year that begins after the termination of the enterprise zone in which he resides.


Section 9. (a) An individual who:

1. has not attained age sixty-five (65) before the end of a particular taxable year;
2. retired on disability before the end of that taxable year; and
3. was permanently and totally disabled, as determined under subsection (c), at the time of retirement;

is entitled to a deduction from the individual's adjusted gross income for that taxable year in the amount determined under subsection (b).

(b) The deduction provided by subsection (a) is the amount determined using the following STEPS:

STEP ONE: Determine the amount received by the individual during the taxable year through an accident and health plan for personal injuries or sickness to the extent that:

1. these amounts are attributable to contributions by the individual's employer that were not includable in the individual's gross income or are paid by the employer; and
2. these amounts constitute wages or payments in lieu of wages for a period during which the employee is absent from work because of permanent and total disability.

STEP TWO: Determine for each week of the taxable year the amount by which each weekly payment referred to in STEP ONE exceeds one hundred dollars ($100), then add these amounts.

STEP THREE: Determine the amount by which the individual's federal adjusted gross income for the taxable year, as defined by Section 62 of the Internal Revenue Code, exceeds fifteen thousand dollars ($15,000).

STEP FOUR: Subtract from the amount determined in STEP ONE the amount determined in STEP TWO and the amount determined in STEP THREE.

(c) For purposes of this section, an individual is permanently and totally disabled if the individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months. An individual may not be considered to be permanently and totally disabled unless he furnishes proof of the existence of the disability as the department of revenue may require.

As added by P.L.76-1985, SEC.3.

Section 10. (a) An individual who received unemployment compensation, as defined in subsection (c), during the taxable year is entitled to a deduction from the individual's adjusted gross income for that taxable year in the amount determined using the following formula:

STEP ONE: Determine the difference between:

1. the federal adjusted gross income of the individual (or the individual and the individual's spouse, in the case of a joint return), as defined in Section 62 of the Internal Revenue Code; minus
2. the base amount as defined in subsection (b).

STEP TWO: Determine the greater of zero (0) or the difference between:

1. the individual's unemployment compensation for the taxable year; minus
(B) one-half (1/2) of the amount determined under STEP ONE.

(b) As used in this section, "base amount" means:
(1) twelve thousand dollars ($12,000) in all cases not covered by subdivision (2) or (3);
(2) eighteen thousand dollars ($18,000) in the case of an individual who files a joint return for the taxable year; or
(3) zero (0), in the case of an individual who:
(A) is married at the close of the taxable year, as determined under Section 143 of the Internal Revenue Code;
(B) does not file a joint return for the taxable year; and
(C) does not live apart from the individual's spouse at all times during the taxable year.

(c) As used in this section, "unemployment compensation" means the amount of unemployment compensation that is included in the individual's federal gross income under Section 85 of the Internal Revenue Code.


IC 6-3-2-11
Sec. 11. (a) An individual is entitled to a deduction from the individual's adjusted gross income for the taxable year if the individual:
(1) is an employee of the federal government during the taxable year and the year preceding the taxable year;
(2) has used paid leave from employment as an employee of the federal government during the year preceding the taxable year; and
(3) is entitled to an itemized deduction under the Internal Revenue Code for the taxable year because the individual bought back the leave used by the individual during the year preceding the taxable year.

(b) The amount of the deduction for a taxable year may not exceed the lesser of:
(1) the individual's itemized deduction that is allowed under the Internal Revenue Code for the taxable year; or
(2) the individual's adjusted gross income for the taxable year.

As added by P.L.91-1987, SEC.5.

IC 6-3-2-12
Sec. 12. (a) As used in this section, the term "foreign source dividend" means a dividend from a foreign corporation. The term includes any amount that a taxpayer is required to include in its gross income for a taxable year under Section 951 of the Internal Revenue Code, but the term does not include any amount that is treated as a dividend under Section 78 of the Internal Revenue Code.

(b) A corporation that includes any foreign source dividend in its adjusted gross income for a taxable year is entitled to a deduction from that adjusted gross income. The amount of the deduction equals the product of:
(1) the amount of the foreign source dividend included in the corporation's adjusted gross income for the taxable year; multiplied by
(2) the percentage prescribed in subsection (c), (d), or (e), as the case may be.

(c) The percentage referred to in subsection (b)(2) is one hundred percent (100%) if the corporation that includes the foreign source dividend in its adjusted gross income owns stock possessing at least eighty percent (80%) of the total combined voting power of all classes of stock of the foreign corporation from which the dividend is derived.

(d) The percentage referred to in subsection (b)(2) is eighty-five percent (85%) if the corporation that includes the foreign source dividend in its adjusted gross income owns stock possessing at least fifty percent (50%) but less than eighty percent (80%) of the total combined voting power of all classes of stock of the foreign corporation from which the dividend is derived.

(e) The percentage referred to in subsection (b)(2) is fifty percent (50%) if the corporation that includes the foreign source dividend in its adjusted gross income owns stock possessing less than fifty percent (50%) of the total combined voting power of all classes of stock of the foreign corporation from which the dividend is derived.


IC 6-3-2-13
Sec. 13. (a) As used in this section, "export income" means the gross receipts from the sale, transfer, or exchange of tangible personal property destined for international markets that is:
(1) manufactured at a plant located within a maritime opportunity district established under IC 6-1.1-40; and
(2) shipped through a port operated by the state.

(b) As used in this section, "export sales ratio" means the quotient of:
(1) the taxpayer's export income; divided by
(2) the taxpayer's gross receipts from the sale, transfer, or exchange of tangible personal property, regardless of its destination.

