

SENATE BILL No. 313

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 6-5.5-1-2.

Synopsis: Accelerated depreciation. Couples Indiana depreciation provisions with federal depreciation provisions under Section 179 of the Internal Revenue Code.

Effective: January 1, 2023 (retroactive).

Rogers, Buchanan

January 12, 2023, read first time and referred to Committee on Appropriations.



First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

SENATE BILL No. 313



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

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

1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.180-2022(ss),
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2023 (RETROACTIVE)]: Sec. 3.5. When used in this
4 article, the term "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) Except as provided in subsection (c), add an amount equal to
11 any deduction or deductions allowed or allowable pursuant to
12 Section 62 of the Internal Revenue Code for taxes based on or
13 measured by income and levied at the state level by any state of
14 the United States.
15 (3) Subtract one thousand dollars (\$1,000), or in the case of a
16 joint return filed by a husband and wife, subtract for each spouse
17 one thousand dollars (\$1,000).



- 1 (4) Subtract one thousand dollars (\$1,000) for:
2 (A) each of the exemptions provided by Section 151(c) of the
3 Internal Revenue Code (as effective January 1, 2017);
4 (B) each additional amount allowable under Section 63(f) of
5 the Internal Revenue Code; and
6 (C) the spouse of the taxpayer if a separate return is made by
7 the taxpayer and if the spouse, for the calendar year in which
8 the taxable year of the taxpayer begins, has no gross income
9 and is not the dependent of another taxpayer.
- 10 (5) Subtract:
11 (A) One thousand five hundred dollars (\$1,500) for each of the
12 exemptions allowed under Section 151(c)(1)(B) of the Internal
13 Revenue Code (as effective January 1, 2004).
14 (B) One thousand five hundred dollars (\$1,500) for each
15 exemption allowed under Section 151(c) of the Internal
16 Revenue Code (as effective January 1, 2017) for 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).
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 federal adjusted gross income of the taxpayer, or the
26 taxpayer and the taxpayer's spouse in the case of a joint return,
27 is less than forty thousand dollars (\$40,000). In the case of a
28 married individual filing a separate return, the qualifying
29 income amount in this clause is equal to twenty thousand
30 dollars (\$20,000).
31 (D) Three thousand dollars (\$3,000) for each exemption
32 allowed under Section 151(c) of the Internal Revenue Code (as
33 effective January 1, 2017) for an individual who is:
34 (i) an adopted child of the taxpayer; and
35 (ii) less than nineteen (19) years of age or is a full-time
36 student who is less than twenty-four (24) years of age.
37 This amount is in addition to any amount subtracted under
38 clause (A) or (B).
39 This amount is in addition to the amount subtracted under
40 subdivision (4).
41 (6) Subtract any amounts included in federal adjusted gross
42 income under Section 111 of the Internal Revenue Code as a



- 1 recovery of items previously deducted as an itemized deduction
2 from adjusted gross income.
- 3 (7) Subtract any amounts included in federal adjusted gross
4 income under the Internal Revenue Code which amounts were
5 received by the individual as supplemental railroad retirement
6 annuities under 45 U.S.C. 231 and which are not deductible under
7 subdivision (1).
- 8 (8) Subtract an amount equal to the amount of federal Social
9 Security and Railroad Retirement benefits included in a taxpayer's
10 federal gross income by Section 86 of the Internal Revenue Code.
- 11 (9) In the case of a nonresident taxpayer or a resident taxpayer
12 residing in Indiana for a period of less than the taxpayer's entire
13 taxable year, the total amount of the deductions allowed pursuant
14 to subdivisions (3), (4), and (5) shall be reduced to an amount
15 which bears the same ratio to the total as the taxpayer's income
16 taxable in Indiana bears to the taxpayer's total income.
- 17 (10) In the case of an individual who is a recipient of assistance
18 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
19 subtract an amount equal to that portion of the individual's
20 adjusted gross income with respect to which the individual is not
21 allowed under federal law to retain an amount to pay state and
22 local income taxes.
- 23 (11) In the case of an eligible individual, subtract the amount of
24 a Holocaust victim's settlement payment included in the
25 individual's federal adjusted gross income.
- 26 (12) Subtract an amount equal to the portion of any premiums
27 paid during the taxable year by the taxpayer for a qualified long
28 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
29 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse
30 file a joint income tax return or the taxpayer is otherwise entitled
31 to a deduction under this subdivision for the taxpayer's spouse, or
32 both.
- 33 (13) Subtract an amount equal to the lesser of:
- 34 (A) two thousand five hundred dollars (\$2,500), or one
35 thousand two hundred fifty dollars (\$1,250) in the case of a
36 married individual filing a separate return; or
- 37 (B) the amount of property taxes that are paid during the
38 taxable year in Indiana by the individual on the individual's
39 principal place of residence.
- 40 (14) Subtract an amount equal to the amount of a September 11
41 terrorist attack settlement payment included in the individual's
42 federal adjusted gross income.



- 1 (15) Add or subtract the amount necessary to make the adjusted
 2 gross income of any taxpayer that owns property for which bonus
 3 depreciation was allowed in the current taxable year or in an
 4 earlier taxable year equal to the amount of adjusted gross income
 5 that would have been computed had an election not been made
 6 under Section 168(k) of the Internal Revenue Code to apply bonus
 7 depreciation to the property in the year that it was placed in
 8 service.
- 9 (16) Add an amount equal to any deduction allowed under
 10 Section 172 of the Internal Revenue Code (concerning net
 11 operating losses).
- 12 (17) Add or subtract the amount necessary to make the adjusted
 13 gross income of any taxpayer that placed Section 179 property (as
 14 defined in Section 179 of the Internal Revenue Code) in service
 15 **in the current taxable year or in an earlier taxable year a taxable**
 16 **year beginning prior to January 1, 2023**, equal to the amount
 17 of adjusted gross income that would have been computed had an
 18 election for federal income tax purposes not been made for the
 19 year in which the property was placed in service to take
 20 deductions under Section 179 of the Internal Revenue Code in a
 21 total amount exceeding the sum of:
- 22 (A) twenty-five thousand dollars (\$25,000) to the extent
 23 deductions under Section 179 of the Internal Revenue Code
 24 were not elected as provided in clause (B); and
- 25 (B) for taxable years beginning after December 31, 2017, the
 26 deductions elected under Section 179 of the Internal Revenue
 27 Code on property acquired in an exchange if:
- 28 (i) the exchange would have been eligible for
 29 nonrecognition of gain or loss under Section 1031 of the
 30 Internal Revenue Code in effect on January 1, 2017;
- 31 (ii) the exchange is not eligible for nonrecognition of gain or
 32 loss under Section 1031 of the Internal Revenue Code; and
- 33 (iii) the taxpayer made an election to take deductions under
 34 Section 179 of the Internal Revenue Code with regard to the
 35 acquired property in the year that the property was placed
 36 into service.
- 37 The amount of deductions allowable for an item of property
 38 under this clause may not exceed the amount of adjusted gross
 39 income realized on the property that would have been deferred
 40 under the Internal Revenue Code in effect on January 1, 2017.
- 41 (18) Subtract an amount equal to the amount of the taxpayer's
 42 qualified military income that was not excluded from the



