

SENATE BILL No. 387

DIGEST OF INTRODUCED BILL

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

Synopsis: Individual adjusted gross income tax. Increases the state income tax exemption from \$1,000 to \$2,500 for an individual, and from \$1,000 to \$2,500 for each spouse in the case of a joint return. Exempts the first \$15,000 of adjusted gross income from the state income tax.

Effective: July 1, 2022.

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January 11, 2022, read first time and referred to Committee on Tax and Fiscal Policy.



Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

SENATE BILL No. 387

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.159-2021,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2022]: Sec. 3.5. When used in this article, the term "adjusted
4 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)~~, **two thousand five**
16 **hundred dollars (\$2,500)**, or in the case of a joint return filed by
17 a husband and wife, subtract for each spouse ~~one thousand dollars~~



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



- 1 (8) Subtract an amount equal to the amount of federal Social
2 Security and Railroad Retirement benefits included in a taxpayer's
3 federal gross income by Section 86 of the Internal Revenue Code.
- 4 (9) In the case of a nonresident taxpayer or a resident taxpayer
5 residing in Indiana for a period of less than the taxpayer's entire
6 taxable year, the total amount of the deductions allowed pursuant
7 to subdivisions (3), (4), and (5) shall be reduced to an amount
8 which bears the same ratio to the total as the taxpayer's income
9 taxable in Indiana bears to the taxpayer's total income.
- 10 (10) In the case of an individual who is a recipient of assistance
11 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
12 subtract an amount equal to that portion of the individual's
13 adjusted gross income with respect to which the individual is not
14 allowed under federal law to retain an amount to pay state and
15 local income taxes.
- 16 (11) In the case of an eligible individual, subtract the amount of
17 a Holocaust victim's settlement payment included in the
18 individual's federal adjusted gross income.
- 19 (12) Subtract an amount equal to the portion of any premiums
20 paid during the taxable year by the taxpayer for a qualified long
21 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
22 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse
23 file a joint income tax return or the taxpayer is otherwise entitled
24 to a deduction under this subdivision for the taxpayer's spouse, or
25 both.
- 26 (13) Subtract an amount equal to the lesser of:
- 27 (A) two thousand five hundred dollars (\$2,500), or one
28 thousand two hundred fifty dollars (\$1,250) in the case of a
29 married individual filing a separate return; or
- 30 (B) the amount of property taxes that are paid during the
31 taxable year in Indiana by the individual on the individual's
32 principal place of residence.
- 33 (14) Subtract an amount equal to the amount of a September 11
34 terrorist attack settlement payment included in the individual's
35 federal adjusted gross income.
- 36 (15) Add or subtract the amount necessary to make the adjusted
37 gross income of any taxpayer that owns property for which bonus
38 depreciation was allowed in the current taxable year or in an
39 earlier taxable year equal to the amount of adjusted gross income
40 that would have been computed had an election not been made
41 under Section 168(k) of the Internal Revenue Code to apply bonus
42 depreciation to the property in the year that it was placed in



- 1 service.
- 2 (16) Add an amount equal to any deduction allowed under
- 3 Section 172 of the Internal Revenue Code (concerning net
- 4 operating losses).
- 5 (17) 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 the sum of:
- 14 (A) twenty-five thousand dollars (\$25,000) to the extent
- 15 deductions under Section 179 of the Internal Revenue Code
- 16 were not elected as provided in clause (B); and
- 17 (B) for taxable years beginning after December 31, 2017, the
- 18 deductions elected under Section 179 of the Internal Revenue
- 19 Code on property acquired in an exchange if:
- 20 (i) the exchange would have been eligible for
- 21 nonrecognition of gain or loss under Section 1031 of the
- 22 Internal Revenue Code in effect on January 1, 2017;
- 23 (ii) the exchange is not eligible for nonrecognition of gain or
- 24 loss under Section 1031 of the Internal Revenue Code; and
- 25 (iii) the taxpayer made an election to take deductions under
- 26 Section 179 of the Internal Revenue Code with regard to the
- 27 acquired property in the year that the property was placed
- 28 into service.
- 29 The amount of deductions allowable for an item of property
- 30 under this clause may not exceed the amount of adjusted gross
- 31 income realized on the property that would have been deferred
- 32 under the Internal Revenue Code in effect on January 1, 2017.
- 33 (18) Subtract an amount equal to the amount of the taxpayer's
- 34 qualified military income that was not excluded from the
- 35 taxpayer's gross income for federal income tax purposes under
- 36 Section 112 of the Internal Revenue Code.
- 37 (19) Subtract income that is:
- 38 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
- 39 derived from patents); and
- 40 (B) included in the individual's federal adjusted gross income
- 41 under the Internal Revenue Code.
- 42 (20) Add an amount equal to any income not included in gross



1 income as a result of the deferral of income arising from business
2 indebtedness discharged in connection with the reacquisition after
3 December 31, 2008, and before January 1, 2011, of an applicable
4 debt instrument, as provided in Section 108(i) of the Internal
5 Revenue Code. Subtract the amount necessary from the adjusted
6 gross income of any taxpayer that added an amount to adjusted
7 gross income in a previous year to offset the amount included in
8 federal gross income as a result of the deferral of income arising
9 from business indebtedness discharged in connection with the
10 reacquisition after December 31, 2008, and before January 1,
11 2011, of an applicable debt instrument, as provided in Section
12 108(i) of the Internal Revenue Code.

