

# HOUSE BILL No. 1468

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-1; IC 6-3-2-4.

**Synopsis:** Military income tax exemption. Provides a 100% state income tax deduction for all military service income received by an individual or the individual's surviving spouse.

**Effective:** January 1, 2018.

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## Carbaugh, Judy

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January 18, 2017, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

## HOUSE BILL No. 1468

A BILL FOR AN ACT to amend the Indiana Code concerning military and veterans.

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

- 1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.181-2016,
- 2 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JANUARY 1, 2018]: Sec. 3.5. When used in this article, the term
- 4 "adjusted gross income" shall mean the following:
- 5 (a) In the case of all individuals, "adjusted gross income" (as
- 6 defined in Section 62 of the Internal Revenue Code), modified as
- 7 follows:
- 8 (1) Subtract income that is exempt from taxation under this article
- 9 by the Constitution and statutes of the United States.
- 10 (2) Add an amount equal to any deduction or deductions allowed
- 11 or allowable pursuant to Section 62 of the Internal Revenue Code
- 12 for taxes based on or measured by income and levied at the state
- 13 level by any state of the United States.
- 14 (3) Subtract one thousand dollars (\$1,000), or in the case of a
- 15 joint return filed by a husband and wife, subtract for each spouse
- 16 one thousand dollars (\$1,000).
- 17 (4) Subtract one thousand dollars (\$1,000) for:



- 1 (A) each of the exemptions provided by Section 151(c) of the  
 2 Internal Revenue Code;  
 3 (B) each additional amount allowable under Section 63(f) of  
 4 the Internal Revenue Code; and  
 5 (C) the spouse of the taxpayer if a separate return is made by  
 6 the taxpayer and if the spouse, for the calendar year in which  
 7 the taxable year of the taxpayer begins, has no gross income  
 8 and is not the dependent of another taxpayer.
- 9 (5) Subtract:
- 10 (A) one thousand five hundred dollars (\$1,500) for each of the  
 11 exemptions allowed under Section 151(c)(1)(B) of the Internal  
 12 Revenue Code (as effective January 1, 2004);  
 13 (B) for taxable years beginning after December 31, 2017, one  
 14 thousand five hundred dollars (\$1,500) for each exemption  
 15 allowed under Section 151(c) of the Internal Revenue Code for  
 16 an individual:  
 17 (i) who is less than nineteen (19) years of age or is a  
 18 full-time student who is less than twenty-four (24) years of  
 19 age;  
 20 (ii) for whom the taxpayer is the legal guardian; and  
 21 (iii) for whom the taxpayer does not claim an exemption  
 22 under clause (A); and  
 23 (C) five hundred dollars (\$500) for each additional amount  
 24 allowable under Section 63(f)(1) of the Internal Revenue Code  
 25 if the adjusted gross income of the taxpayer, or the taxpayer  
 26 and the taxpayer's spouse in the case of a joint return, is less  
 27 than forty thousand dollars (\$40,000).
- 28 This amount is in addition to the amount subtracted under  
 29 subdivision (4).
- 30 (6) Subtract any amounts included in federal adjusted gross  
 31 income under Section 111 of the Internal Revenue Code as a  
 32 recovery of items previously deducted as an itemized deduction  
 33 from adjusted gross income.
- 34 (7) Subtract any amounts included in federal adjusted gross  
 35 income under the Internal Revenue Code which amounts were  
 36 received by the individual as supplemental railroad retirement  
 37 annuities under 45 U.S.C. 231 and which are not deductible under  
 38 subdivision (1).
- 39 (8) Subtract an amount equal to the amount of federal Social  
 40 Security and Railroad Retirement benefits included in a taxpayer's  
 41 federal gross income by Section 86 of the Internal Revenue Code.
- 42 (9) In the case of a nonresident taxpayer or a resident taxpayer