- 1 taxpayer's gross income for federal income tax purposes under
2 Section 112 of the Internal Revenue Code.
- 3 (19) Subtract income that is:
- 4 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
5 derived from patents); and
- 6 (B) included in the individual's federal adjusted gross income
7 under the Internal Revenue Code.
- 8 (20) Add an amount equal to any income not included in gross
9 income as a result of the deferral of income arising from business
10 indebtedness discharged in connection with the reacquisition after
11 December 31, 2008, and before January 1, 2011, of an applicable
12 debt instrument, as provided in Section 108(i) of the Internal
13 Revenue Code. Subtract the amount necessary from the adjusted
14 gross income of any taxpayer that added an amount to adjusted
15 gross income in a previous year to offset the amount included in
16 federal gross income as a result of the deferral of income arising
17 from business indebtedness discharged in connection with the
18 reacquisition after December 31, 2008, and before January 1,
19 2011, of an applicable debt instrument, as provided in Section
20 108(i) of the Internal Revenue Code.
- 21 (21) Add the amount excluded from federal gross income under
22 Section 103 of the Internal Revenue Code for interest received on
23 an obligation of a state other than Indiana, or a political
24 subdivision of such a state, that is acquired by the taxpayer after
25 December 31, 2011.
- 26 (22) Subtract an amount as described in Section 1341(a)(2) of the
27 Internal Revenue Code to the extent, if any, that the amount was
28 previously included in the taxpayer's adjusted gross income for a
29 prior taxable year.
- 30 (23) For taxable years beginning after December 25, 2016, add an
31 amount equal to the deduction for deferred foreign income that
32 was claimed by the taxpayer for the taxable year under Section
33 965(c) of the Internal Revenue Code.
- 34 (24) Subtract any interest expense paid or accrued in the current
35 taxable year but not deducted as a result of the limitation imposed
36 under Section 163(j)(1) of the Internal Revenue Code. Add any
37 interest expense paid or accrued in a previous taxable year but
38 allowed as a deduction under Section 163 of the Internal Revenue
39 Code in the current taxable year. For purposes of this subdivision,
40 an interest expense is considered paid or accrued only in the first
41 taxable year the deduction would have been allowable under
42 Section 163 of the Internal Revenue Code if the limitation under



- 1 Section 163(j)(1) of the Internal Revenue Code did not exist.
2 (25) Subtract the amount that would have been excluded from
3 gross income but for the enactment of Section 118(b)(2) of the
4 Internal Revenue Code for taxable years ending after December
5 22, 2017.
6 (26) For taxable years beginning after December 31, 2019, and
7 before January 1, 2021, add an amount of the deduction claimed
8 under Section 62(a)(22) of the Internal Revenue Code.
9 (27) For taxable years beginning after December 31, 2019, for
10 payments made by an employer under an education assistance
11 program after March 27, 2020:
12 (A) add the amount of payments by an employer that are
13 excluded from the taxpayer's federal gross income under
14 Section 127(c)(1)(B) of the Internal Revenue Code; and
15 (B) deduct the interest allowable under Section 221 of the
16 Internal Revenue Code, if the disallowance under Section
17 221(e)(1) of the Internal Revenue Code did not apply to the
18 payments described in clause (A). For purposes of applying
19 Section 221(b) of the Internal Revenue Code to the amount
20 allowable under this clause, the amount under clause (A) shall
21 not be added to adjusted gross income.
22 (28) Add an amount equal to the remainder of:
23 (A) the amount allowable as a deduction under Section 274(n)
24 of the Internal Revenue Code; minus
25 (B) the amount otherwise allowable as a deduction under
26 Section 274(n) of the Internal Revenue Code, if Section
27 274(n)(2)(D) of the Internal Revenue Code was not in effect
28 for amounts paid or incurred after December 31, 2020.
29 (29) For taxable years beginning after December 31, 2017, and
30 before January 1, 2021, add an amount equal to the excess
31 business loss of the taxpayer as defined in Section 461(l)(3) of the
32 Internal Revenue Code. In addition:
33 (A) If a taxpayer has an excess business loss under this
34 subdivision and also has modifications under subdivisions (15)
35 and (17) for property placed in service during the taxable year,
36 the taxpayer shall treat a portion of the taxable year
37 modifications for that property as occurring in the taxable year
38 the property is placed in service and a portion of the
39 modifications as occurring in the immediately following
40 taxable year.
41 (B) The portion of the modifications under subdivisions (15)
42 and (17) for property placed in service during the taxable year



- 1 treated as occurring in the taxable year in which the property
 2 is placed in service equals:
- 3 (i) the modification for the property otherwise determined
 4 under this section; minus
- 5 (ii) the excess business loss disallowed under this
 6 subdivision;
- 7 but not less than zero (0).
- 8 (C) The portion of the modifications under subdivisions (15)
 9 and (17) for property placed in service during the taxable year
 10 treated as occurring in the taxable year immediately following
 11 the taxable year in which the property is placed in service
 12 equals the modification for the property otherwise determined
 13 under this section minus the amount in clause (B).
- 14 (D) Any reallocation of modifications between taxable years
 15 under clauses (B) and (C) shall be first allocated to the
 16 modification under subdivision (15), then to the modification
 17 under subdivision (17).
- 18 (30) Add an amount equal to the amount excluded from federal
 19 gross income under Section 108(f)(5) of the Internal Revenue
 20 Code. For purposes of this subdivision:
- 21 (A) if an amount excluded under Section 108(f)(5) of the
 22 Internal Revenue Code would be excludible under Section
 23 108(a)(1)(B) of the Internal Revenue Code, the exclusion
 24 under Section 108(a)(1)(B) of the Internal Revenue Code shall
 25 take precedence; and
- 26 (B) if an amount would have been excludible under Section
 27 108(f)(5) of the Internal Revenue Code as in effect on January
 28 1, 2020, the amount is not required to be added back under this
 29 subdivision.
- 30 (31) For taxable years ending after March 12, 2020, subtract an
 31 amount equal to the deduction disallowed pursuant to:
- 32 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 33 as modified by Sections 206 and 207 of the Taxpayer Certainty
 34 and Disaster Relief Tax Act (Division EE of Public Law
 35 116-260); and
- 36 (B) Section 3134(e) of the Internal Revenue Code.
- 37 (32) Subtract the amount of an annual grant amount distributed to
 38 a taxpayer's Indiana education scholarship account under
 39 IC 20-51.4-4-2 that is used for a qualified expense (as defined in
 40 IC 20-51.4-2-9) or to an Indiana enrichment scholarship account
 41 under IC 20-52 that is used for qualified expenses (as defined in
 42 IC 20-52-2-6), to the extent the distribution used for the qualified



- 1 expense is included in the taxpayer's federal adjusted gross
 2 income under the Internal Revenue Code.
- 3 (33) For taxable years beginning after December 31, 2019, and
 4 before January 1, 2021, add an amount equal to the amount of
 5 unemployment compensation excluded from federal gross income
 6 under Section 85(c) of the Internal Revenue Code.
- 7 (34) For taxable years beginning after December 31, 2022,
 8 subtract an amount equal to the deduction disallowed under
 9 Section 280C(h) of the Internal Revenue Code.
- 10 (35) Subtract any other amounts the taxpayer is entitled to deduct
 11 under IC 6-3-2.
- 12 (b) In the case of corporations, the same as "taxable income" (as
 13 defined in Section 63 of the Internal Revenue Code) adjusted as
 14 follows:
- 15 (1) Subtract income that is exempt from taxation under this article
 16 by the Constitution and statutes of the United States.
- 17 (2) Add an amount equal to any deduction or deductions allowed
 18 or allowable pursuant to Section 170 of the Internal Revenue
 19 Code (concerning charitable contributions).
- 20 (3) Except as provided in subsection (c), add an amount equal to
 21 any deduction or deductions allowed or allowable pursuant to
 22 Section 63 of the Internal Revenue Code for taxes based on or
 23 measured by income and levied at the state level by any state of
 24 the United States.
- 25 (4) Subtract an amount equal to the amount included in the
 26 corporation's taxable income under Section 78 of the Internal
 27 Revenue Code (concerning foreign tax credits).
- 28 (5) Add or subtract the amount necessary to make the adjusted
 29 gross income of any taxpayer that owns property for which bonus
 30 depreciation was allowed in the current taxable year or in an
 31 earlier taxable year equal to the amount of adjusted gross income
 32 that would have been computed had an election not been made
 33 under Section 168(k) of the Internal Revenue Code to apply bonus
 34 depreciation to the property in the year that it was placed in
 35 service.
- 36 (6) Add an amount equal to any deduction allowed under Section
 37 172 of the Internal Revenue Code (concerning net operating
 38 losses).
- 39 (7) Add or subtract the amount necessary to make the adjusted
 40 gross income of any taxpayer that placed Section 179 property (as
 41 defined in Section 179 of the Internal Revenue Code) in service
 42 in the current taxable year or in an earlier taxable year a taxable