13 (21) 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 (22) Subtract an amount as described in Section 1341(a)(2) of the
19 Internal Revenue Code to the extent, if any, that the amount was
20 previously included in the taxpayer's adjusted gross income for a
21 prior taxable year.

22 (23) For taxable years beginning after December 25, 2016, add an
23 amount equal to the deduction for deferred foreign income that
24 was claimed by the taxpayer for the taxable year under Section
25 965(c) of the Internal Revenue Code.

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

36 (25) 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 (26) For taxable years beginning after December 31, 2019, and
41 before January 1, 2021, add an amount of the deduction claimed
42 under Section 62(a)(22) of the Internal Revenue Code.



1 (27) For taxable years beginning after December 31, 2019, for
2 payments made by an employer under an education assistance
3 program after March 27, 2020:

4 (A) add the amount of payments by an employer that are
5 excluded from the taxpayer's federal gross income under
6 Section 127(c)(1)(B) of the Internal Revenue Code; and

7 (B) deduct the interest allowable under Section 221 of the
8 Internal Revenue Code, if the disallowance under Section
9 221(e)(1) of the Internal Revenue Code did not apply to the
10 payments described in clause (A). For purposes of applying
11 Section 221(b) of the Internal Revenue Code to the amount
12 allowable under this clause, the amount under clause (A) shall
13 not be added to adjusted gross income.

14 (28) Add an amount equal to the remainder of:

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

17 (B) the amount otherwise allowable as a deduction under
18 Section 274(n) of the Internal Revenue Code, if Section
19 274(n)(2)(D) of the Internal Revenue Code was not in effect
20 for amounts paid or incurred after December 31, 2020.

21 (29) For taxable years beginning after December 31, 2017, and
22 before January 1, 2021, add an amount equal to the excess
23 business loss of the taxpayer as defined in Section 461(l)(3) of the
24 Internal Revenue Code. In addition:

25 (A) If a taxpayer has an excess business loss under this
26 subdivision and also has modifications under subdivisions (15)
27 and (17) for property placed in service during the taxable year,
28 the taxpayer shall treat a portion of the taxable year
29 modifications for that property as occurring in the taxable year
30 the property is placed in service and a portion of the
31 modifications as occurring in the immediately following
32 taxable year.

33 (B) The portion of the modifications under subdivisions (15)
34 and (17) for property placed in service during the taxable year
35 treated as occurring in the taxable year in which the property
36 is placed in service equals:

37 (i) the modification for the property otherwise determined
38 under this section; minus

39 (ii) the excess business loss disallowed under this
40 subdivision;

41 but not less than zero (0).

42 (C) The portion of the modifications under subdivisions (15)