(c) As used in this section, "taxpayer" means a person or corporation that has export income.
(d) The Indiana port commission established by IC 8-10-1 shall notify the department when a maritime opportunity district is established under IC 6-1.1-40. The notice must include:

1. the resolution passed by the commission to establish the district; and
2. a list of all taxpayers located in the district.

(e) The port commission shall also notify the department of any subsequent changes in the list of taxpayers located in the district.

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

1. the taxpayer's adjusted gross income; or
2. the product of the export sales ratio multiplied by the percentage set forth in subsection (g).

(g) The percentage to be used in determining the amount a taxpayer is entitled to deduct under this section depends upon the number of years that the taxpayer could have taken a deduction under this section. The percentage to be used in subsection (f) is as follows:

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<th>Year Of Deduction</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1st through 4th</td>
<td>100%</td>
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<tr>
<td>5th</td>
<td>80%</td>
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<td>40%</td>
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<td>8th</td>
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<td>9th and thereafter</td>
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(h) The department shall determine for each taxpayer claiming a deduction under this section, the taxpayer's export sales ratio for purposes of IC 6-1.1-40. The department shall certify the amount of the ratio to the state board of tax commissioners.


IC 6-3-2-14
Sec. 14. Prize money received from a winning lottery ticket purchased under IC 4-30 is exempt from the adjusted gross income tax and supplemental net income tax imposed by this article.


IC 6-3-2-15
(Repealed by P.L.1-1990, SEC.76.)

IC 6-3-2-16
Sec. 16. If an entity is subject to taxation under this article and is a member of a unitary group of which a taxpayer subject to taxation under IC 6-5.5 is a member, all income and deductions attributable to transactions between the entity and the unitary taxpayer shall be eliminated in determining the amount of tax imposed under this article. This section does not prohibit the elimination of income and deductions between two (2) or more entities that are not members of a unitary group.

As added by P.L.1-1990, SEC.77.

IC 6-3-2-17
Sec. 17. A reward received by an individual is exempt from taxation under IC 6-3-1 through IC 6-3-7, in an amount not to exceed one thousand dollars ($1,000), if:

1. the reward is for information provided to a law enforcement official or agency, or to a not-for-profit corporation whose exclusive purpose is to assist law enforcement officials or agencies;
2. the information that is provided assists in the arrest, indictment, or the filing of charges against a person; and
3. the individual is not:
   (A) compensated for investigating crimes or accidents (including an employee of, or an individual under contract with, a law enforcement agency);
   (B) the person convicted of the crime; or
   (C) the victim of the crime.

As added by P.L.1-1990, SEC.78.

IC 6-3-2-18
Sec. 18. (a) As used in this section, "eligible medical expense" has the meaning set forth in IC 6-8-11-3.
(b) As used in this section, "medical care savings account" has the meaning set forth in IC 6-8-11-6.
(c) Except as provided in subsection (g), the amount of money deposited by an employer in a medical care savings account established for an employee under IC 6-8-11 is exempt from taxation under IC 6-3-1 through IC 6-3-7 as income of the employee.
in the taxable year in which the money is deposited in the account.

(d) Except as provided in subsection (g), the amount of money that is:
(1) withdrawn from a medical care savings account established for an employee under IC 6-8-11; and
(2) either:
(A) used by the administrator of the account for a purpose set forth in IC 6-8-11-13; or
(B) used under IC 6-8-11-13 to reimburse an employee for eligible medical expenses that the employee has incurred and paid for medical care for the employee or a dependent of the employee;

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

(e) Except as provided in IC 6-8-11-11, in each taxable year, the amount of money that is:
(1) withdrawn by an employee from a medical care savings account established under IC 6-8-11; and
(2) used for a purpose other than the purposes set forth in IC 6-8-11-13;

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

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

(g) A taxpayer that excluded or deducted an amount deposited into a medical care savings account from adjusted gross income under:
(1) section 106 of the Internal Revenue Code;
(2) section 220 of the Internal Revenue Code; or
(3) any other section of the Internal Revenue Code;

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

IC 6-3-3-4
(Repealed by Acts 1977, P.L.78, SEC.6.)

IC 6-3-3-4.1

IC 6-3-3-5
Sec. 5. (a) At the election of the taxpayer, there shall be allowed, as a credit against the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of charitable contributions made by such taxpayer during such year to institutions of higher education located within Indiana, to any corporation or foundation organized and operated solely for the benefit of any such institution of higher education, or to the associated colleges of Indiana.

(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed one hundred dollars ($100) in the case of a single return or two hundred dollars ($200) in the case of a joint return.

(c) In the case of a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed:
(1) ten percent (10%) of such corporation’s total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for such year (as determined without regard to any credits against that tax); or
(2) one thousand dollars ($1,000);
whichever is less.

(d) For purposes of this section, the term "institution of higher education" means any educational institution located within Indiana:
(1) which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on;
(2) which regularly offers education at a level above the twelfth grade;
(3) which regularly awards either associate, bachelors, masters, or doctoral degrees, or any combination thereof; and
(4) which is duly accredited by the North Central Association of Colleges and Schools, the Indiana state board of education, or the American Association of Theological Schools.

(e) The credit allowed by this section shall not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(f) Any taxpayer subject to an income tax under the provisions of IC 6-2.1 as well as under the provisions of IC 6-3-1 through IC 6-3-7 may elect to claim the credit allowed by this section against the income tax imposed by IC 6-2.1, but in no event shall a credit be claimed against both such taxes.


IC 6-3-3-5.1
Sec. 5.1. (a) At the election of the taxpayer, a credit against the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, is permitted in an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of contributions made by the taxpayer during the taxable year to the twenty-first century scholars program support fund established under IC 20-12-70.1-5.

(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year may not exceed:
(1) one hundred dollars ($100) in the case of a single return; or
(2) two hundred dollars ($200) in the case of a joint return.