1 **year beginning prior to January 1, 2023**, equal to the amount
 2 of adjusted gross income that would have been computed had an
 3 election for federal income tax purposes not been made for the
 4 year in which the property was placed in service to take
 5 deductions under Section 179 of the Internal Revenue Code in a
 6 total amount exceeding the sum of:

7 (A) twenty-five thousand dollars (\$25,000) to the extent
 8 deductions under Section 179 of the Internal Revenue Code
 9 were not elected as provided in clause (B); and

10 (B) for taxable years beginning after December 31, 2017, the
 11 deductions elected under Section 179 of the Internal Revenue
 12 Code on property acquired in an exchange if:

13 (i) the exchange would have been eligible for
 14 nonrecognition of gain or loss under Section 1031 of the
 15 Internal Revenue Code in effect on January 1, 2017;

16 (ii) the exchange is not eligible for nonrecognition of gain or
 17 loss under Section 1031 of the Internal Revenue Code; and

18 (iii) the taxpayer made an election to take deductions under
 19 Section 179 of the Internal Revenue Code with regard to the
 20 acquired property in the year that the property was placed
 21 into service.

22 The amount of deductions allowable for an item of property
 23 under this clause may not exceed the amount of adjusted gross
 24 income realized on the property that would have been deferred
 25 under the Internal Revenue Code in effect on January 1, 2017.

26 (8) Add to the extent required by IC 6-3-2-20:

27 (A) the amount of intangible expenses (as defined in
 28 IC 6-3-2-20) for the taxable year that reduced the corporation's
 29 taxable income (as defined in Section 63 of the Internal
 30 Revenue Code) for federal income tax purposes; and

31 (B) any directly related interest expenses (as defined in
 32 IC 6-3-2-20) that reduced the corporation's adjusted gross
 33 income (determined without regard to this subdivision). For
 34 purposes of this clause, any directly related interest expense
 35 that constitutes business interest within the meaning of Section
 36 163(j) of the Internal Revenue Code shall be considered to
 37 have reduced the taxpayer's federal taxable income only in the
 38 first taxable year in which the deduction otherwise would have
 39 been allowable under Section 163 of the Internal Revenue
 40 Code if the limitation under Section 163(j)(1) of the Internal
 41 Revenue Code did not exist.

42 (9) Add an amount equal to any deduction for dividends paid (as



1 defined in Section 561 of the Internal Revenue Code) to
 2 shareholders of a captive real estate investment trust (as defined
 3 in section 34.5 of this chapter).

4 (10) Subtract income that is:

5 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 6 derived from patents); and

7 (B) included in the corporation's taxable income under the
 8 Internal Revenue Code.

9 (11) Add an amount equal to any income not included in gross
 10 income as a result of the deferral of income arising from business
 11 indebtedness discharged in connection with the reacquisition after
 12 December 31, 2008, and before January 1, 2011, of an applicable
 13 debt instrument, as provided in Section 108(i) of the Internal
 14 Revenue Code. Subtract from the adjusted gross income of any
 15 taxpayer that added an amount to adjusted gross income in a
 16 previous year the amount necessary to offset the amount included
 17 in federal gross income as a result of the deferral of income
 18 arising from business indebtedness discharged in connection with
 19 the reacquisition after December 31, 2008, and before January 1,
 20 2011, of an applicable debt instrument, as provided in Section
 21 108(i) 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 (13) For taxable years beginning after December 25, 2016:

28 (A) for a corporation other than a real estate investment trust,
 29 add:

30 (i) an amount equal to the amount reported by the taxpayer
 31 on IRC 965 Transition Tax Statement, line 1; or

32 (ii) if the taxpayer deducted an amount under Section 965(c)
 33 of the Internal Revenue Code in determining the taxpayer's
 34 taxable income for purposes of the federal income tax, the
 35 amount deducted under Section 965(c) of the Internal
 36 Revenue Code; and

37 (B) for a real estate investment trust, add an amount equal to
 38 the deduction for deferred foreign income that was claimed by
 39 the taxpayer for the taxable year under Section 965(c) of the
 40 Internal Revenue Code, but only to the extent that the taxpayer
 41 included income pursuant to Section 965 of the Internal
 42 Revenue Code in its taxable income for federal income tax



- 1 purposes or is required to add back dividends paid under
2 subdivision (9).
- 3 (14) Add an amount equal to the deduction that was claimed by
4 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
5 Internal Revenue Code (attributable to global intangible
6 low-taxed income). The taxpayer shall separately specify the
7 amount of the reduction under Section 250(a)(1)(B)(i) of the
8 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
9 Internal Revenue Code.
- 10 (15) Subtract any interest expense paid or accrued in the current
11 taxable year but not deducted as a result of the limitation imposed
12 under Section 163(j)(1) of the Internal Revenue Code. Add any
13 interest expense paid or accrued in a previous taxable year but
14 allowed as a deduction under Section 163 of the Internal Revenue
15 Code in the current taxable year. For purposes of this subdivision,
16 an interest expense is considered paid or accrued only in the first
17 taxable year the deduction would have been allowable under
18 Section 163 of the Internal Revenue Code if the limitation under
19 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 20 (16) Subtract the amount that would have been excluded from
21 gross income but for the enactment of Section 118(b)(2) of the
22 Internal Revenue Code for taxable years ending after December
23 22, 2017.
- 24 (17) Add an amount equal to the remainder of:
25 (A) the amount allowable as a deduction under Section 274(n)
26 of the Internal Revenue Code; minus
27 (B) the amount otherwise allowable as a deduction under
28 Section 274(n) of the Internal Revenue Code, if Section
29 274(n)(2)(D) of the Internal Revenue Code was not in effect
30 for amounts paid or incurred after December 31, 2020.
- 31 (18) For taxable years ending after March 12, 2020, subtract an
32 amount equal to the deduction disallowed pursuant to:
33 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
34 as modified by Sections 206 and 207 of the Taxpayer Certainty
35 and Disaster Relief Tax Act (Division EE of Public Law
36 116-260); and
37 (B) Section 3134(e) of the Internal Revenue Code.
- 38 (19) For taxable years beginning after December 31, 2022,
39 subtract an amount equal to the deduction disallowed under
40 Section 280C(h) of the Internal Revenue Code.
- 41 (20) Add or subtract any other amounts the taxpayer is:
42 (A) required to add or subtract; or



1 (B) entitled to deduct;
2 under IC 6-3-2.

3 (c) The following apply to taxable years beginning after December
4 31, 2018, for purposes of the add back of any deduction allowed on the
5 taxpayer's federal income tax return for wagering taxes, as provided in
6 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
7 the taxpayer is a corporation:

8 (1) For taxable years beginning after December 31, 2018, and
9 before January 1, 2020, a taxpayer is required to add back under
10 this section eighty-seven and five-tenths percent (87.5%) of any
11 deduction allowed on the taxpayer's federal income tax return for
12 wagering taxes.