- 1 residing in Indiana for a period of less than the taxpayer's entire  
2 taxable year, the total amount of the deductions allowed pursuant  
3 to subdivisions (3), (4), and (5) shall be reduced to an amount  
4 which bears the same ratio to the total as the taxpayer's income  
5 taxable in Indiana bears to the taxpayer's total income.
- 6 (10) In the case of an individual who is a recipient of assistance  
7 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
8 subtract an amount equal to that portion of the individual's  
9 adjusted gross income with respect to which the individual is not  
10 allowed under federal law to retain an amount to pay state and  
11 local income taxes.
- 12 (11) In the case of an eligible individual, subtract the amount of  
13 a Holocaust victim's settlement payment included in the  
14 individual's federal adjusted gross income.
- 15 (12) Subtract an amount equal to the portion of any premiums  
16 paid during the taxable year by the taxpayer for a qualified long  
17 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
18 or the taxpayer's spouse, or both.
- 19 (13) Subtract an amount equal to the lesser of:  
20 (A) two thousand five hundred dollars (\$2,500); or  
21 (B) the amount of property taxes that are paid during the  
22 taxable year in Indiana by the individual on the individual's  
23 principal place of residence.
- 24 (14) Subtract an amount equal to the amount of a September 11  
25 terrorist attack settlement payment included in the individual's  
26 federal adjusted gross income.
- 27 (15) Add or subtract the amount necessary to make the adjusted  
28 gross income of any taxpayer that owns property for which bonus  
29 depreciation was allowed in the current taxable year or in an  
30 earlier taxable year equal to the amount of adjusted gross income  
31 that would have been computed had an election not been made  
32 under Section 168(k) of the Internal Revenue Code to apply bonus  
33 depreciation to the property in the year that it was placed in  
34 service.
- 35 (16) Add an amount equal to any deduction allowed under  
36 Section 172 of the Internal Revenue Code.
- 37 (17) Add or subtract the amount necessary to make the adjusted  
38 gross income of any taxpayer that placed Section 179 property (as  
39 defined in Section 179 of the Internal Revenue Code) in service  
40 in the current taxable year or in an earlier taxable year equal to  
41 the amount of adjusted gross income that would have been  
42 computed had an election for federal income tax purposes not



- 1           been made for the year in which the property was placed in  
 2           service to take deductions under Section 179 of the Internal  
 3           Revenue Code in a total amount exceeding twenty-five thousand  
 4           dollars (\$25,000).
- 5           (18) Add an amount equal to the amount that a taxpayer claimed  
 6           as a deduction for domestic production activities for the taxable  
 7           year under Section 199 of the Internal Revenue Code for federal  
 8           income tax purposes.
- 9           (19) Subtract an amount equal to the amount of the taxpayer's  
 10          ~~qualified military service income that was not excluded from~~  
 11          **included in** the taxpayer's **federal adjusted** gross income ~~for~~  
 12          ~~federal income tax purposes under Section 112 of~~ **under** the  
 13          Internal Revenue Code.
- 14          (20) Subtract income that is:
- 15                (A) exempt from taxation under IC 6-3-2-21.7; and  
 16                (B) included in the individual's federal adjusted gross income  
 17                under the Internal Revenue Code.
- 18          (21) Add an amount equal to any income not included in gross  
 19          income as a result of the deferral of income arising from business  
 20          indebtedness discharged in connection with the reacquisition after  
 21          December 31, 2008, and before January 1, 2011, of an applicable  
 22          debt instrument, as provided in Section 108(i) of the Internal  
 23          Revenue Code. Subtract the amount necessary from the adjusted  
 24          gross income of any taxpayer that added an amount to adjusted  
 25          gross income in a previous year to offset the amount included in  
 26          federal gross income as a result of the deferral of income arising  
 27          from business indebtedness discharged in connection with the  
 28          reacquisition after December 31, 2008, and before January 1,  
 29          2011, of an applicable debt instrument, as provided in Section  
 30          108(i) of the Internal Revenue Code.
- 31          (22) Add the amount excluded from federal gross income under  
 32          Section 103 of the Internal Revenue Code for interest received on  
 33          an obligation of a state other than Indiana, or a political  
 34          subdivision of such a state, that is acquired by the taxpayer after  
 35          December 31, 2011.
- 36          (b) In the case of corporations, the same as "taxable income" (as  
 37          defined in Section 63 of the Internal Revenue Code) adjusted as  
 38          follows:
- 39                (1) Subtract income that is exempt from taxation under this article  
 40                by the Constitution and statutes of the United States.  
 41                (2) Add an amount equal to any deduction or deductions allowed  
 42                or allowable pursuant to Section 170 of the Internal Revenue