(c) In the case of a taxpayer that is a corporation, the amount allowable as a credit under this section for any taxable year may not exceed the lesser of the following amounts:
(1) Ten percent (10%) of the corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for the taxable year (as determined without regard to any credits against that tax).
(2) One thousand dollars ($1,000).

(d) The credit permitted under this section may not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(e) Any taxpayer subject to an income tax under IC 6-2.1 as well as under IC 6-3-1 through IC 6-3-7 may elect to claim the credit
allowed by this section against the income tax imposed by IC 6-2.1, but may not claim a credit against both of these taxes. As added by P.L.56-1990, SEC.1.

IC 6-3-3-6

IC 6-3-3-7
(Repealed by P.L.96-1989, SEC.25.)

IC 6-3-3-8

IC 6-3-3-9
Sec. 9. (a) The credit provided by this section shall be known as the unified tax credit for the elderly.
(b) As used in this section, unless the context clearly indicates otherwise:
(1) "Household federal adjusted gross income" means the total adjusted gross income, as defined in Section 62 of the Internal Revenue Code, of an individual, or of an individual and his spouse if they reside together for the taxable year for which the credit provided by this section is claimed.
(2) "Household" means a claimant or, if applicable, a claimant and his or her spouse if the spouse resides with the claimant and "household income" means the income of the claimant or, if applicable, the combined income of the claimant and his or her spouse if the spouse resides with the claimant.
(3) "Claimant" means an individual, other than an individual described in subsection (c) of this section, who:
(A) has filed a claim under this section;
(B) was a resident of this state for at least six (6) months during the taxable year for which he or she has filed a claim under this section; and
(C) was sixty-five (65) years of age during some portion of the taxable year for which he has filed a claim under this section or whose spouse was either sixty-five (65) years of age or over during the taxable year.
(c) The credit provided under this section shall not apply to an individual who, for a period of at least one hundred eighty (180) days during the taxable year for which he has filed a claim under this section, was incarcerated in a local, state, or federal correctional institution.
(d) The right to file a claim under this section shall be personal to the claimant and shall not survive his death, except that a surviving spouse of a claimant is entitled to claim the credit provided by this section. For purposes of determining the amount of the credit a surviving spouse is entitled to claim under this section, the deceased spouse shall be treated as having been alive on the last day of the taxable year in which the deceased spouse died. When a claimant dies after having filed a timely claim, the amount thereof shall be disbursed to another member of the household as determined by the commissioner. If the claimant was the only member of his household, the claim may be paid to his executor or administrator, but if neither is appointed and qualified within two (2) years of the filing of the claim, the amount of the claim shall escheat to the state.
(e) For each taxable year, subject to the limitations provided in this section, one (1) claimant per household may claim, as a credit against Indiana adjusted gross income taxes otherwise due, the credit provided by this section. If the allowable amount of the claim exceeds the income taxes otherwise due on the claimant's household income or if there are no Indiana income taxes due on such income, the amount of the claim not used as an offset against income taxes after audit by the department, at the taxpayer's option, shall be refunded to the claimant or taken as a credit against such taxpayer's income tax liability subsequently due.
(f) No claim filed pursuant to this section shall be allowed unless filed within six (6) months following the close of claimant's taxable year or within the extension period if an extension of time for filing the return has been granted under IC 6-8.1-6-1, whichever is later.
(g) The amount of any claim otherwise payable under this section may be applied by the department against any liability outstanding on the books of the department against the claimant, or against any other individual who was a member of his household in the taxable year to which the claim relates.
(h) The amount of a claim filed pursuant to this section by a claimant that either (i) does not reside with his spouse during the taxable year, or (ii) resides with his spouse during the taxable year and only one (1) of them is sixty-five (65) years of age or older at the end of the taxable year, shall be determined in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Household Federal Adjusted Gross Income For Taxable Year Credit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than $1,000</td>
<td>$100</td>
</tr>
<tr>
<td>at least $1,000, but less than $3,000</td>
<td>$ 50</td>
</tr>
</tbody>
</table>
at least $3,000, but less than $10,000 $40

(i) The amount of a claim filed pursuant to this section by a claimant that resides with his spouse during his taxable year shall be determined in accordance with the following schedule if both the claimant and spouse are sixty-five (65) years of age or older at the end of the taxable year:

Household Federal Adjusted Gross Income For Taxable Year Credit

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than $1,000</td>
<td>$140</td>
</tr>
<tr>
<td>at least $1,000, but less than $3,000</td>
<td>$90</td>
</tr>
<tr>
<td>at least $3,000, but less than $10,000</td>
<td>$80</td>
</tr>
</tbody>
</table>

(j) The department may promulgate reasonable rules under IC 4-22-2 for the administration of this section.

(k) Every claimant under this section shall supply to the department on forms provided under IC 6-8.1-3-4, in support of his claim, reasonable proof of household income and age.

(l) Whenever on the audit of any claim filed under this section the department finds that the amount of the claim has been incorrectly determined, the department shall redetermine the claim and notify the claimant of the redetermination and the reasons therefor. The redetermination shall be final.

(m) In any case in which it is determined that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full, and, if the claim has been paid or a credit has been allowed against income taxes otherwise payable, the credit shall be canceled and the amount paid shall be recovered by assessment as income taxes are assessed and such assessment shall bear interest from the date of payment or credit of the claim, until refunded or paid at the rate determined under IC 6-8.1-10-1. The claimant in such a case commits a Class A misdemeanor. In any case in which it is determined that a claim is or was excessive and was negligently prepared, ten percent (10%) of the corrected claim shall be disallowed and, if the claim has been paid or credited against income taxes otherwise payable, the credit shall be reduced or canceled, and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed, and such assessment shall bear interest at the rate determined under IC 6-8.1-10-1 from the date of payment until refunded or paid.