13 (2) For taxable years beginning after December 31, 2019, and
14 before January 1, 2021, a taxpayer is required to add back under
15 this section seventy-five percent (75%) of any deduction allowed
16 on the taxpayer's federal income tax return for wagering taxes.

17 (3) For taxable years beginning after December 31, 2020, and
18 before January 1, 2022, a taxpayer is required to add back under
19 this section sixty-two and five-tenths percent (62.5%) of any
20 deduction allowed on the taxpayer's federal income tax return for
21 wagering taxes.

22 (4) For taxable years beginning after December 31, 2021, and
23 before January 1, 2023, a taxpayer is required to add back under
24 this section fifty percent (50%) of any deduction allowed on the
25 taxpayer's federal income tax return for wagering taxes.

26 (5) For taxable years beginning after December 31, 2022, and
27 before January 1, 2024, a taxpayer is required to add back under
28 this section thirty-seven and five-tenths percent (37.5%) of any
29 deduction allowed on the taxpayer's federal income tax return for
30 wagering taxes.

31 (6) For taxable years beginning after December 31, 2023, and
32 before January 1, 2025, a taxpayer is required to add back under
33 this section twenty-five percent (25%) of any deduction allowed
34 on the taxpayer's federal income tax return for wagering taxes.

35 (7) For taxable years beginning after December 31, 2024, and
36 before January 1, 2026, a taxpayer is required to add back under
37 this section twelve and five-tenths percent (12.5%) of any
38 deduction allowed on the taxpayer's federal income tax return for
39 wagering taxes.

40 (8) For taxable years beginning after December 31, 2025, a
41 taxpayer is not required to add back under this section any amount
42 of a deduction allowed on the taxpayer's federal income tax return



- 1 for wagering taxes.
- 2 (d) In the case of life insurance companies (as defined in Section
- 3 816(a) of the Internal Revenue Code) that are organized under Indiana
- 4 law, the same as "life insurance company taxable income" (as defined
- 5 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 6 (1) Subtract income that is exempt from taxation under this article
- 7 by the Constitution and statutes of the United States.
- 8 (2) Add an amount equal to any deduction allowed or allowable
- 9 under Section 170 of the Internal Revenue Code (concerning
- 10 charitable contributions).
- 11 (3) Add an amount equal to a deduction allowed or allowable
- 12 under Section 805 or Section 832(c) of the Internal Revenue Code
- 13 for taxes based on or measured by income and levied at the state
- 14 level by any state.
- 15 (4) Subtract an amount equal to the amount included in the
- 16 company's taxable income under Section 78 of the Internal
- 17 Revenue Code (concerning foreign tax credits).
- 18 (5) Add or subtract the amount necessary to make the adjusted
- 19 gross income of any taxpayer that owns property for which bonus
- 20 depreciation was allowed in the current taxable year or in an
- 21 earlier taxable year equal to the amount of adjusted gross income
- 22 that would have been computed had an election not been made
- 23 under Section 168(k) of the Internal Revenue Code to apply bonus
- 24 depreciation to the property in the year that it was placed in
- 25 service.
- 26 (6) Add an amount equal to any deduction allowed under Section
- 27 172 of the Internal Revenue Code (concerning net operating
- 28 losses).
- 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 a taxable
- 33 year beginning prior to January 1, 2023, equal to the amount
- 34 of adjusted gross income that would have been computed had an
- 35 election for federal income tax purposes not been made for the
- 36 year in which the property was placed in service to take
- 37 deductions under Section 179 of the Internal Revenue Code in a
- 38 total amount exceeding the sum of:
- 39 (A) twenty-five thousand dollars (\$25,000) to the extent
- 40 deductions under Section 179 of the Internal Revenue Code
- 41 were not elected as provided in clause (B); and
- 42 (B) for taxable years beginning after December 31, 2017, the



- 1 deductions elected under Section 179 of the Internal Revenue
2 Code on property acquired in an exchange if:
- 3 (i) the exchange would have been eligible for
4 nonrecognition of gain or loss under Section 1031 of the
5 Internal Revenue Code in effect on January 1, 2017;
- 6 (ii) the exchange is not eligible for nonrecognition of gain or
7 loss under Section 1031 of the Internal Revenue Code; and
8 (iii) the taxpayer made an election to take deductions under
9 Section 179 of the Internal Revenue Code with regard to the
10 acquired property in the year that the property was placed
11 into service.
- 12 The amount of deductions allowable for an item of property
13 under this clause may not exceed the amount of adjusted gross
14 income realized on the property that would have been deferred
15 under the Internal Revenue Code in effect on January 1, 2017.
- 16 (8) Subtract income that is:
- 17 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
18 derived from patents); and
19 (B) included in the insurance company's taxable income under
20 the Internal Revenue Code.
- 21 (9) Add an amount equal to any income not included in gross
22 income as a result of the deferral of income arising from business
23 indebtedness discharged in connection with the reacquisition after
24 December 31, 2008, and before January 1, 2011, of an applicable
25 debt instrument, as provided in Section 108(i) of the Internal
26 Revenue Code. Subtract from the adjusted gross income of any
27 taxpayer that added an amount to adjusted gross income in a
28 previous year the amount necessary to offset the amount included
29 in federal gross income as a result of the deferral of income
30 arising from business indebtedness discharged in connection with
31 the reacquisition after December 31, 2008, and before January 1,
32 2011, of an applicable debt instrument, as provided in Section
33 108(i) of the Internal Revenue Code.
- 34 (10) Add an amount equal to any exempt insurance income under
35 Section 953(e) of the Internal Revenue Code that is active
36 financing income under Subpart F of Subtitle A, Chapter 1,
37 Subchapter N of the Internal Revenue Code.
- 38 (11) Add the amount excluded from federal gross income under
39 Section 103 of the Internal Revenue Code for interest received on
40 an obligation of a state other than Indiana, or a political
41 subdivision of such a state, that is acquired by the taxpayer after
42 December 31, 2011.



- 1 (12) For taxable years beginning after December 25, 2016, add:
 2 (A) an amount equal to the amount reported by the taxpayer on
 3 IRC 965 Transition Tax Statement, line 1; or
 4 (B) if the taxpayer deducted an amount under Section 965(c)
 5 of the Internal Revenue Code in determining the taxpayer's
 6 taxable income for purposes of the federal income tax, the
 7 amount deducted under Section 965(c) of the Internal Revenue
 8 Code.
- 9 (13) Add an amount equal to the deduction that was claimed by
 10 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 11 Internal Revenue Code (attributable to global intangible
 12 low-taxed income). The taxpayer shall separately specify the
 13 amount of the reduction under Section 250(a)(1)(B)(i) of the
 14 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 15 Internal Revenue Code.
- 16 (14) Subtract any interest expense paid or accrued in the current
 17 taxable year but not deducted as a result of the limitation imposed
 18 under Section 163(j)(1) of the Internal Revenue Code. Add any
 19 interest expense paid or accrued in a previous taxable year but
 20 allowed as a deduction under Section 163 of the Internal Revenue
 21 Code in the current taxable year. For purposes of this subdivision,
 22 an interest expense is considered paid or accrued only in the first
 23 taxable year the deduction would have been allowable under
 24 Section 163 of the Internal Revenue Code if the limitation under
 25 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 26 (15) Subtract the amount that would have been excluded from
 27 gross income but for the enactment of Section 118(b)(2) of the
 28 Internal Revenue Code for taxable years ending after December
 29 22, 2017.
- 30 (16) Add an amount equal to the remainder of:
 31 (A) the amount allowable as a deduction under Section 274(n)
 32 of the Internal Revenue Code; minus
 33 (B) the amount otherwise allowable as a deduction under
 34 Section 274(n) of the Internal Revenue Code, if Section
 35 274(n)(2)(D) of the Internal Revenue Code was not in effect
 36 for amounts paid or incurred after December 31, 2020.
- 37 (17) For taxable years ending after March 12, 2020, subtract an
 38 amount equal to the deduction disallowed pursuant to:
 39 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 40 as modified by Sections 206 and 207 of the Taxpayer Certainty
 41 and Disaster Relief Tax Act (Division EE of Public Law
 42 116-260); and



