

HOUSE BILL No. 1174

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-3.

Synopsis: Credit for income taxes paid to another state. Provides that the maximum income tax credit that an Indiana resident may take for income taxes paid to another state includes the Indiana local income tax rate in addition to the Indiana state adjusted gross income tax rate (applies when the state of employment does not have a reciprocity agreement with Indiana).

Effective: January 1, 2017.

Fine

January 7, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1174



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

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

1 SECTION 1. IC 6-3-3-3 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2017]: Sec. 3. (a) Whenever a resident
3 person has become liable for tax to another state upon all or any part of
4 ~~his~~ **the person's** income for a taxable year derived from sources
5 without this state and subject to taxation under IC 6-3-2 **and IC 6-3.6**,
6 the amount of tax paid by ~~him~~ **the person** to the other state shall be
7 credited against the amount of the **state adjusted gross income tax**
8 **and local income tax** payable by ~~him~~ **the person**. ~~Such~~ **The** credit
9 shall be allowed upon the production to the department of satisfactory
10 evidence of the fact of ~~such~~ **the** payment, except that ~~such~~ **the**
11 application for credit shall not operate to reduce the tax payable under
12 IC 6-3-2 **and IC 6-3.6** to an amount less than would have been payable
13 were the income from the other state ignored. The credit provided for
14 by this subsection shall not be granted to a taxpayer when the laws of
15 the other state, under which the adjusted gross income in question is
16 subject to taxation, provides for a credit to the taxpayer substantially
17 similar to that granted by subsection (b).



1 (b) Whenever a nonresident person has become liable for tax to the
2 state where ~~he the person~~ resides upon ~~his the person's~~ income for the
3 taxable year derived from sources within this state and subject to
4 taxation under IC 6-3-2, the proportion of tax paid by ~~him the person~~
5 to the state where ~~he the person~~ resides that ~~his the person's~~ income
6 subject to taxation under IC 6-3-2 bears to ~~his the person's~~ income
7 upon which the tax so payable to the other state was imposed shall be
8 credited against the tax payable by ~~him the person~~ under IC 6-3-2, but
9 only if the laws of the other state grant a substantially similar credit to
10 residents of this state subject to income tax under the laws of ~~such the~~
11 other state, or impose a tax upon the income of its residents derived
12 from sources in this state and exempt from taxation the income of
13 residents of this state. No credit shall be allowed against the amount of
14 the tax on any adjusted gross income taxable under IC 6-3-2 that is
15 exempt from taxation under the laws of the other state.

16 SECTION 2. [EFFECTIVE JANUARY 1, 2017] **(a) IC 6-3-3-3, as**
17 **amended by this act, applies to taxable years beginning after**
18 **December 31, 2016.**

19 **(b) This SECTION expires January 1, 2020.**