- 1 and (17) for property placed in service during the taxable year
2 treated as occurring in the taxable year immediately following
3 the taxable year in which the property is placed in service
4 equals the modification for the property otherwise determined
5 under this section minus the amount in clause (B).
6 (D) Any reallocation of modifications between taxable years
7 under clauses (B) and (C) shall be first allocated to the
8 modification under subdivision (15), then to the modification
9 under subdivision (17).
10 (30) Add an amount equal to the amount excluded from federal
11 gross income under Section 108(f)(5) of the Internal Revenue
12 Code. For purposes of this subdivision, if an amount excluded
13 under Section 108(f)(5) of the Internal Revenue Code would be
14 excludible under Section 108(a)(1)(B) of the Internal Revenue
15 Code, the exclusion under Section 108(a)(1)(B) of the Internal
16 Revenue Code shall take precedence.
17 (31) For taxable years ending after March 12, 2020, subtract an
18 amount equal to the deduction disallowed pursuant to:
19 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
20 as modified by Sections 206 and 207 of the Taxpayer Certainty
21 and Disaster Relief Tax Act (Division EE of Public Law
22 116-260); and
23 (B) Section 3134(e) of the Internal Revenue Code.
24 (32) Subtract the amount of an annual grant amount distributed to
25 a taxpayer's Indiana education scholarship account under
26 IC 20-51.4-4-2 that is used for a qualified expense (as defined in
27 IC 20-51.4-2-9), to the extent the distribution used for the
28 qualified expense is included in the taxpayer's federal adjusted
29 gross income under the Internal Revenue Code.
30 (33) For taxable years beginning after December 31, 2019, and
31 before January 1, 2021, add an amount equal to the amount of
32 unemployment compensation excluded from federal gross income
33 under Section 85(c) of the Internal Revenue Code.
34 (34) Subtract any other amounts the taxpayer is entitled to deduct
35 under IC 6-3-2.
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 (concerning charitable contributions).
- 2 (3) Except as provided in subsection (c), add an amount equal to
- 3 any deduction or deductions allowed or allowable pursuant to
- 4 Section 63 of the Internal Revenue Code for taxes based on or
- 5 measured by income and levied at the state level by any state of
- 6 the United States.
- 7 (4) Subtract an amount equal to the amount included in the
- 8 corporation's taxable income under Section 78 of the Internal
- 9 Revenue Code (concerning foreign tax credits).
- 10 (5) Add or subtract the amount necessary to make the adjusted
- 11 gross income of any taxpayer that owns property for which bonus
- 12 depreciation was allowed in the current taxable year or in an
- 13 earlier taxable year equal to the amount of adjusted gross income
- 14 that would have been computed had an election not been made
- 15 under Section 168(k) of the Internal Revenue Code to apply bonus
- 16 depreciation to the property in the year that it was placed in
- 17 service.
- 18 (6) Add an amount equal to any deduction allowed under Section
- 19 172 of the Internal Revenue Code (concerning net operating
- 20 losses).
- 21 (7) Add or subtract the amount necessary to make the adjusted
- 22 gross income of any taxpayer that placed Section 179 property (as
- 23 defined in Section 179 of the Internal Revenue Code) in service
- 24 in the current taxable year or in an earlier taxable year equal to
- 25 the amount of adjusted gross income that would have been
- 26 computed had an election for federal income tax purposes not
- 27 been made for the year in which the property was placed in
- 28 service to take deductions under Section 179 of the Internal
- 29 Revenue Code in a total amount exceeding the sum of:
- 30 (A) twenty-five thousand dollars (\$25,000) to the extent
- 31 deductions under Section 179 of the Internal Revenue Code
- 32 were not elected as provided in clause (B); and
- 33 (B) for taxable years beginning after December 31, 2017, the
- 34 deductions elected under Section 179 of the Internal Revenue
- 35 Code on property acquired in an exchange if:
- 36 (i) the exchange would have been eligible for
- 37 nonrecognition of gain or loss under Section 1031 of the
- 38 Internal Revenue Code in effect on January 1, 2017;
- 39 (ii) the exchange is not eligible for nonrecognition of gain or
- 40 loss under Section 1031 of the Internal Revenue Code; and
- 41 (iii) the taxpayer made an election to take deductions under
- 42 Section 179 of the Internal Revenue Code with regard to the



- 1 acquired property in the year that the property was placed
2 into service.
- 3 The amount of deductions allowable for an item of property
4 under this clause may not exceed the amount of adjusted gross
5 income realized on the property that would have been deferred
6 under the Internal Revenue Code in effect on January 1, 2017.
- 7 (8) Add to the extent required by IC 6-3-2-20:
- 8 (A) the amount of intangible expenses (as defined in
9 IC 6-3-2-20) for the taxable year that reduced the corporation's
10 taxable income (as defined in Section 63 of the Internal
11 Revenue Code) for federal income tax purposes; and
12 (B) any directly related interest expenses (as defined in
13 IC 6-3-2-20) that reduced the corporation's adjusted gross
14 income (determined without regard to this subdivision). For
15 purposes of this clause, any directly related interest expense
16 that constitutes business interest within the meaning of Section
17 163(j) of the Internal Revenue Code shall be considered to
18 have reduced the taxpayer's federal taxable income only in the
19 first taxable year in which the deduction otherwise would have
20 been allowable under Section 163 of the Internal Revenue
21 Code if the limitation under Section 163(j)(1) of the Internal
22 Revenue Code did not exist.
- 23 (9) Add an amount equal to any deduction for dividends paid (as
24 defined in Section 561 of the Internal Revenue Code) to
25 shareholders of a captive real estate investment trust (as defined
26 in section 34.5 of this chapter).
- 27 (10) Subtract income that is:
- 28 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
29 derived from patents); and
30 (B) included in the corporation's taxable income under the
31 Internal Revenue Code.
- 32 (11) Add an amount equal to any income not included in gross
33 income as a result of the deferral of income arising from business
34 indebtedness discharged in connection with the reacquisition after
35 December 31, 2008, and before January 1, 2011, of an applicable
36 debt instrument, as provided in Section 108(i) of the Internal
37 Revenue Code. Subtract from the adjusted gross income of any
38 taxpayer that added an amount to adjusted gross income in a
39 previous year the amount necessary to offset the amount included
40 in federal gross income as a result of the deferral of income
41 arising from business indebtedness discharged in connection with
42 the reacquisition after December 31, 2008, and before January 1,