IC 6-3-3-10

Sec. 10. (a) As used in this section:
"Base period wages" means the following:

(1) In the case of a taxpayer other than a pass through entity, wages paid or payable by a taxpayer to its employees during the year that ends on the last day of the month that immediately precedes the month in which an enterprise zone is established, to the extent that the wages would have been qualified wages if the enterprise zone had been in effect for that year. If the taxpayer did not engage in an active trade or business during that year in the area that is later designated as an enterprise zone, then the base period wages equal zero (0). If the taxpayer engaged in an active trade or business during only part of that year in an area that is later designated as an enterprise zone, then the department shall determine the amount of base period wages.

(2) In the case of a taxpayer that is a pass through entity, base period wages equal zero (0).

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"Enterprise zone adjusted gross income" means adjusted gross income of a taxpayer that is derived from sources within an enterprise zone. Sources of adjusted gross income shall be determined with respect to an enterprise zone, to the extent possible, in the same manner that sources of adjusted gross income are determined with respect to the state of Indiana under IC 6-3-2-2.

"Enterprise zone gross income" means gross income of a taxpayer that is derived from sources within an enterprise zone.

"Enterprise zone insurance premiums" means insurance premiums derived from sources within an enterprise zone.

"Monthly base period wages" means base period wages divided by twelve (12).

"Pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

"Qualified employee" means an individual who is employed by a taxpayer and who:
(1) has his principal place of residence in the enterprise zone in which he is employed;

(2) performs services for the taxpayer, ninety percent (90%) of which are directly related to the conduct of the taxpayer's trade or business that is located in an enterprise zone;

(3) performs at least fifty percent (50%) of his services for the taxpayer during the taxable year in the enterprise zone; and

(4) in the case of an individual who is employed by a taxpayer that is a pass through entity, was first employed by the taxpayer after December 31, 1998.
"Qualified increased employment expenditures" means the following:

(1) For a taxpayer's taxable year other than his taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during the taxable year to qualified employees exceeds the taxpayer's base period wages.

(2) For the taxpayer's taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during all of the full calendar months in the taxpayer's taxable year that succeed the date on which the enterprise zone was established exceed the taxpayer's monthly base period wages multiplied by that same number of full calendar months.

"Qualified state tax liability" means a taxpayer's total income tax liability incurred under:

(1) IC 6-2.1 (gross income tax) with respect to enterprise zone gross income;
(2) IC 6-2-3-1 through IC 6-3-7 (adjusted gross income tax) with respect to enterprise zone adjusted gross income;
(3) IC 27-1-18-2 (insurance premiums tax) with respect to enterprise zone insurance premiums; and
(4) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this section.

"Qualified wages" means the wages paid or payable to qualified employees during a taxable year.

"Taxpayer" includes a pass through entity.

(b) A taxpayer is entitled to a credit against the taxpayer's qualified state tax liability for a taxable year in the amount of the lesser of:

(1) the product of ten percent (10%) multiplied by the qualified increased employment expenditures of the taxpayer for the taxable year; or
(2) one thousand five hundred dollars ($1,500) multiplied by the number of qualified employees employed by the taxpayer during the taxable year.

(c) The amount of the credit provided by this section that a taxpayer uses during a particular taxable year may not exceed the taxpayer's qualified state tax liability for the taxable year. If the credit provided by this section exceeds the amount of that tax liability for the taxable year it is first claimed, then the excess may be carried back to preceding taxable years or carried over to succeeding taxable years and used as a credit against the taxpayer's qualified state tax liability for those taxable years. Each time that the credit is carried back to a preceding taxable year or carried over to a succeeding taxable year, the amount of the carryover is reduced by the amount used as a credit for that taxable year. Except as provided in subsection (e), the credit provided by this section may be carried forward and applied in the ten (10) taxable years that succeed the taxable year in which the credit accrues. The credit provided by this section may be carried back and applied in the three (3) taxable years that precede the taxable year in which the credit accrues.

(d) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's qualified state tax liability for that taxable year before any credit carryover or carryback is applied against that liability under subsection (c).

(e) Notwithstanding subsection (c), if a credit under this section results from wages paid in a particular enterprise zone, and if that enterprise zone terminates in a taxable year that succeeds the last taxable year in which a taxpayer is entitled to use the credit carryover that results from those wages under subsection (c), then the taxpayer may use the credit carryover for any taxable year up to and including the taxable year in which the enterprise zone terminates.

(f) A taxpayer is not entitled to a refund of any unused credit.

(g) A taxpayer that:

(1) does not own, rent, or lease real property outside of an enterprise zone that is an integral part of its trade or business; and
(2) is not owned or controlled directly or indirectly by a taxpayer that owns, rents, or leases real property outside of an enterprise zone;

is exempt from the allocation and apportionment provisions of this section.

(h) If a pass through entity is entitled to a credit under subsection (b) but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by
(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, beneficiary, or member of a pass through entity is entitled. However, a pass through entity and an individual who is a shareholder, partner, beneficiary, or member of a pass through entity may not claim more than one (1) credit for the qualified expenditure.

IC 6-3-4
Chapter 4. Returns and Remittances

IC 6-3-4-1
Sec. 1. Returns with respect to taxes imposed by this act shall be made by the following:
(1) Every resident individual having for the taxable year gross income in an amount greater than the modifications provided under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4).
(2) Every nonresident individual having for the taxable year any gross income from sources within the state of Indiana, except for a team member (as defined in IC 6-3-2-2.7) who is covered by a composite return filed under IC 6-3-2-2.7.
(3) Every corporation having for the taxable year any gross income from sources within the state of Indiana.
(4) Every resident estate having for the taxable year any gross income from sources within the state of Indiana.
(5) Every resident trust having for the taxable year any gross income from sources within the state of Indiana.
(6) Every nonresident estate having for the taxable year any gross income from sources within the state of Indiana.
(7) Every nonresident trust having for the taxable year any gross income from sources within the state of Indiana.