- 1 Code.
- 2 (3) Add an amount equal to any deduction or deductions allowed
- 3 or allowable pursuant to Section 63 of the Internal Revenue Code
- 4 for taxes based on or measured by income and levied at the state
- 5 level by any state of the United States.
- 6 (4) Subtract an amount equal to the amount included in the
- 7 corporation's taxable income under Section 78 of the Internal
- 8 Revenue Code.
- 9 (5) Add or subtract the amount necessary to make the adjusted
- 10 gross income of any taxpayer that owns property for which bonus
- 11 depreciation was allowed in the current taxable year or in an
- 12 earlier taxable year equal to the amount of adjusted gross income
- 13 that would have been computed had an election not been made
- 14 under Section 168(k) of the Internal Revenue Code to apply bonus
- 15 depreciation to the property in the year that it was placed in
- 16 service.
- 17 (6) Add an amount equal to any deduction allowed under Section
- 18 172 of the Internal Revenue Code.
- 19 (7) Add or subtract the amount necessary to make the adjusted
- 20 gross income of any taxpayer that placed Section 179 property (as
- 21 defined in Section 179 of the Internal Revenue Code) in service
- 22 in the current taxable year or in an earlier taxable year equal to
- 23 the amount of adjusted gross income that would have been
- 24 computed had an election for federal income tax purposes not
- 25 been made for the year in which the property was placed in
- 26 service to take deductions under Section 179 of the Internal
- 27 Revenue Code in a total amount exceeding twenty-five thousand
- 28 dollars (\$25,000).
- 29 (8) Add an amount equal to the amount that a taxpayer claimed as
- 30 a deduction for domestic production activities for the taxable year
- 31 under Section 199 of the Internal Revenue Code for federal
- 32 income tax purposes.
- 33 (9) Add to the extent required by IC 6-3-2-20 the amount of
- 34 intangible expenses (as defined in IC 6-3-2-20) and any directly
- 35 related interest expenses (as defined in IC 6-3-2-20) for the
- 36 taxable year that reduced the corporation's taxable income (as
- 37 defined in Section 63 of the Internal Revenue Code) for federal
- 38 income tax purposes.
- 39 (10) Add an amount equal to any deduction for dividends paid (as
- 40 defined in Section 561 of the Internal Revenue Code) to
- 41 shareholders of a captive real estate investment trust (as defined
- 42 in section 34.5 of this chapter).



- 1 (11) Subtract income that is:  
2 (A) exempt from taxation under IC 6-3-2-21.7; and  
3 (B) included in the corporation's taxable income under the  
4 Internal Revenue Code.
- 5 (12) Add an amount equal to any income not included in gross  
6 income as a result of the deferral of income arising from business  
7 indebtedness discharged in connection with the reacquisition after  
8 December 31, 2008, and before January 1, 2011, of an applicable  
9 debt instrument, as provided in Section 108(i) of the Internal  
10 Revenue Code. Subtract from the adjusted gross income of any  
11 taxpayer that added an amount to adjusted gross income in a  
12 previous year the amount necessary to offset the amount included  
13 in federal gross income as a result of the deferral of income  
14 arising from business indebtedness discharged in connection with  
15 the reacquisition after December 31, 2008, and before January 1,  
16 2011, of an applicable debt instrument, as provided in Section  
17 108(i) of the Internal Revenue Code.
- 18 (13) Add the amount excluded from federal gross income under  
19 Section 103 of the Internal Revenue Code for interest received on  
20 an obligation of a state other than Indiana, or a political  
21 subdivision of such a state, that is acquired by the taxpayer after  
22 December 31, 2011.
- 23 (c) In the case of life insurance companies (as defined in Section  
24 816(a) of the Internal Revenue Code) that are organized under Indiana  
25 law, the same as "life insurance company taxable income" (as defined  
26 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 27 (1) Subtract income that is exempt from taxation under this article  
28 by the Constitution and statutes of the United States.
- 29 (2) Add an amount equal to any deduction allowed or allowable  
30 under Section 170 of the Internal Revenue Code.
- 31 (3) Add an amount equal to a deduction allowed or allowable  
32 under Section 805 or Section 832(c) of the Internal Revenue Code  
33 for taxes based on or measured by income and levied at the state  
34 level by any state.
- 35 (4) Subtract an amount equal to the amount included in the  
36 company's taxable income under Section 78 of the Internal  
37 Revenue Code.
- 38 (5) Add or subtract the amount necessary to make the adjusted  
39 gross income of any taxpayer that owns property for which bonus  
40 depreciation was allowed in the current taxable year or in an  
41 earlier taxable year equal to the amount of adjusted gross income  
42 that would have been computed had an election not been made