- 1 2011, of an applicable debt instrument, as provided in Section
 2 108(i) of the Internal Revenue Code.
- 3 (12) 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 (13) For taxable years beginning after December 25, 2016:
 9 (A) for a corporation other than a real estate investment trust,
 10 add:
 11 (i) an amount equal to the amount reported by the taxpayer
 12 on IRC 965 Transition Tax Statement, line 1; or
 13 (ii) if the taxpayer deducted an amount under Section 965(c)
 14 of the Internal Revenue Code in determining the taxpayer's
 15 taxable income for purposes of the federal income tax, the
 16 amount deducted under Section 965(c) of the Internal
 17 Revenue Code; and
 18 (B) for a real estate investment trust, add an amount equal to
 19 the deduction for deferred foreign income that was claimed by
 20 the taxpayer for the taxable year under Section 965(c) of the
 21 Internal Revenue Code, but only to the extent that the taxpayer
 22 included income pursuant to Section 965 of the Internal
 23 Revenue Code in its taxable income for federal income tax
 24 purposes or is required to add back dividends paid under
 25 subdivision (9).
- 26 (14) Add an amount equal to the deduction that was claimed by
 27 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 28 Internal Revenue Code (attributable to global intangible
 29 low-taxed income). The taxpayer shall separately specify the
 30 amount of the reduction under Section 250(a)(1)(B)(i) of the
 31 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 32 Internal Revenue Code.
- 33 (15) Subtract any interest expense paid or accrued in the current
 34 taxable year but not deducted as a result of the limitation imposed
 35 under Section 163(j)(1) of the Internal Revenue Code. Add any
 36 interest expense paid or accrued in a previous taxable year but
 37 allowed as a deduction under Section 163 of the Internal Revenue
 38 Code in the current taxable year. For purposes of this subdivision,
 39 an interest expense is considered paid or accrued only in the first
 40 taxable year the deduction would have been allowable under
 41 Section 163 of the Internal Revenue Code if the limitation under
 42 Section 163(j)(1) of the Internal Revenue Code did not exist.



- 1 (16) Subtract the amount that would have been excluded from
 2 gross income but for the enactment of Section 118(b)(2) of the
 3 Internal Revenue Code for taxable years ending after December
 4 22, 2017.
- 5 (17) Add an amount equal to the remainder of:
 6 (A) the amount allowable as a deduction under Section 274(n)
 7 of the Internal Revenue Code; minus
 8 (B) 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 (18) For taxable years ending after March 12, 2020, subtract an
 13 amount equal to the deduction disallowed pursuant to:
 14 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 15 as modified by Sections 206 and 207 of the Taxpayer Certainty
 16 and Disaster Relief Tax Act (Division EE of Public Law
 17 116-260); and
 18 (B) Section 3134(e) of the Internal Revenue Code.
- 19 (19) Add or subtract any other amounts the taxpayer is:
 20 (A) required to add or subtract; or
 21 (B) entitled to deduct;
 22 under IC 6-3-2.
- 23 (c) The following apply to taxable years beginning after December
 24 31, 2018, for purposes of the add back of any deduction allowed on the
 25 taxpayer's federal income tax return for wagering taxes, as provided in
 26 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
 27 the taxpayer is a corporation:
- 28 (1) For taxable years beginning after December 31, 2018, and
 29 before January 1, 2020, a taxpayer is required to add back under
 30 this section eighty-seven and five-tenths percent (87.5%) of any
 31 deduction allowed on the taxpayer's federal income tax return for
 32 wagering taxes.
- 33 (2) For taxable years beginning after December 31, 2019, and
 34 before January 1, 2021, a taxpayer is required to add back under
 35 this section seventy-five percent (75%) of any deduction allowed
 36 on the taxpayer's federal income tax return for wagering taxes.
- 37 (3) For taxable years beginning after December 31, 2020, and
 38 before January 1, 2022, a taxpayer is required to add back under
 39 this section sixty-two and five-tenths percent (62.5%) of any
 40 deduction allowed on the taxpayer's federal income tax return for
 41 wagering taxes.
- 42 (4) For taxable years beginning after December 31, 2021, and