- 1 (B) Section 3134(e) of the Internal Revenue Code.
 2 (18) For taxable years beginning after December 31, 2022,
 3 subtract an amount equal to the deduction disallowed under
 4 Section 280C(h) of the Internal Revenue Code.
 5 (19) Add or subtract any other amounts the taxpayer is:
 6 (A) required to add or subtract; or
 7 (B) entitled to deduct;
 8 under IC 6-3-2.
 9 (e) In the case of insurance companies subject to tax under Section
 10 831 of the Internal Revenue Code and organized under Indiana law, the
 11 same as "taxable income" (as defined in Section 832 of the Internal
 12 Revenue Code), adjusted as follows:
 13 (1) Subtract income that is exempt from taxation under this article
 14 by the Constitution and statutes of the United States.
 15 (2) Add an amount equal to any deduction allowed or allowable
 16 under Section 170 of the Internal Revenue Code (concerning
 17 charitable contributions).
 18 (3) Add an amount equal to a deduction allowed or allowable
 19 under Section 805 or Section 832(c) of the Internal Revenue Code
 20 for taxes based on or measured by income and levied at the state
 21 level by any state.
 22 (4) Subtract an amount equal to the amount included in the
 23 company's taxable income under Section 78 of the Internal
 24 Revenue Code (concerning foreign tax credits).
 25 (5) Add or subtract the amount necessary to make the adjusted
 26 gross income of any taxpayer that owns property for which bonus
 27 depreciation was allowed in the current taxable year or in an
 28 earlier taxable year equal to the amount of adjusted gross income
 29 that would have been computed had an election not been made
 30 under Section 168(k) of the Internal Revenue Code to apply bonus
 31 depreciation to the property in the year that it was placed in
 32 service.
 33 (6) Add an amount equal to any deduction allowed under Section
 34 172 of the Internal Revenue Code (concerning net operating
 35 losses).
 36 (7) Add or subtract the amount necessary to make the adjusted
 37 gross income of any taxpayer that placed Section 179 property (as
 38 defined in Section 179 of the Internal Revenue Code) in service
 39 in the current taxable year or in an earlier taxable year a **taxable**
 40 **year beginning prior to January 1, 2023**, equal to the amount
 41 of adjusted gross income that would have been computed had an
 42 election for federal income tax purposes not been made for the



1 year in which the property was placed in service to take
 2 deductions under Section 179 of the Internal Revenue Code in a
 3 total amount exceeding the sum of:

4 (A) twenty-five thousand dollars (\$25,000) to the extent
 5 deductions under Section 179 of the Internal Revenue Code
 6 were not elected as provided in clause (B); and

7 (B) for taxable years beginning after December 31, 2017, the
 8 deductions elected under Section 179 of the Internal Revenue
 9 Code on property acquired in an exchange if:

10 (i) the exchange would have been eligible for
 11 nonrecognition of gain or loss under Section 1031 of the
 12 Internal Revenue Code in effect on January 1, 2017;

13 (ii) the exchange is not eligible for nonrecognition of gain or
 14 loss under Section 1031 of the Internal Revenue Code; and

15 (iii) the taxpayer made an election to take deductions under
 16 Section 179 of the Internal Revenue Code with regard to the
 17 acquired property in the year that the property was placed
 18 into service.

19 The amount of deductions allowable for an item of property
 20 under this clause may not exceed the amount of adjusted gross
 21 income realized on the property that would have been deferred
 22 under the Internal Revenue Code in effect on January 1, 2017.

23 (8) Subtract income that is:

24 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 25 derived from patents); and

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

28 (9) Add an amount equal to any income not included in gross
 29 income as a result of the deferral of income arising from business
 30 indebtedness discharged in connection with the reacquisition after
 31 December 31, 2008, and before January 1, 2011, of an applicable
 32 debt instrument, as provided in Section 108(i) of the Internal
 33 Revenue Code. Subtract from the adjusted gross income of any
 34 taxpayer that added an amount to adjusted gross income in a
 35 previous year the amount necessary to offset the amount included
 36 in federal gross income as a result of the deferral of income
 37 arising from business indebtedness discharged in connection with
 38 the reacquisition after December 31, 2008, and before January 1,
 39 2011, of an applicable debt instrument, as provided in Section
 40 108(i) of the Internal Revenue Code.

41 (10) Add an amount equal to any exempt insurance income under
 42 Section 953(e) of the Internal Revenue Code that is active



- 1 financing income under Subpart F of Subtitle A, Chapter 1,
 2 Subchapter N of the Internal Revenue Code.
- 3 (11) Add the amount excluded from federal gross income under
 4 Section 103 of the Internal Revenue Code for interest received on
 5 an obligation of a state other than Indiana, or a political
 6 subdivision of such a state, that is acquired by the taxpayer after
 7 December 31, 2011.
- 8 (12) For taxable years beginning after December 25, 2016, add:
 9 (A) an amount equal to the amount reported by the taxpayer on
 10 IRC 965 Transition Tax Statement, line 1; or
 11 (B) if the taxpayer deducted an amount under Section 965(c)
 12 of the Internal Revenue Code in determining the taxpayer's
 13 taxable income for purposes of the federal income tax, the
 14 amount deducted under Section 965(c) of the Internal Revenue
 15 Code.
- 16 (13) Add an amount equal to the deduction that was claimed by
 17 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 18 Internal Revenue Code (attributable to global intangible
 19 low-taxed income). The taxpayer shall separately specify the
 20 amount of the reduction under Section 250(a)(1)(B)(i) of the
 21 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 22 Internal Revenue Code.
- 23 (14) Subtract any interest expense paid or accrued in the current
 24 taxable year but not deducted as a result of the limitation imposed
 25 under Section 163(j)(1) of the Internal Revenue Code. Add any
 26 interest expense paid or accrued in a previous taxable year but
 27 allowed as a deduction under Section 163 of the Internal Revenue
 28 Code in the current taxable year. For purposes of this subdivision,
 29 an interest expense is considered paid or accrued only in the first
 30 taxable year the deduction would have been allowable under
 31 Section 163 of the Internal Revenue Code if the limitation under
 32 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 33 (15) Subtract the amount that would have been excluded from
 34 gross income but for the enactment of Section 118(b)(2) of the
 35 Internal Revenue Code for taxable years ending after December
 36 22, 2017.
- 37 (16) Add an amount equal to the remainder of:
 38 (A) the amount allowable as a deduction under Section 274(n)
 39 of the Internal Revenue Code; minus
 40 (B) the amount otherwise allowable as a deduction under
 41 Section 274(n) of the Internal Revenue Code, if Section
 42 274(n)(2)(D) of the Internal Revenue Code was not in effect