- 1 under Section 168(k) of the Internal Revenue Code to apply bonus  
2 depreciation to the property in the year that it was placed in  
3 service.
- 4 (6) Add an amount equal to any deduction allowed under Section  
5 172 or Section 810 of the Internal Revenue Code.
- 6 (7) Add or subtract the amount necessary to make the adjusted  
7 gross income of any taxpayer that placed Section 179 property (as  
8 defined in Section 179 of the Internal Revenue Code) in service  
9 in the current taxable year or in an earlier taxable year equal to  
10 the amount of adjusted gross income that would have been  
11 computed had an election for federal income tax purposes not  
12 been made for the year in which the property was placed in  
13 service to take deductions under Section 179 of the Internal  
14 Revenue Code in a total amount exceeding twenty-five thousand  
15 dollars (\$25,000).
- 16 (8) Add an amount equal to the amount that a taxpayer claimed as  
17 a deduction for domestic production activities for the taxable year  
18 under Section 199 of the Internal Revenue Code for federal  
19 income tax purposes.
- 20 (9) Subtract income that is:
- 21 (A) exempt from taxation under IC 6-3-2-21.7; and
- 22 (B) included in the insurance company's taxable income under  
23 the Internal Revenue Code.
- 24 (10) Add an amount equal to any income not included in gross  
25 income as a result of the deferral of income arising from business  
26 indebtedness discharged in connection with the reacquisition after  
27 December 31, 2008, and before January 1, 2011, of an applicable  
28 debt instrument, as provided in Section 108(i) of the Internal  
29 Revenue Code. Subtract from the adjusted gross income of any  
30 taxpayer that added an amount to adjusted gross income in a  
31 previous year the amount necessary to offset the amount included  
32 in federal gross income as a result of the deferral of income  
33 arising from business indebtedness discharged in connection with  
34 the reacquisition after December 31, 2008, and before January 1,  
35 2011, of an applicable debt instrument, as provided in Section  
36 108(i) of the Internal Revenue Code.
- 37 (11) Add an amount equal to any exempt insurance income under  
38 Section 953(e) of the Internal Revenue Code that is active  
39 financing income under Subpart F of Subtitle A, Chapter 1,  
40 Subchapter N of the Internal Revenue Code.
- 41 (12) Add the amount excluded from federal gross income under  
42 Section 103 of the Internal Revenue Code for interest received on





- 1           an obligation of a state other than Indiana, or a political  
2           subdivision of such a state, that is acquired by the taxpayer after  
3           December 31, 2011.
- 4           (d) In the case of insurance companies subject to tax under Section  
5           831 of the Internal Revenue Code and organized under Indiana law, the  
6           same as "taxable income" (as defined in Section 832 of the Internal  
7           Revenue Code), adjusted as follows:
- 8           (1) Subtract income that is exempt from taxation under this article  
9           by the Constitution and statutes of the United States.
- 10          (2) Add an amount equal to any deduction allowed or allowable  
11          under Section 170 of the Internal Revenue Code.
- 12          (3) Add an amount equal to a deduction allowed or allowable  
13          under Section 805 or Section 832(c) of the Internal Revenue Code  
14          for taxes based on or measured by income and levied at the state  
15          level by any state.
- 16          (4) Subtract an amount equal to the amount included in the  
17          company's taxable income under Section 78 of the Internal  
18          Revenue Code.
- 19          (5) Add or subtract the amount necessary to make the adjusted  
20          gross income of any taxpayer that owns property for which bonus  
21          depreciation was allowed in the current taxable year or in an  
22          earlier taxable year equal to the amount of adjusted gross income  
23          that would have been computed had an election not been made  
24          under Section 168(k) of the Internal Revenue Code to apply bonus  
25          depreciation to the property in the year that it was placed in  
26          service.
- 27          (6) Add an amount equal to any deduction allowed under Section  
28          172 of the Internal Revenue Code.
- 29          (7) Add or subtract the amount necessary to make the adjusted  
30          gross income of any taxpayer that placed Section 179 property (as  
31          defined in Section 179 of the Internal Revenue Code) in service  
32          in the current taxable year or in an earlier taxable year equal to  
33          the amount of adjusted gross income that would have been  
34          computed had an election for federal income tax purposes not  
35          been made for the year in which the property was placed in  
36          service to take deductions under Section 179 of the Internal  
37          Revenue Code in a total amount exceeding twenty-five thousand  
38          dollars (\$25,000).
- 39          (8) Add an amount equal to the amount that a taxpayer claimed as  
40          a deduction for domestic production activities for the taxable year  
41          under Section 199 of the Internal Revenue Code for federal  
42          income tax purposes.