- 1 before January 1, 2023, a taxpayer is required to add back under
 2 this section fifty percent (50%) of any deduction allowed on the
 3 taxpayer's federal income tax return for wagering taxes.
- 4 (5) For taxable years beginning after December 31, 2022, and
 5 before January 1, 2024, a taxpayer is required to add back under
 6 this section thirty-seven and five-tenths percent (37.5%) of any
 7 deduction allowed on the taxpayer's federal income tax return for
 8 wagering taxes.
- 9 (6) For taxable years beginning after December 31, 2023, and
 10 before January 1, 2025, a taxpayer is required to add back under
 11 this section twenty-five percent (25%) of any deduction allowed
 12 on the taxpayer's federal income tax return for wagering taxes.
- 13 (7) For taxable years beginning after December 31, 2024, and
 14 before January 1, 2026, a taxpayer is required to add back under
 15 this section twelve and five-tenths percent (12.5%) of any
 16 deduction allowed on the taxpayer's federal income tax return for
 17 wagering taxes.
- 18 (8) For taxable years beginning after December 31, 2025, a
 19 taxpayer is not required to add back under this section any amount
 20 of a deduction allowed on the taxpayer's federal income tax return
 21 for wagering taxes.
- 22 (d) In the case of life insurance companies (as defined in Section
 23 816(a) of the Internal Revenue Code) that are organized under Indiana
 24 law, the same as "life insurance company taxable income" (as defined
 25 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 26 (1) Subtract income that is exempt from taxation under this article
 27 by the Constitution and statutes of the United States.
- 28 (2) Add an amount equal to any deduction allowed or allowable
 29 under Section 170 of the Internal Revenue Code (concerning
 30 charitable contributions).
- 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 (concerning foreign tax credits).
- 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 of the Internal Revenue Code (concerning net operating
 6 losses).
- 7 (7) Add or subtract the amount necessary to make the adjusted
 8 gross income of any taxpayer that placed Section 179 property (as
 9 defined in Section 179 of the Internal Revenue Code) in service
 10 in the current taxable year or in an earlier taxable year equal to
 11 the amount of adjusted gross income that would have been
 12 computed had an election for federal income tax purposes not
 13 been made for the year in which the property was placed in
 14 service to take deductions under Section 179 of the Internal
 15 Revenue Code in a total amount exceeding the sum of:
- 16 (A) twenty-five thousand dollars (\$25,000) to the extent
 17 deductions under Section 179 of the Internal Revenue Code
 18 were not elected as provided in clause (B); and
- 19 (B) for taxable years beginning after December 31, 2017, the
 20 deductions elected under Section 179 of the Internal Revenue
 21 Code on property acquired in an exchange if:
- 22 (i) the exchange would have been eligible for
 23 nonrecognition of gain or loss under Section 1031 of the
 24 Internal Revenue Code in effect on January 1, 2017;
- 25 (ii) the exchange is not eligible for nonrecognition of gain or
 26 loss under Section 1031 of the Internal Revenue Code; and
- 27 (iii) the taxpayer made an election to take deductions under
 28 Section 179 of the Internal Revenue Code with regard to the
 29 acquired property in the year that the property was placed
 30 into service.
- 31 The amount of deductions allowable for an item of property
 32 under this clause may not exceed the amount of adjusted gross
 33 income realized on the property that would have been deferred
 34 under the Internal Revenue Code in effect on January 1, 2017.
- 35 (8) Subtract income that is:
- 36 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 37 derived from patents); and
- 38 (B) included in the insurance company's taxable income under
 39 the Internal Revenue Code.
- 40 (9) Add an amount equal to any income not included in gross
 41 income as a result of the deferral of income arising from business
 42 indebtedness discharged in connection with the reacquisition after



- 1 December 31, 2008, and before January 1, 2011, of an applicable
2 debt instrument, as provided in Section 108(i) of the Internal
3 Revenue Code. Subtract from the adjusted gross income of any
4 taxpayer that added an amount to adjusted gross income in a
5 previous year the amount necessary to offset the amount included
6 in federal gross income as a result of the deferral of income
7 arising from business indebtedness discharged in connection with
8 the reacquisition after December 31, 2008, and before January 1,
9 2011, of an applicable debt instrument, as provided in Section
10 108(i) of the Internal Revenue Code.
- 11 (10) Add an amount equal to any exempt insurance income under
12 Section 953(e) of the Internal Revenue Code that is active
13 financing income under Subpart F of Subtitle A, Chapter 1,
14 Subchapter N of the Internal Revenue Code.
- 15 (11) Add the amount excluded from federal gross income under
16 Section 103 of the Internal Revenue Code for interest received on
17 an obligation of a state other than Indiana, or a political
18 subdivision of such a state, that is acquired by the taxpayer after
19 December 31, 2011.
- 20 (12) For taxable years beginning after December 25, 2016, add:
21 (A) an amount equal to the amount reported by the taxpayer on
22 IRC 965 Transition Tax Statement, line 1; or
23 (B) if the taxpayer deducted an amount under Section 965(c)
24 of the Internal Revenue Code in determining the taxpayer's
25 taxable income for purposes of the federal income tax, the
26 amount deducted under Section 965(c) of the Internal Revenue
27 Code.
- 28 (13) Add an amount equal to the deduction that was claimed by
29 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
30 Internal Revenue Code (attributable to global intangible
31 low-taxed income). The taxpayer shall separately specify the
32 amount of the reduction under Section 250(a)(1)(B)(i) of the
33 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
34 Internal Revenue Code.
- 35 (14) Subtract any interest expense paid or accrued in the current
36 taxable year but not deducted as a result of the limitation imposed
37 under Section 163(j)(1) of the Internal Revenue Code. Add any
38 interest expense paid or accrued in a previous taxable year but
39 allowed as a deduction under Section 163 of the Internal Revenue
40 Code in the current taxable year. For purposes of this subdivision,
41 an interest expense is considered paid or accrued only in the first
42 taxable year the deduction would have been allowable under