IC 6-3-4-2
Sec. 2. (a) If an individual is deceased, the return of such individual shall be made by the individual's executor, administrator, or other person charged with the property of such decedent.
(b) If an individual is unable to make a return, the return of such individual shall be made by a duly authorized agent, the individual's committee, guardian, fiduciary, or other person charged with the care of the person or property of such individual.
(c) Returns of an estate or a trust shall be made by the fiduciary thereof.
(d) Where a joint return is made by husband and wife pursuant to the Internal Revenue Code, a joint return shall be made pursuant to this article. Where a joint return is filed by a husband and wife hereunder, one spouse shall have no liability for the tax imposed by this article upon the income of the other spouse.
(e) Where separate returns are made by husband and wife pursuant to the Internal Revenue Code, separate returns shall be made pursuant to this article.

IC 6-3-4-3
Sec. 3. Returns required to be made pursuant to section 1 of this chapter shall be filed with the department on or before the 15th day of the fourth month following the close of the taxable year.

IC 6-3-4-4
(Repealed by P.L.260-1997(ss), SEC.95.)

IC 6-3-4-4.1
Sec. 4.1. (a) This section applies to taxable years beginning after December 31, 1993.
(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.
(c) Every individual who has gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars ($400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).
(d) Every corporation subject to the adjusted gross income tax liability imposed by IC 6-3 shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the
taxable year, less the credit allowed by IC 6-3-3-2 for the tax imposed on gross income. Such estimated payment shall be made at the same time and in conjunction with the reporting of gross income tax as provided for in IC 6-2.1-5. The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax plus supplemental net income tax plus gross income tax which equal or exceed:

(1) twenty percent (20%) of the final tax liability for such taxable year; or
(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the sum of the corporation's final adjusted gross income tax plus supplemental net income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2, shall exceed one thousand dollars ($1,000) for its taxable year.

(g) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or
(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds, before January 1, 1998, twenty thousand dollars ($20,000), and, after December 31, 1997, ten thousand dollars ($10,000), after the credit allowed by IC 6-3-3-2, the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.


IC 6-3-4-5

Sec. 5. When a return of tax is required pursuant to sections 1 and 3 of this chapter, the taxpayer required to make such return shall, without assessment or notice and demand from the department, pay such tax to the department at the time fixed for filing the return without regard to any extension of time for filing the return. In making a return and paying tax for any taxable year, a taxpayer shall take credit for any tax previously paid by him for such taxable year.

(Formerly: Acts 1963(ss), c.32, s.405.) As amended by P.L.2-1988, SEC.11.

IC 6-3-4-6

Sec. 6. (a) Any taxpayer, upon request by the department, shall furnish to the department a true and correct copy of any tax return which he has filed with the United States Internal Revenue Service which copy shall be certified to by the taxpayer under penalties of perjury.
(b) Each taxpayer shall notify the department of any modification of:

(1) a federal income tax return filed by the taxpayer after January 1, 1978; or
(2) the taxpayer's federal income tax liability for a taxable year which begins after December 31, 1977.

The taxpayer shall file the notice, on the form prescribed by the department, within one hundred twenty (120) days after the modification is made.


IC 6-3-4-7

(Repealed by Acts 1980, P.L.61, SEC.15.)

IC 6-3-4-8

Sec. 8. (a) Except as provided in subsection (d), every employer making payments of wages subject to tax under IC 6-3, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any
income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). Such employer making payments of any wages:
(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from his wages and paid over in compliance or intended compliance with this section; and
(2) shall make return of and payment to the department monthly of the amount of tax which under IC 6-3 and IC 6-3.5 he is required to withhold.
(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:
(1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars ($10);
(2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars ($25); or
(3) a three (3) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars ($75).
An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following the close of the reporting period. If an employer files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under this section, section 8.1 of this chapter, or IC 6-2.5-6-1.
(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of his employee as to his county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify his employer within five (5) days after any change in his county of residence.
(d) A county that makes payments of wages subject to tax under IC 6-3:
(1) to a precinct election officer (as defined in IC 3-5-2-40.1); and
(2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day; is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.
(e) Every employer shall, at the time of each payment made by him to the department, deliver to the department a return upon the form prescribed by the department showing:
(1) the total amount of wages paid to his employees;
(2) the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;
(3) the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;
(4) the amount of income tax, if any, imposed under IC 6-3-5 and deducted therefrom in accordance with this section; and
(5) any other information the department may require.
Every employer making a declaration of withholding as provided in this section shall furnish his employees annually, but not later than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3-5, withheld from the employees, on the forms prescribed by the department.
(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state, and every employer who deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld pursuant to this section.
(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section shall be considered to be the tax of the employer, and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes shall be personally liable for such taxes, penalties, and interest.
(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for his taxable year which begins in such calendar year, and a return made by the employer under subsection (b) shall be accepted by the department as evidence in favor of the employee of the amount so deducted from his wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under IC 6-3 and IC 6-3.5, the department shall, after examining the return or returns filed by the
employee in accordance with IC 6-3 and IC 6-3.5, refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file his return or returns as required under IC 6-3 and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar ($1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from his obligation of filing a return or returns at the time required under IC 6-3 and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.


IC 6-3-4-8.1
Sec. 8.1. (a) Any entity that is required to file a monthly return and make a monthly remittance of taxes under sections 8, 12, 13, and 15 of this chapter shall file those returns and make those remittances twenty (20) days (rather than thirty (30) days) after the end of each month for which those returns and remittances are filed, if that entity's average monthly remittance for the immediately preceding calendar year exceeds one thousand dollars ($1,000).