- 1 for amounts paid or incurred after December 31, 2020.
- 2 (17) For taxable years ending after March 12, 2020, subtract an
- 3 amount equal to the deduction disallowed pursuant to:
- 4 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
- 5 as modified by Sections 206 and 207 of the Taxpayer Certainty
- 6 and Disaster Relief Tax Act (Division EE of Public Law
- 7 116-260); and
- 8 (B) Section 3134(e) of the Internal Revenue Code.
- 9 (18) For taxable years beginning after December 31, 2022,
- 10 subtract an amount equal to the deduction disallowed under
- 11 Section 280C(h) of the Internal Revenue Code.
- 12 (19) Add or subtract any other amounts the taxpayer is:
- 13 (A) required to add or subtract; or
- 14 (B) entitled to deduct;
- 15 under IC 6-3-2.
- 16 (f) In the case of trusts and estates, "taxable income" (as defined for
- 17 trusts and estates in Section 641(b) of the Internal Revenue Code)
- 18 adjusted as follows:
- 19 (1) Subtract income that is exempt from taxation under this article
- 20 by the Constitution and statutes of the United States.
- 21 (2) Subtract an amount equal to the amount of a September 11
- 22 terrorist attack settlement payment included in the federal
- 23 adjusted gross income of the estate of a victim of the September
- 24 11 terrorist attack or a trust to the extent the trust benefits a victim
- 25 of the September 11 terrorist attack.
- 26 (3) Add or subtract the amount necessary to make the adjusted
- 27 gross income of any taxpayer that owns property for which bonus
- 28 depreciation was allowed in the current taxable year or in an
- 29 earlier taxable year equal to the amount of adjusted gross income
- 30 that would have been computed had an election not been made
- 31 under Section 168(k) of the Internal Revenue Code to apply bonus
- 32 depreciation to the property in the year that it was placed in
- 33 service.
- 34 (4) Add an amount equal to any deduction allowed under Section
- 35 172 of the Internal Revenue Code (concerning net operating
- 36 losses).
- 37 (5) 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 a taxable
- 41 year beginning prior to January 1, 2023, equal to the amount
- 42 of adjusted gross income that would have been computed had an



1 election for federal income tax purposes not been made for the
 2 year in which the property was placed in service to take
 3 deductions under Section 179 of the Internal Revenue Code in a
 4 total amount exceeding the sum of:

5 (A) twenty-five thousand dollars (\$25,000) to the extent
 6 deductions under Section 179 of the Internal Revenue Code
 7 were not elected as provided in clause (B); and

8 (B) for taxable years beginning after December 31, 2017, the
 9 deductions elected under Section 179 of the Internal Revenue
 10 Code on property acquired in an exchange if:

11 (i) the exchange would have been eligible for
 12 nonrecognition of gain or loss under Section 1031 of the
 13 Internal Revenue Code in effect on January 1, 2017;

14 (ii) the exchange is not eligible for nonrecognition of gain or
 15 loss under Section 1031 of the Internal Revenue Code; and

16 (iii) the taxpayer made an election to take deductions under
 17 Section 179 of the Internal Revenue Code with regard to the
 18 acquired property in the year that the property was placed
 19 into service.

20 The amount of deductions allowable for an item of property
 21 under this clause may not exceed the amount of adjusted gross
 22 income realized on the property that would have been deferred
 23 under the Internal Revenue Code in effect on January 1, 2017.

24 (6) Subtract income that is:

25 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 26 derived from patents); and

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

29 (7) Add an amount equal to any income not included in gross
 30 income as a result of the deferral of income arising from business
 31 indebtedness discharged in connection with the reacquisition after
 32 December 31, 2008, and before January 1, 2011, of an applicable
 33 debt instrument, as provided in Section 108(i) of the Internal
 34 Revenue Code. Subtract from the adjusted gross income of any
 35 taxpayer that added an amount to adjusted gross income in a
 36 previous year the amount necessary to offset the amount included
 37 in federal gross income as a result of the deferral of income
 38 arising from business indebtedness discharged in connection with
 39 the reacquisition after December 31, 2008, and before January 1,
 40 2011, of an applicable debt instrument, as provided in Section
 41 108(i) of the Internal Revenue Code.

42 (8) Add the amount excluded from federal gross income under



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

5 (9) For taxable years beginning after December 25, 2016, add an
 6 amount equal to:

7 (A) the amount reported by the taxpayer on IRC 965
 8 Transition Tax Statement, line 1;

9 (B) if the taxpayer deducted an amount under Section 965(c)
 10 of the Internal Revenue Code in determining the taxpayer's
 11 taxable income for purposes of the federal income tax, the
 12 amount deducted under Section 965(c) of the Internal Revenue
 13 Code; and

14 (C) with regard to any amounts of income under Section 965
 15 of the Internal Revenue Code distributed by the taxpayer, the
 16 deduction under Section 965(c) of the Internal Revenue Code
 17 attributable to such distributed amounts and not reported to the
 18 beneficiary.

19 For purposes of this article, the amount required to be added back
 20 under clause (B) is not considered to be distributed or
 21 distributable to a beneficiary of the estate or trust for purposes of
 22 Sections 651 and 661 of the Internal Revenue Code.

23 (10) Subtract any interest expense paid or accrued in the current
 24 taxable year but not deducted as a result of the limitation imposed
 25 under Section 163(j)(1) of the Internal Revenue Code. Add any
 26 interest expense paid or accrued in a previous taxable year but
 27 allowed as a deduction under Section 163 of the Internal Revenue
 28 Code in the current taxable year. For purposes of this subdivision,
 29 an interest expense is considered paid or accrued only in the first
 30 taxable year the deduction would have been allowable under
 31 Section 163 of the Internal Revenue Code if the limitation under
 32 Section 163(j)(1) of the Internal Revenue Code did not exist.

33 (11) Add an amount equal to the deduction for qualified business
 34 income that was claimed by the taxpayer for the taxable year
 35 under Section 199A of the Internal Revenue Code.

36 (12) Subtract the amount that would have been excluded from
 37 gross income but for the enactment of Section 118(b)(2) of the
 38 Internal Revenue Code for taxable years ending after December
 39 22, 2017.

40 (13) Add an amount equal to the remainder of:

41 (A) the amount allowable as a deduction under Section 274(n)
 42 of the Internal Revenue Code; minus



- 1 (B) the amount otherwise allowable as a deduction under
 2 Section 274(n) of the Internal Revenue Code, if Section
 3 274(n)(2)(D) of the Internal Revenue Code was not in effect
 4 for amounts paid or incurred after December 31, 2020.
- 5 (14) For taxable years beginning after December 31, 2017, and
 6 before January 1, 2021, add an amount equal to the excess
 7 business loss of the taxpayer as defined in Section 461(l)(3) of the
 8 Internal Revenue Code. In addition:
- 9 (A) If a taxpayer has an excess business loss under this
 10 subdivision and also has modifications under subdivisions (3)
 11 and (5) for property placed in service during the taxable year,
 12 the taxpayer shall treat a portion of the taxable year
 13 modifications for that property as occurring in the taxable year
 14 the property is placed in service and a portion of the
 15 modifications as occurring in the immediately following
 16 taxable year.
- 17 (B) The portion of the modifications under subdivisions (3)
 18 and (5) for property placed in service during the taxable year
 19 treated as occurring in the taxable year in which the property
 20 is placed in service equals:
- 21 (i) the modification for the property otherwise determined
 22 under this section; minus
 23 (ii) the excess business loss disallowed under this
 24 subdivision;
 25 but not less than zero (0).
- 26 (C) The portion of the modifications under subdivisions (3)
 27 and (5) for property placed in service during the taxable year
 28 treated as occurring in the taxable year immediately following
 29 the taxable year in which the property is placed in service
 30 equals the modification for the property otherwise determined
 31 under this section minus the amount in clause (B).
- 32 (D) Any reallocation of modifications between taxable years
 33 under clauses (B) and (C) shall be first allocated to the
 34 modification under subdivision (3), then to the modification
 35 under subdivision (5).
- 36 (15) For taxable years ending after March 12, 2020, subtract an
 37 amount equal to the deduction disallowed pursuant to:
- 38 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 39 as modified by Sections 206 and 207 of the Taxpayer Certainty
 40 and Disaster Relief Tax Act (Division EE of Public Law
 41 116-260); and
 42 (B) Section 3134(e) of the Internal Revenue Code.