- 1 Section 163 of the Internal Revenue Code if the limitation under
 2 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 3 (15) Subtract the amount that would have been excluded from
 4 gross income but for the enactment of Section 118(b)(2) of the
 5 Internal Revenue Code for taxable years ending after December
 6 22, 2017.
- 7 (16) Add an amount equal to the remainder of:
 8 (A) the amount allowable as a deduction under Section 274(n)
 9 of the Internal Revenue Code; minus
 10 (B) the amount otherwise allowable as a deduction under
 11 Section 274(n) of the Internal Revenue Code, if Section
 12 274(n)(2)(D) of the Internal Revenue Code was not in effect
 13 for amounts paid or incurred after December 31, 2020.
- 14 (17) For taxable years ending after March 12, 2020, subtract an
 15 amount equal to the deduction disallowed pursuant to:
 16 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 17 as modified by Sections 206 and 207 of the Taxpayer Certainty
 18 and Disaster Relief Tax Act (Division EE of Public Law
 19 116-260); and
 20 (B) Section 3134(e) of the Internal Revenue Code.
- 21 (18) Add or subtract any other amounts the taxpayer is:
 22 (A) required to add or subtract; or
 23 (B) entitled to deduct;
 24 under IC 6-3-2.
- 25 (e) In the case of insurance companies subject to tax under Section
 26 831 of the Internal Revenue Code and organized under Indiana law, the
 27 same as "taxable income" (as defined in Section 832 of the Internal
 28 Revenue Code), adjusted as follows:
 29 (1) Subtract income that is exempt from taxation under this article
 30 by the Constitution and statutes of the United States.
 31 (2) Add an amount equal to any deduction allowed or allowable
 32 under Section 170 of the Internal Revenue Code (concerning
 33 charitable contributions).
 34 (3) Add an amount equal to a deduction allowed or allowable
 35 under Section 805 or Section 832(c) of the Internal Revenue Code
 36 for taxes based on or measured by income and levied at the state
 37 level by any state.
 38 (4) Subtract an amount equal to the amount included in the
 39 company's taxable income under Section 78 of the Internal
 40 Revenue Code (concerning foreign tax credits).
 41 (5) Add or subtract the amount necessary to make the adjusted
 42 gross income of any taxpayer that owns property for which bonus



1 depreciation was allowed in the current taxable year or in an
 2 earlier taxable year equal to the amount of adjusted gross income
 3 that would have been computed had an election not been made
 4 under Section 168(k) of the Internal Revenue Code to apply bonus
 5 depreciation to the property in the year that it was placed in
 6 service.

7 (6) Add an amount equal to any deduction allowed under Section
 8 172 of the Internal Revenue Code (concerning net operating
 9 losses).

10 (7) Add or subtract the amount necessary to make the adjusted
 11 gross income of any taxpayer that placed Section 179 property (as
 12 defined in Section 179 of the Internal Revenue Code) in service
 13 in the current taxable year or in an earlier taxable year equal to
 14 the amount of adjusted gross income that would have been
 15 computed had an election for federal income tax purposes not
 16 been made for the year in which the property was placed in
 17 service to take deductions under Section 179 of the Internal
 18 Revenue Code in a total amount exceeding the sum of:

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

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

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

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

30 (iii) the taxpayer made an election to take deductions under
 31 Section 179 of the Internal Revenue Code with regard to the
 32 acquired property in the year that the property was placed
 33 into service.