(b) The department may require any entity to make the entity's monthly remittance and file the entity's monthly return twenty (20) days (rather than thirty (30) days) after the end of each month for which a return and payment are made if the department estimates that the entity's average monthly payment for the current calendar year will exceed one thousand dollars ($1,000).

(c) If a person files a combined sales and withholding tax report and either this section or IC 6-2.5-6-1 requires the sales or withholding tax report to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(d) If the department determines that an entity's:
   (1) estimated monthly withholding tax remittance for the current year; or
   (2) average monthly withholding tax remittance for the preceding year;
   exceeds ten thousand dollars ($10,000), the entity shall remit the monthly withholding taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the remittance is due.

(e) If an entity's withholding tax remittance is made by electronic fund transfer, the entity is not required to file a monthly withholding tax return. However, the entity shall file a quarterly withholding tax return before the twentieth day following the end of each calendar quarter.


IC 6-3-4-8.2
YAMD.1997
Sec. 8.2. Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department.

As added by P.L.28-1997, SEC.16.

IC 6-3-4-8.5
Sec. 8.5. In the case of a transferee of the property of a transferor, liability for any accrued tax liability of the transferor is transferred to the transferee as provided in section 6901 of the Internal Revenue Code.
As added by Acts 1977(ss), P.L.4, SEC.12.

IC 6-3-4-9
Sec. 9. All individuals, corporations, limited liability companies, partnerships, fiduciaries, or associations, in whatever capacity acting, including but without being limited to, lessees or mortgagors of real or personal property, fiduciaries, and employers making payment to other persons of interest, rent, wages, salaries, premiums, annuities, compensation, remunerations, emoluments, other fixed or determinable means, profits and income, or corporate liquidation distributions shall make returns to the department setting forth the amount of such payments and the name and address of the recipient of such payment at such time or times in such manner, and on such forms as prescribed by the department.
(Formerly: Acts 1963(ss), c.32, s.409.) As amended by P.L.8-1993, SEC.84.

IC 6-3-4-10
Sec. 10. (a) Except as provided in subsection (b), every partnership doing business in this state, every partnership any partner of which is a resident, and every partnership which has gross income derived from sources within this state, shall make a return for each taxable year on a form to be prescribed by the department, which return shall correspond with the returns required by Section 6031 of the Internal Revenue Code, insofar as consistent with the provisions of this article. However, this section shall not be construed to render any partnership a taxpayer under this article.
(b) A partnership or a corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code is not required to file:
(1) federal income tax Schedule K-1 (Form 1065) Partner's Share of Income, Credits, Deductions, Etc.; or
(2) federal income tax Schedule K-1 (Form 1120S) Shareholder's Share of Income, Credits, Deductions, Etc.; with an annual return filed with the department. However, a federal income tax schedule described in this subsection must be available for inspection upon request by the department.

IC 6-3-4-11
Sec. 11. (a) A partnership as such shall not be subject to the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7. Persons or corporations carrying on business as partners shall be liable for the adjusted gross income tax only in their separate or individual capacities. In determining each partner's adjusted gross income, such partner shall take into account his or its distributive share of the adjustments provided for in IC 6-3-1-3.5.
(b) The adjustments provided for in IC 6-3-1-3.5 shall be allowed for the taxable year of the partner within or with which the partnership's taxable year ends.

IC 6-3-4-12
Sec. 12. (a) Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. Such partnership so paying or crediting any nonresident partner:
(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and retained under this section and shall not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with this section; and
(2) shall make return of and payment to the department monthly whenever the amount of tax due under IC 6-3 and IC 6-3.5 exceeds an aggregate amount of fifty dollars ($50) per month with such payment due on the thirtieth day of the following month, unless an earlier date is specified by section 8.1 of this chapter.
Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not exceed fifty dollars ($50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.
(b) Every partnership shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom in accordance with the provisions of this section, and such other information as the department may require. Every partnership making the deduction and retention provided in this section shall furnish to its nonresident partners annually, but not later than thirty (30) days after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department.
(c) All money deducted and retained by the partnership, as provided in this section, shall immediately upon such deduction be
the money of the state of Indiana and every partnership which deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any partnership may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships subject to the provisions of this section, and for these purposes any amount deducted, or required to be deducted and remitted to the department under this section, shall be considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such nonresident partner for his taxable year within or within which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for his distributive share.

(f) This section shall in no way relieve any nonresident partner from his obligations of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a corporation to file one (1) return at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

IC 6-3-4-13

Sec. 13. (a) Every corporation which is exempt from tax under IC 6-3 pursuant to IC 6-3-2-2.8(2) shall, at the time that it pays or credits amounts to any of its nonresident shareholders as dividends or as their share of the corporation's undistributed taxable income, withhold the amount prescribed by the department. Such corporation so paying or crediting any nonresident shareholder: (1) shall be liable to the state of Indiana for the payment of the tax required to be withheld under this section and shall not be liable to such shareholder for the amount withheld and paid over in compliance or intended compliance with this section; and (2) when the aggregate amount due under IC 6-3 and IC 6-3.5 exceeds one hundred fifty dollars ($150) per quarter, then such corporation shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every corporation shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident shareholders, the amount withheld in accordance with the provisions of this section, and such other information as the department may require. Every corporation withholding as provided in this section shall furnish to its nonresident shareholders annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax withheld on behalf of such shareholders on forms to be prescribed by the department.