- 1 (16) For taxable years beginning after December 31, 2022,
 2 subtract an amount equal to the deduction disallowed under
 3 Section 280C(h) of the Internal Revenue Code.
- 4 (17) Add or subtract any other amounts the taxpayer is:
 5 (A) required to add or subtract; or
 6 (B) entitled to deduct;
 7 under IC 6-3-2.
- 8 (g) Subsections (a)(35), (b)(20), (d)(19), (e)(19), or (f)(17) may not
 9 be construed to require an add back or allow a deduction or exemption
 10 more than once for a particular add back, deduction, or exemption.
- 11 (h) For taxable years beginning after December 25, 2016, if:
 12 (1) a taxpayer is a shareholder, either directly or indirectly, in a
 13 corporation that is an E&P deficit foreign corporation as defined
 14 in Section 965(b)(3)(B) of the Internal Revenue Code, and the
 15 earnings and profit deficit, or a portion of the earnings and profit
 16 deficit, of the E&P deficit foreign corporation is permitted to
 17 reduce the federal adjusted gross income or federal taxable
 18 income of the taxpayer, the deficit, or the portion of the deficit,
 19 shall also reduce the amount taxable under this section to the
 20 extent permitted under the Internal Revenue Code, however, in no
 21 case shall this permit a reduction in the amount taxable under
 22 Section 965 of the Internal Revenue Code for purposes of this
 23 section to be less than zero (0); and
 24 (2) the Internal Revenue Service issues guidance that such an
 25 income or deduction is not reported directly on a federal tax
 26 return or is to be reported in a manner different than specified in
 27 this section, this section shall be construed as if federal adjusted
 28 gross income or federal taxable income included the income or
 29 deduction.
- 30 (i) If a partner is required to include an item of income, a deduction,
 31 or another tax attribute in the partner's adjusted gross income tax return
 32 pursuant to IC 6-3-4.5, such item shall be considered to be includible
 33 in the partner's federal adjusted gross income or federal taxable
 34 income, regardless of whether such item is actually required to be
 35 reported by the partner for federal income tax purposes. For purposes
 36 of this subsection:
 37 (1) items for which a valid election is made under IC 6-3-4.5-6,
 38 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included
 39 in the partner's adjusted gross income or taxable income; and
 40 (2) items for which the partnership did not make an election under
 41 IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the
 42 partnership is required to remit tax pursuant to IC 6-3-4.5-18,



1 shall be included in the partner's adjusted gross income or taxable
2 income.
3 SECTION 2. IC 6-5.5-1-2, AS AMENDED BY P.L.137-2022,
4 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2023 (RETROACTIVE)]: Sec. 2. (a) Except as provided
6 in subsections (b) through (d), "adjusted gross income" means taxable
7 income as defined in Section 63 of the Internal Revenue Code, adjusted
8 as follows:
9 (1) Add the following amounts:
10 (A) An amount equal to a deduction allowed or allowable
11 under Section 166, Section 585, or Section 593 of the Internal
12 Revenue Code.
13 (B) An amount equal to a deduction allowed or allowable
14 under Section 170 of the Internal Revenue Code.
15 (C) An amount equal to a deduction or deductions allowed or
16 allowable under Section 63 of the Internal Revenue Code for
17 taxes based on or measured by income and levied at the state
18 level by a state of the United States or levied at the local level
19 by any subdivision of a state of the United States.
20 (D) The amount of interest excluded under Section 103 of the
21 Internal Revenue Code or under any other federal law, minus
22 the associated expenses disallowed in the computation of
23 taxable income under Section 265 of the Internal Revenue
24 Code.
25 (E) An amount equal to the deduction allowed under Section
26 172 or 1212 of the Internal Revenue Code for net operating
27 losses or net capital losses.
28 (F) For a taxpayer that is not a large bank (as defined in
29 Section 585(c)(2) of the Internal Revenue Code), an amount
30 equal to the recovery of a debt, or part of a debt, that becomes
31 worthless to the extent a deduction was allowed from gross
32 income in a prior taxable year under Section 166(a) of the
33 Internal Revenue Code.
34 (G) Add the amount necessary to make the adjusted gross
35 income of any taxpayer that owns property for which bonus
36 depreciation was allowed in the current taxable year or in an
37 earlier taxable year equal to the amount of adjusted gross
38 income that would have been computed had an election not
39 been made under Section 168(k) of the Internal Revenue Code
40 to apply bonus depreciation to the property in the year that it
41 was placed in service.
42 (H) Add the amount necessary to make the adjusted gross



1 income of any taxpayer that placed Section 179 property (as
 2 defined in Section 179 of the Internal Revenue Code) in
 3 service in **the current taxable year or in an earlier taxable year**
 4 **a taxable year beginning prior to January 1, 2023**, equal to
 5 the amount of adjusted gross income that would have been
 6 computed had an election for federal income tax purposes not
 7 been made for the year in which the property was placed in
 8 service to take deductions under Section 179 of the Internal
 9 Revenue Code in a total amount exceeding the sum of:

10 (i) twenty-five thousand dollars (\$25,000) to the extent
 11 deductions under Section 179 of the Internal Revenue Code
 12 were not elected as provided in item (ii); and

13 (ii) for taxable years beginning after December 31, 2017, the
 14 deductions elected under Section 179 of the Internal
 15 Revenue Code on property acquired in an exchange if the
 16 exchange would have been eligible for nonrecognition of
 17 gain or loss under Section 1031 of the Internal Revenue
 18 Code in effect on January 1, 2017, the exchange is not
 19 eligible for nonrecognition of gain or loss under Section
 20 1031 of the Internal Revenue Code, and the taxpayer made
 21 an election to take deductions under Section 179 of the
 22 Internal Revenue Code with regard to the acquired property
 23 in the year that the property was placed into service. The
 24 amount of deductions allowable for an item of property
 25 under this item may not exceed the amount of adjusted gross
 26 income realized on the property that would have been
 27 deferred under the Internal Revenue Code in effect on
 28 January 1, 2017.

29 (I) Add an amount equal to any income not included in gross
 30 income as a result of the deferral of income arising from
 31 business indebtedness discharged in connection with the
 32 reacquisition after December 31, 2008, and before January 1,
 33 2011, of an applicable debt instrument, as provided in Section
 34 108(i) of the Internal Revenue Code. Subtract from the
 35 adjusted gross income of any taxpayer that added an amount
 36 to adjusted gross income in a previous year the amount
 37 necessary to offset the amount included in federal gross
 38 income as a result of the deferral of income arising from
 39 business indebtedness discharged in connection with the
 40 reacquisition after December 31, 2008, and before January 1,
 41 2011, of an applicable debt instrument, as provided in Section
 42 108(i) of the Internal Revenue Code.