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

38 (8) Subtract income that is:

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

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



- 1 (9) Add an amount equal to any income not included in gross
 2 income as a result of the deferral of income arising from business
 3 indebtedness discharged in connection with the reacquisition after
 4 December 31, 2008, and before January 1, 2011, of an applicable
 5 debt instrument, as provided in Section 108(i) of the Internal
 6 Revenue Code. Subtract from the adjusted gross income of any
 7 taxpayer that added an amount to adjusted gross income in a
 8 previous year the amount necessary to offset the amount included
 9 in federal gross income as a result of the deferral of income
 10 arising from business indebtedness discharged in connection with
 11 the reacquisition after December 31, 2008, and before January 1,
 12 2011, of an applicable debt instrument, as provided in Section
 13 108(i) of the Internal Revenue Code.
- 14 (10) Add an amount equal to any exempt insurance income under
 15 Section 953(e) of the Internal Revenue Code that is active
 16 financing income under Subpart F of Subtitle A, Chapter 1,
 17 Subchapter N of the Internal Revenue Code.
- 18 (11) 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 (12) For taxable years beginning after December 25, 2016, add:
 24 (A) an amount equal to the amount reported by the taxpayer on
 25 IRC 965 Transition Tax Statement, line 1; or
 26 (B) if the taxpayer deducted an amount under Section 965(c)
 27 of the Internal Revenue Code in determining the taxpayer's
 28 taxable income for purposes of the federal income tax, the
 29 amount deducted under Section 965(c) of the Internal Revenue
 30 Code.
- 31 (13) Add an amount equal to the deduction that was claimed by
 32 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 33 Internal Revenue Code (attributable to global intangible
 34 low-taxed income). The taxpayer shall separately specify the
 35 amount of the reduction under Section 250(a)(1)(B)(i) of the
 36 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 37 Internal Revenue Code.
- 38 (14) Subtract any interest expense paid or accrued in the current
 39 taxable year but not deducted as a result of the limitation imposed
 40 under Section 163(j)(1) of the Internal Revenue Code. Add any
 41 interest expense paid or accrued in a previous taxable year but
 42 allowed as a deduction under Section 163 of the Internal Revenue



1 Code in the current taxable year. For purposes of this subdivision,
 2 an interest expense is considered paid or accrued only in the first
 3 taxable year the deduction would have been allowable under
 4 Section 163 of the Internal Revenue Code if the limitation under
 5 Section 163(j)(1) of the Internal Revenue Code did not exist.

6 (15) Subtract the amount that would have been excluded from
 7 gross income but for the enactment of Section 118(b)(2) of the
 8 Internal Revenue Code for taxable years ending after December
 9 22, 2017.

10 (16) Add an amount equal to the remainder of:

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

13 (B) the amount otherwise allowable as a deduction under
 14 Section 274(n) of the Internal Revenue Code, if Section
 15 274(n)(2)(D) of the Internal Revenue Code was not in effect
 16 for amounts paid or incurred after December 31, 2020.

17 (17) For taxable years ending after March 12, 2020, subtract an
 18 amount equal to the deduction disallowed pursuant to:

19 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 20 as modified by Sections 206 and 207 of the Taxpayer Certainty
 21 and Disaster Relief Tax Act (Division EE of Public Law
 22 116-260); and

23 (B) Section 3134(e) of the Internal Revenue Code.

24 (18) Add or subtract any other amounts the taxpayer is:

25 (A) required to add or subtract; or

26 (B) entitled to deduct;

27 under IC 6-3-2.

28 (f) In the case of trusts and estates, "taxable income" (as defined for
 29 trusts and estates in Section 641(b) of the Internal Revenue Code)
 30 adjusted as follows:

31 (1) Subtract income that is exempt from taxation under this article
 32 by the Constitution and statutes of the United States.

33 (2) Subtract an amount equal to the amount of a September 11
 34 terrorist attack settlement payment included in the federal
 35 adjusted gross income of the estate of a victim of the September
 36 11 terrorist attack or a trust to the extent the trust benefits a victim
 37 of the September 11 terrorist attack.