- 1 (9) Subtract income that is:  
 2 (A) exempt from taxation under IC 6-3-2-21.7; and  
 3 (B) included in the insurance company's taxable income under  
 4 the Internal Revenue Code.
- 5 (10) Add an amount equal to any income not included in gross  
 6 income as a result of the deferral of income arising from business  
 7 indebtedness discharged in connection with the reacquisition after  
 8 December 31, 2008, and before January 1, 2011, of an applicable  
 9 debt instrument, as provided in Section 108(i) of the Internal  
 10 Revenue Code. Subtract from the adjusted gross income of any  
 11 taxpayer that added an amount to adjusted gross income in a  
 12 previous year the amount necessary to offset the amount included  
 13 in federal gross income as a result of the deferral of income  
 14 arising from business indebtedness discharged in connection with  
 15 the reacquisition after December 31, 2008, and before January 1,  
 16 2011, of an applicable debt instrument, as provided in Section  
 17 108(i) of the Internal Revenue Code.
- 18 (11) Add an amount equal to any exempt insurance income under  
 19 Section 953(e) of the Internal Revenue Code that is active  
 20 financing income under Subpart F of Subtitle A, Chapter 1,  
 21 Subchapter N of the Internal Revenue Code.
- 22 (12) Add the amount excluded from federal gross income under  
 23 Section 103 of the Internal Revenue Code for interest received on  
 24 an obligation of a state other than Indiana, or a political  
 25 subdivision of such a state, that is acquired by the taxpayer after  
 26 December 31, 2011.
- 27 (e) In the case of trusts and estates, "taxable income" (as defined for  
 28 trusts and estates in Section 641(b) of the Internal Revenue Code)  
 29 adjusted as follows:
- 30 (1) Subtract income that is exempt from taxation under this article  
 31 by the Constitution and statutes of the United States.
- 32 (2) Subtract an amount equal to the amount of a September 11  
 33 terrorist attack settlement payment included in the federal  
 34 adjusted gross income of the estate of a victim of the September  
 35 11 terrorist attack or a trust to the extent the trust benefits a victim  
 36 of the September 11 terrorist attack.
- 37 (3) Add or subtract the amount necessary to make the adjusted  
 38 gross income of any taxpayer that owns property for which bonus  
 39 depreciation was allowed in the current taxable year or in an  
 40 earlier taxable year equal to the amount of adjusted gross income  
 41 that would have been computed had an election not been made  
 42 under Section 168(k) of the Internal Revenue Code to apply bonus