- 1 (J) Add an amount equal to any exempt insurance income
 2 under Section 953(e) of the Internal Revenue Code for active
 3 financing income under Subpart F, Subtitle A, Chapter 1,
 4 Subchapter N of the Internal Revenue Code.
- 5 (K) Add an amount equal to the remainder of:
 6 (i) the amount allowable as a deduction under Section
 7 274(n) of the Internal Revenue Code; minus
 8 (ii) the amount otherwise allowable as a deduction under
 9 Section 274(n) of the Internal Revenue Code, if Section
 10 274(n)(2)(D) of the Internal Revenue Code was not in effect
 11 for amounts paid or incurred after December 31, 2020.
- 12 (2) Subtract the following amounts:
- 13 (A) Income that the United States Constitution or any statute
 14 of the United States prohibits from being used to measure the
 15 tax imposed by this chapter.
- 16 (B) Income that is derived from sources outside the United
 17 States, as defined by the Internal Revenue Code.
- 18 (C) An amount equal to a debt or part of a debt that becomes
 19 worthless, as permitted under Section 166(a) of the Internal
 20 Revenue Code.
- 21 (D) An amount equal to any bad debt reserves that are
 22 included in federal income because of accounting method
 23 changes required by Section 585(c)(3)(A) or Section 593 of
 24 the Internal Revenue Code.
- 25 (E) The amount necessary to make the adjusted gross income
 26 of any taxpayer that owns property for which bonus
 27 depreciation was allowed in the current taxable year or in an
 28 earlier taxable year equal to the amount of adjusted gross
 29 income that would have been computed had an election not
 30 been made under Section 168(k) of the Internal Revenue Code
 31 to apply bonus depreciation.
- 32 (F) The amount necessary to make the adjusted gross income
 33 of any taxpayer that placed Section 179 property (as defined
 34 in Section 179 of the Internal Revenue Code) in service in ~~the~~
 35 **current taxable year or in an earlier taxable year a taxable**
 36 **year beginning prior to January 1, 2023**, equal to the
 37 amount of adjusted gross income that would have been
 38 computed had an election for federal income tax purposes not
 39 been made for the year in which the property was placed in
 40 service to take deductions under Section 179 of the Internal
 41 Revenue Code in a total amount exceeding the sum of:
 42 (i) twenty-five thousand dollars (\$25,000) to the extent



- 1 deductions under Section 179 of the Internal Revenue Code
 2 were not elected as provided in item (ii); and
 3 (ii) for taxable years beginning after December 31, 2017, the
 4 deductions elected under Section 179 of the Internal
 5 Revenue Code on property acquired in an exchange if the
 6 exchange would have been eligible for nonrecognition of
 7 gain or loss under Section 1031 of the Internal Revenue
 8 Code in effect on January 1, 2017, the exchange is not
 9 eligible for nonrecognition of gain or loss under Section
 10 1031 of the Internal Revenue Code, and the taxpayer made
 11 an election to take deductions under Section 179 of the
 12 Internal Revenue Code with regard to the acquired property
 13 in the year that the property was placed into service. The
 14 amount of deductions allowable for an item of property
 15 under this item may not exceed the amount of adjusted gross
 16 income realized on the property that would have been
 17 deferred under the Internal Revenue Code in effect on
 18 January 1, 2017.
- 19 (G) Income that is:
 20 (i) exempt from taxation under IC 6-3-2-21.7; and
 21 (ii) included in the taxpayer's taxable income under the
 22 Internal Revenue Code.
- 23 (H) The amount that would have been excluded from gross
 24 income but for the enactment of Section 118(b)(2) of the
 25 Internal Revenue Code for taxable years ending after
 26 December 22, 2017.
- 27 (I) For taxable years ending after March 12, 2020, an amount
 28 equal to the deduction disallowed pursuant to:
 29 (i) Section 2301(e) of the CARES Act (Public Law
 30 116-136), as modified by Sections 206 and 207 of the
 31 Taxpayer Certainty and Disaster Relief Tax Act (Division
 32 EE of Public Law 116-260); and
 33 (ii) Section 3134(e) of the Internal Revenue Code.
- 34 (J) Subtract an amount equal to the deduction disallowed
 35 under Section 280C(h) of the Internal Revenue Code.
- 36 (3) Make the following adjustments:
 37 (A) Subtract the amount of any interest expense paid or
 38 accrued in the current taxable year but not deducted as a result
 39 of the limitation imposed under Section 163(j)(1) of the
 40 Internal Revenue Code.
 41 (B) Add any interest expense paid or accrued in a previous
 42 taxable year but allowed as a deduction under Section 163 of



- 1 the Internal Revenue Code in the current taxable year.
 2 For purposes of this subdivision, an interest expense is considered
 3 paid or accrued only in the first taxable year the deduction would
 4 have been allowable under Section 163 of the Internal Revenue
 5 Code if the limitation under Section 163(j)(1) of the Internal
 6 Revenue Code did not exist.
- 7 (b) In the case of a credit union, "adjusted gross income" for a
 8 taxable year means the total transfers to undivided earnings minus
 9 dividends for that taxable year after statutory reserves are set aside
 10 under IC 28-7-1-24.
- 11 (c) In the case of an investment company, "adjusted gross income"
 12 means the company's federal taxable income adjusted as follows:
- 13 (1) Add the amount excluded from federal gross income under
 14 Section 103 of the Internal Revenue Code for interest received on
 15 an obligation of a state other than Indiana, or a political
 16 subdivision of such a state, that is acquired by the taxpayer after
 17 December 31, 2011.
- 18 (2) Make the following adjustments:
- 19 (A) Subtract the amount of any interest expense paid or
 20 accrued in the current taxable year but not deducted as a result
 21 of the limitation imposed under Section 163(j)(1) of the
 22 Internal Revenue Code.
- 23 (B) Add any interest expense paid or accrued in a previous
 24 taxable year but allowed as a deduction under Section 163 of
 25 the Internal Revenue Code in the current taxable year.
- 26 For purposes of this subdivision, an interest expense is considered
 27 paid or accrued only in the first taxable year the deduction would
 28 have been allowable under Section 163 of the Internal Revenue
 29 Code if the limitation under Section 163(j)(1) of the Internal
 30 Revenue Code did not exist.
- 31 (3) Multiply the amount determined after the adjustments in
 32 subdivisions (1) and (2) by the quotient of:
- 33 (A) the aggregate of the gross payments collected by the
 34 company during the taxable year from old and new business
 35 upon investment contracts issued by the company and held by
 36 residents of Indiana; divided by
- 37 (B) the total amount of gross payments collected during the
 38 taxable year by the company from the business upon
 39 investment contracts issued by the company and held by
 40 persons residing within Indiana and elsewhere.
- 41 (d) As used in subsection (c), "investment company" means a
 42 person, copartnership, association, limited liability company, or



1 corporation, whether domestic or foreign, that:

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

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

6 (A) a so-called bond;

7 (B) a share;

8 (C) a coupon;

9 (D) a certificate of membership;

10 (E) an agreement;

11 (F) a pretended agreement; or

12 (G) other evidences of obligation;

13 entitling the holder to anything of value at some future date, if the
14 gross payments received by the company during the taxable year
15 on outstanding investment contracts, plus interest and dividends
16 earned on those contracts (by prorating the interest and dividends
17 earned on investment contracts by the same proportion that
18 certificate reserves (as defined by the Investment Company Act
19 of 1940) is to the company's total assets) is at least fifty percent
20 (50%) of the company's gross payments upon investment
21 contracts plus gross income from all other sources except
22 dividends from subsidiaries for the taxable year. The term
23 "investment contract" means an instrument listed in clauses (A)
24 through (G).

25 (e) If a partner is required to include an item of income, a deduction,
26 or another tax attribute in the partner's adjusted gross income tax return
27 pursuant to IC 6-3-4.5, such item shall be considered to be includible
28 in the partner's federal adjusted gross income or federal taxable
29 income, regardless of whether such item is actually required to be
30 reported by the partner for federal income tax purposes. For purposes
31 of this subsection:

32 (1) items for which a valid election is made under IC 6-3-4.5-6,
33 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included
34 in the partner's adjusted gross income or taxable income; and

35 (2) items for which the partnership did not make an election under
36 IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the
37 partnership is required to remit tax pursuant to IC 6-3-4.5-18,
38 shall be included in the partner's adjusted gross income or taxable
39 income.

40 SECTION 3. [EFFECTIVE JANUARY 1, 2023 (RETROACTIVE)]

41 (a) **IC 6-3-1-3.5 and IC 6-5.5-1-2, both as amended by this act,**
42 **apply to taxable years beginning after December 31, 2022.**



1 **(b) This SECTION expires July 1, 2026.**
2 **SECTION 4. An emergency is declared for this act.**