(c) All money withheld by a corporation, pursuant to this section, shall immediately upon being withheld be the money of the state of Indiana and every corporation which withholds any amount of money under the provisions of this section shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any corporation may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money withheld pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to corporations subject to the provisions of this section, and for these purposes any amount withheld, or required to be withheld and remitted to the department under this section, shall be considered to be the tax of the corporation, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts withheld from payments or credits to a nonresident shareholder during any taxable year of the corporation in accordance with the provisions of this section shall be considered to be a part payment of the tax imposed on such nonresident shareholder for his taxable year within or within which the corporation's taxable year ends. A return made by the corporation under subsection (b) shall be accepted by the department as evidence in favor of the nonresident shareholder of the amount so withheld from the shareholder's distributive share.

(f) This section shall in no way relieve any nonresident shareholder from his obligation of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a corporation to file one (1) return and payment each year if the corporation pays or credits amounts to its nonresident shareholders only one (1) time each year.
The withholding return and payment are due on or before the fifteenth day of the third month after the end of the taxable year of the corporation.

(h) If a distribution will be made with property other than money or a gain is realized without the payment of money, the corporation shall not release the property or credit the gain until it has funds sufficient to enable it to pay the tax required to be withheld under this section. If necessary, the corporation shall obtain such funds from the shareholders.

(i) If a corporation fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the shareholders, such amount of tax as paid by the shareholders shall not be collected from the corporation but it shall not be relieved from liability for interest or penalty otherwise due in respect to such failure to withhold under IC 6-8.1-10.

(j) A corporation described in subsection (a) may file a composite adjusted gross income tax return on behalf of some or all nonresident shareholders if it complies with the requirements prescribed by the department for filing a composite return.

Sec. 14. (a) An affiliated group of corporations shall have the privilege of making a consolidated return with respect to the taxes imposed by IC 6-3. The making of a consolidated return shall be upon the condition that all corporations which at any time during the taxable year have been members of the affiliated group consent to all of the provisions of this section including all provisions of the consolidated return regulations prescribed pursuant to Section 1502 of the Internal Revenue Code and incorporated herein by reference and all regulations promulgated by the department implementing this section prior to the last day prescribed by law for the filing of such return. The making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year, the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

(b) For the purposes of this section the term "affiliated group" shall mean an "affiliated group" as defined in Section 1504 of the Internal Revenue Code with the exception that the affiliated group shall not include any corporation which does not have adjusted gross income derived from sources within the state of Indiana.

(c) For purposes of IC 6-3-1-3.5(b), the determination of "taxable income," as defined in Section 63 of the Internal Revenue Code, of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, shall be determined pursuant to the regulations prescribed under Section 1502 of the Internal Revenue Code.

(d) Any credit against the taxes imposed by IC 6-3 which is available to any corporation which is a member of an affiliated group of corporations making a consolidated return shall be applied against the tax liability of the affiliated group.

Sec. 15. (a) A trust or estate shall, at the time that it distributes income (except income attributable to interest or dividends) to a nonresident beneficiary, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. The trust or estate so distributing income shall not release the property or credit the gain until it has funds sufficient to enable it to pay the tax required to be withheld under this section. If necessary, the corporation shall obtain such funds from the shareholders.

(b) A trust or estate shall, at the time that it makes a payment to the department under this section, deliver to the department a return which shows the total amounts distributed to the trust's or estate's nonresident beneficiaries, the amount deducted from the distributions under this section, and any other information required by the department. The trust or estate shall file the return on the form prescribed by the department. A trust or estate which makes the deduction and retention required by this section shall furnish to its nonresident beneficiaries annually, but not later than thirty (30) days after the end of the trust's or estate's taxable year, a record of the amount of tax deducted and retained from the beneficiaries. The trust or estate shall furnish the information on the form prescribed by the department.

(c) The money deducted and retained by a trust or estate under this section is money of this state. Every trust or estate which deducts and retains any money under this section shall hold the money in trust for this state until it pays the money to the department in the manner and at the time provided in this section. The department may require a trust or estate to post a surety bond to protect this state with respect to money deducted and retained by the trust or estate under this section. The department shall determine the amount of the surety bond.
(d) The provisions of IC 6-8.1 relating to penalties or to additions to tax in case of a delinquency apply to trusts and estates which are subject to this section. For purposes of this subsection, any amount deducted, or required to be deducted and remitted to the department, under this section is considered the tax of the trust or estate, and with respect to that amount, it is considered the taxpayer.

(e) Amounts deducted from distributions to nonresident beneficiaries under this section during a taxable year of the trust or estate are considered a partial payment of the tax imposed on the nonresident beneficiary for his taxable year within or with which the trust's or estate's taxable year ends. The department shall accept a return made by the trust or estate under subsection (b) as evidence of the amount of tax deducted from the income distributed to a nonresident beneficiary.

(f) This section does not relieve a nonresident beneficiary of his duty to file a return at the time required under IC 6-3. The nonresident beneficiary shall pay any unpaid tax at the time prescribed by section 5 of this chapter.


IC 6-3-4-15.7
Sec. 15.7. (a) The payor of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan, as described in Section 3405 of the Internal Revenue Code, that is paid to a resident of this state shall, upon receipt from the payee of a written request for state income tax withholding, withhold the requested amount from each payment. The request must be dated and signed by the payee and specify the flat whole dollar amount to be withheld from each payment. The request must also specify the payee's name, current address, taxpayer identification number, and the contract, policy, or account number to which the request applies. The request shall remain in effect until the payor receives in writing from the payee a change in or revocation of the request.

(b) The payor is not required to withhold state income tax from a payment if the amount to be withheld is less than ten dollars ($10) or if the amount to be withheld would reduce the affected payment to less than ten dollars ($10).

(c) The payor is responsible for custody of withheld funds, for reporting withheld funds to the state and to the payee, and for remitting withheld funds to the state in the same manner as is done for wage withholding, including utilization of federal forms and participation by Indiana in the combined Federal/State Filing Program on magnetic media.

