

# SENATE BILL No. 274

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-2.5-16; IC 6-3-2-27.

**Synopsis:** Small business tax matters. Provides for a payment program for qualifying taxpayers with unpaid sales and use taxes. Defines "qualifying taxpayer" as a retail merchant with less than \$5,000,000 in taxable retail sales in 2019. Provides that a qualifying retail merchant can enter into a payment program agreement with the department of state revenue that covers sales and use taxes incurred between December 1, 2020, and April 30, 2021. Specifies the eligible amount of tax liability. Provides that federal Paycheck Protection Program loans that are subsequently forgiven are not subject to Indiana adjusted gross income tax.

**Effective:** January 1, 2020 (retroactive).

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## Melton

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January 11, 2021, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

## SENATE BILL No. 274

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 6-2.5-16 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2020 (RETROACTIVE)]:  
4 **Chapter 16. Payment Program for Unpaid Sales and Use Tax**  
5 **Sec. 1. The department shall establish a sales and use tax**  
6 **payment program for qualifying taxpayers.**  
7 **Sec. 2. As used in this chapter, "qualifying taxpayer" means a**  
8 **retail merchant that had less than five million dollars (\$5,000,000)**  
9 **in taxable retail sales in 2019.**  
10 **Sec. 3. As used in this chapter, "retail merchant" means a**  
11 **person who is described in IC 6-2.5-4 or who is required to hold a**  
12 **retail merchant's certificate under IC 6-2.5-8.**  
13 **Sec. 4. As used in this chapter, "state tax liability" means a**  
14 **qualifying taxpayer's total liability incurred under IC 6-2.5-2 and**  
15 **IC 6-2.5-3.**  
16 **Sec. 5. The payment program established under this chapter is**  
17 **for qualifying taxpayers with unpaid state tax liability of less than**



1 fifty thousand dollars (\$50,000) incurred between December 1,  
2 2020, and April 30, 2021.

3 **Sec. 6.** If a qualifying taxpayer enters into a payment program  
4 with the department under this chapter, the department shall set  
5 up a twelve (12) month payment plan for the qualifying taxpayer  
6 to pay the unpaid state tax liability.

7 **Sec. 7.** Upon payment by a qualifying taxpayer to the  
8 department of all state tax liability due from the qualifying  
9 taxpayer for the period covered by the payment program  
10 agreement (or payment of the unpaid state tax liability in full in the  
11 manner and time in a written payment program agreement  
12 between the department and the qualifying taxpayer), the  
13 department:

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

16 (2) shall release any liens imposed;

17 (3) shall not seek civil or criminal prosecution against the  
18 qualifying taxpayer; and

19 (4) shall not issue, or if issued, shall withdraw, an assessment,  
20 a demand notice, or a warrant for payment under  
21 IC 6-8.1-5-3, IC 6-8.1-8-2, or another law against the  
22 qualifying taxpayer;

23 for state tax liability due from the qualifying taxpayer for the tax  
24 period for which the payment program has been granted to the  
25 qualifying taxpayer.

26 **Sec. 8.** A payment program entered into under this chapter is  
27 binding on the state and its agents. However, failure to pay the  
28 department all state tax liability due for the period of the payment  
29 program invalidates the agreement.

30 **Sec. 9.** The department shall enforce an agreement with a  
31 qualifying taxpayer that prohibits the qualifying taxpayer from  
32 entering into any other payment plan with the department for the  
33 state tax liability covered by the payment program agreement.

34 **Sec. 10.** The department may adopt emergency rules under  
35 IC 4-22-2-37.1 to establish procedures for the payment program  
36 established under this chapter.

37 **Sec. 11.** This chapter expires January 1, 2024.

38 SECTION 2. IC 6-3-2-27 IS ADDED TO THE INDIANA CODE  
39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
40 JANUARY 1, 2020 (RETROACTIVE)]: **Sec. 27.** A federal Paycheck  
41 Protection Program loan that is subsequently forgiven pursuant to  
42 the requirements of 15 U.S.C. 9005 is not subject to taxation under



1 **IC 6-3-1 through IC 6-3-7.**  
2 SECTION 3. [EFFECTIVE JANUARY 1, 2020 (RETROACTIVE)]  
3 **(a) IC 6-3-2-27, as added by this act, applies to taxable years**  
4 **beginning after December 31, 2019.**  
5 **(b) This SECTION expires January 1, 2024.**  
6 SECTION 4. An emergency is declared for this act.