- 1 depreciation to the property in the year that it was placed in  
 2 service.
- 3 (4) Add an amount equal to any deduction allowed under Section  
 4 172 of the Internal Revenue Code.
- 5 (5) Add or subtract the amount necessary to make the adjusted  
 6 gross income of any taxpayer that placed Section 179 property (as  
 7 defined in Section 179 of the Internal Revenue Code) in service  
 8 in the current taxable year or in an earlier taxable year equal to  
 9 the amount of adjusted gross income that would have been  
 10 computed had an election for federal income tax purposes not  
 11 been made for the year in which the property was placed in  
 12 service to take deductions under Section 179 of the Internal  
 13 Revenue Code in a total amount exceeding twenty-five thousand  
 14 dollars (\$25,000).
- 15 (6) Add an amount equal to the amount that a taxpayer claimed as  
 16 a deduction for domestic production activities for the taxable year  
 17 under Section 199 of the Internal Revenue Code for federal  
 18 income tax purposes.
- 19 (7) Subtract income that is:
- 20 (A) exempt from taxation under IC 6-3-2-21.7; and  
 21 (B) included in the taxpayer's taxable income under the  
 22 Internal Revenue Code.
- 23 (8) Add an amount equal to any income not included in gross  
 24 income as a result of the deferral of income arising from business  
 25 indebtedness discharged in connection with the reacquisition after  
 26 December 31, 2008, and before January 1, 2011, of an applicable  
 27 debt instrument, as provided in Section 108(i) of the Internal  
 28 Revenue Code. Subtract from the adjusted gross income of any  
 29 taxpayer that added an amount to adjusted gross income in a  
 30 previous year the amount necessary to offset the amount included  
 31 in federal gross income as a result of the deferral of income  
 32 arising from business indebtedness discharged in connection with  
 33 the reacquisition after December 31, 2008, and before January 1,  
 34 2011, of an applicable debt instrument, as provided in Section  
 35 108(i) of the Internal Revenue Code.
- 36 (9) Add the amount excluded from federal gross income under  
 37 Section 103 of the Internal Revenue Code for interest received on  
 38 an obligation of a state other than Indiana, or a political  
 39 subdivision of such a state, that is acquired by the taxpayer after  
 40 December 31, 2011.

41 SECTION 2. IC 6-3-1-34, AS ADDED BY P.L.144-2007,  
 42 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JANUARY 1, 2018]: Sec. 34. "Qualified "Military **service** income"  
 2 means wages that are paid:

3 (1) to a member of:

4 (A) a reserve component of the armed forces of the United  
 5 States; or

6 (B) the National Guard; and

7 (2) for any of the following applicable periods; or any  
 8 combination of the following applicable periods; in a calendar  
 9 year:

10 (A) The member's full-time service on involuntary orders in:

11 (i) a reserve component of the armed forces of the United  
 12 States; or

13 (ii) the National Guard.

14 (B) The period during which the member is mobilized and  
 15 deployed for full-time service in:

16 (i) a reserve component of the armed forces of the United  
 17 States; or

18 (ii) the National Guard.

19 (C) The period during which the member's National Guard  
 20 unit is federalized: **all income, including retirement or**  
 21 **survivor's benefits, received during the taxable year by the**  
 22 **individual, or the individual's surviving spouse, for the**  
 23 **individual's service in an active or reserve component of**  
 24 **the armed forces of the United States, including the army,**  
 25 **navy, air force, coast guard, marine corps, merchant**  
 26 **marine, Indiana army national guard, or Indiana air**  
 27 **national guard.**

28 SECTION 3. IC 6-3-2-4 IS REPEALED [EFFECTIVE JANUARY  
 29 1, 2018]. Sec. 4: (a) Each taxable year, an individual; or the individual's  
 30 surviving spouse; is entitled to an adjusted gross income tax deduction  
 31 for the first five thousand dollars (\$5,000) of income; including  
 32 retirement or survivor's benefits; received during the taxable year by  
 33 the individual; or the individual's surviving spouse; for the individual's  
 34 service in an active or reserve component of the armed forces of the  
 35 United States; including the army; navy; air force; coast guard; marine  
 36 corps; merchant marine; Indiana army national guard; or Indiana air  
 37 national guard. However; a person who is less than sixty (60) years of  
 38 age on the last day of the person's taxable year; is not; for that taxable  
 39 year; entitled to a deduction under this section for retirement or  
 40 survivor's benefits:

41 (b) An individual whose qualified military income is subtracted  
 42 from the individual's federal adjusted gross income under



1 IC 6-3-1-3.5(a)(19) for Indiana individual income tax purposes is not;  
2 for that taxable year, entitled to a deduction under this section for the  
3 individual's qualified military income:

4 SECTION 4. [EFFECTIVE JANUARY 1, 2018] (a) IC 6-3-1-3.5  
5 and IC 6-3-1-34, both as amended by this act, apply to taxable  
6 years beginning after December 31, 2017.

7 (b) This SECTION expires July 1, 2021.