As added by P.L.91-1989, SEC.1.

IC 6-3-5
Chapter 5. Reciprocity

IC 6-3-5-1
Sec. 1. The tax imposed by IC 6-3-2 on the adjusted gross income derived from sources within the state of Indiana by persons who are nonresidents of this state, shall not be payable if the laws of the state or territory of residence of such persons, at the time such adjusted gross income was earned in this state, contained a reciprocal provision by which residents of this state were exempted from taxes imposed by such state on income earned in such state.

(Formerly: Acts 1963(ss), c.32, s.501.) As amended by P.L.2-1988, SEC.12.

IC 6-3-5-2
(Repealed by P.L.28-1997, SEC.31.)

IC 6-3-5-3
Sec. 3. The department of state revenue, with the approval of the governor and the budget agency after the review of the state budget committee, may enter into an agreement with the state of Illinois that establishes a methodology for determining individual income taxes paid by residents of each state to the other state and an obligation, in exchange for a like obligation on the part of Illinois, to make a payment to Illinois. The payment obligation by Indiana may not be greater than the difference between the amount of Indiana individual adjusted gross income taxes for the previous taxable year that would be collected from:
(1) Indiana residents working in Illinois if there were a reciprocity agreement between Indiana and Illinois; and
(2) Indiana residents working in Illinois and from Illinois residents working in Indiana without a reciprocity agreement between Indiana and Illinois. The amount needed to make the payment is appropriated from the state general fund.

As added by P.L.7-1999, SEC.1.
Chapter 6. Penalties and Administration

IC 6-3-6-10  
Sec. 10. (a) A taxpayer subject to taxation under this article shall keep and preserve records and any other books or accounts as required by IC 6-8.1-5-4. All the records shall be kept open for examination at any time by the department or its authorized agents. A taxpayer who violates this subsection or fails to comply with the request of the department pursuant to IC 6-3-4-6 commits a Class A misdemeanor.  
(b) It is a Class D felony for a taxpayer to make false entries in his books, or to keep more than one (1) set of books, with intent to defraud the state or evade the payment of the tax, or any part thereof, imposed by this article.  

IC 6-3-6-11  
Sec. 11. (a) It is a Class D felony for a taxpayer to fail to make any return required to be made under this article, or to make any false return or false statement in any return, with intent to defraud the state or to evade the payment of the tax, or any part thereof, imposed by this article. It is a Class D felony for a person to knowingly fail to permit the examination of any book, paper, account, record, or other data by the department or its authorized agents, as required by this article, to knowingly fail to permit the inspection or appraisal of any property by the department or its authorized agents, or to knowingly refuse to offer testimony or produce any record as required in this article.  
(b) The attorney-general has concurrent jurisdiction with the prosecuting attorney in instituting and prosecuting actions under this section.  

IC 6-3-7  
Chapter 7. Miscellaneous

IC 6-3-7-1  
Sec. 1. In the event the tax imposed by IC 6-3-1 through IC 6-3-7 is held inapplicable or invalid with respect to any person, or the shareholders of any corporation described in IC 6-3-2-2.8(2), or the partners of any such partnership, then notwithstanding IC 6-2.1-3-23 or IC 6-2.1-3-24 such person or such corporation or such partnership shall be liable for the tax on gross income as imposed by IC 6-2.1 for the taxable periods with respect to which the tax imposed by IC 6-3-1 through IC 6-3-7 is held inapplicable or invalid.  

IC 6-3-7-2  
(Repealed by Acts 1980, P.L.61, SEC.15.)

IC 6-3-7-2.5  
Sec. 2.5. (a) Revenues derived from the imposition and collection of the adjusted gross income tax (IC 6-3-1 through IC 6-3-7) shall be allocated between and deposited in the state general fund and the property tax replacement fund (IC 6-1.1-21) in the manner prescribed by this section and section 3 of this chapter.  
(b) With respect to each adjusted gross income tax payment received from a corporation, the amount determined in step four of the following steps shall be allocated to and deposited in the state general fund:  
Step One: Enter the adjusted gross income tax rate in effect for the taxable year for which the payment is made.  
Step Two: Subtract three percent (3%) from the rate entered under step one.  
Step Three: Divide the remainder determined under step two by three percent (3%).  
Step Four: Multiply the amount of the adjusted gross income tax payment by the quotient determined under step three.  
As added by P.L.390-1987(ss), SEC.38.

IC 6-3-7-3  
Sec. 3. (a) All revenues derived from collection of the adjusted gross income tax imposed on corporations (except the tax revenues allocated under section 2.5 of this chapter to the state general fund) shall be deposited as follows:  
(1) Ten million dollars ($10,000,000) shall for each state fiscal year be deposited in the state general fund.  
(2) The balance of such revenues shall be deposited into the property tax replacement fund.  
(b) All revenues derived from collection of the adjusted gross income tax imposed on persons shall be deposited in the state
general fund.

IC 6-3-7-4
(Repealed by Acts 1980, P.L.54, SEC.9.)

IC 6-3-7-5
Sec. 5. (a) As used in this section, "independent contractor" refers to a person described in IC 22-3-6-1(b)(7).
(b) Not more than thirty (30) days after the department receives a copy of an independent contractor's statement and validated affidavit from the worker's compensation board under IC 22-3-2-14.5 or IC 22-3-7-34.5, the department shall provide the independent contractor with an explanation of the department's tax treatment of independent contractors and the duty of the independent contractor to remit any taxes owed.
(c) The information received from an independent contractor's statement and validated affidavit is to be treated as confidential by the department and is to be used solely for the purposes of this section.
As added by P.L.75-1993, SEC.1.