38 (3) 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 (4) Add an amount equal to any deduction allowed under Section
 5 172 of the Internal Revenue Code (concerning net operating
 6 losses).
- 7 (5) Add or subtract the amount necessary to make the adjusted
 8 gross income of any taxpayer that placed Section 179 property (as
 9 defined in Section 179 of the Internal Revenue Code) in service
 10 in the current taxable year or in an earlier taxable year equal to
 11 the amount of adjusted gross income that would have been
 12 computed had an election for federal income tax purposes not
 13 been made for the year in which the property was placed in
 14 service to take deductions under Section 179 of the Internal
 15 Revenue Code in a total amount exceeding the sum of:
- 16 (A) twenty-five thousand dollars (\$25,000) to the extent
 17 deductions under Section 179 of the Internal Revenue Code
 18 were not elected as provided in clause (B); and
- 19 (B) for taxable years beginning after December 31, 2017, the
 20 deductions elected under Section 179 of the Internal Revenue
 21 Code on property acquired in an exchange if:
- 22 (i) the exchange would have been eligible for
 23 nonrecognition of gain or loss under Section 1031 of the
 24 Internal Revenue Code in effect on January 1, 2017;
- 25 (ii) the exchange is not eligible for nonrecognition of gain or
 26 loss under Section 1031 of the Internal Revenue Code; and
- 27 (iii) the taxpayer made an election to take deductions under
 28 Section 179 of the Internal Revenue Code with regard to the
 29 acquired property in the year that the property was placed
 30 into service.
- 31 The amount of deductions allowable for an item of property
 32 under this clause may not exceed the amount of adjusted gross
 33 income realized on the property that would have been deferred
 34 under the Internal Revenue Code in effect on January 1, 2017.
- 35 (6) Subtract income that is:
- 36 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 37 derived from patents); and
- 38 (B) included in the taxpayer's taxable income under the
 39 Internal Revenue Code.
- 40 (7) Add an amount equal to any income not included in gross
 41 income as a result of the deferral of income arising from business
 42 indebtedness discharged in connection with the reacquisition after



1 December 31, 2008, and before January 1, 2011, of an applicable
 2 debt instrument, as provided in Section 108(i) of the Internal
 3 Revenue Code. Subtract from the adjusted gross income of any
 4 taxpayer that added an amount to adjusted gross income in a
 5 previous year the amount necessary to offset the amount included
 6 in federal gross income as a result of the deferral of income
 7 arising from business indebtedness discharged in connection with
 8 the reacquisition after December 31, 2008, and before January 1,
 9 2011, of an applicable debt instrument, as provided in Section
 10 108(i) of the Internal Revenue Code.

11 (8) Add the amount excluded from federal gross income under
 12 Section 103 of the Internal Revenue Code for interest received on
 13 an obligation of a state other than Indiana, or a political
 14 subdivision of such a state, that is acquired by the taxpayer after
 15 December 31, 2011.

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

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

20 (B) if the taxpayer deducted an amount under Section 965(c)
 21 of the Internal Revenue Code in determining the taxpayer's
 22 taxable income for purposes of the federal income tax, the
 23 amount deducted under Section 965(c) of the Internal Revenue
 24 Code; and

25 (C) with regard to any amounts of income under Section 965
 26 of the Internal Revenue Code distributed by the taxpayer, the
 27 deduction under Section 965(c) of the Internal Revenue Code
 28 attributable to such distributed amounts and not reported to the
 29 beneficiary.

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

34 (10) 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 (11) Add an amount equal to the deduction for qualified business
3 income that was claimed by the taxpayer for the taxable year
4 under Section 199A of the Internal Revenue Code.
5 (12) Subtract the amount that would have been excluded from
6 gross income but for the enactment of Section 118(b)(2) of the
7 Internal Revenue Code for taxable years ending after December
8 22, 2017.
9 (13) Add an amount equal to the remainder of:
10 (A) the amount allowable as a deduction under Section 274(n)
11 of the Internal Revenue Code; minus
12 (B) the amount otherwise allowable as a deduction under
13 Section 274(n) of the Internal Revenue Code, if Section
14 274(n)(2)(D) of the Internal Revenue Code was not in effect
15 for amounts paid or incurred after December 31, 2020.
16 (14) For taxable years beginning after December 31, 2017, and
17 before January 1, 2021, add an amount equal to the excess
18 business loss of the taxpayer as defined in Section 461(1)(3) of the
19 Internal Revenue Code. In addition:
20 (A) If a taxpayer has an excess business loss under this
21 subdivision and also has modifications under subdivisions (3)
22 and (5) for property placed in service during the taxable year,
23 the taxpayer shall treat a portion of the taxable year
24 modifications for that property as occurring in the taxable year
25 the property is placed in service and a portion of the
26 modifications as occurring in the immediately following
27 taxable year.
28 (B) The portion of the modifications under subdivisions (3)
29 and (5) for property placed in service during the taxable year
30 treated as occurring in the taxable year in which the property
31 is placed in service equals:
32 (i) the modification for the property otherwise determined
33 under this section; minus
34 (ii) the excess business loss disallowed under this
35 subdivision;
36 but not less than zero (0).
37 (C) The portion of the modifications under subdivisions (3)
38 and (5) for property placed in service during the taxable year
39 treated as occurring in the taxable year immediately following
40 the taxable year in which the property is placed in service
41 equals the modification for the property otherwise determined
42 under this section minus the amount in clause (B).



- 1 (D) Any reallocation of modifications between taxable years
 2 under clauses (B) and (C) shall be first allocated to the
 3 modification under subdivision (3), then to the modification
 4 under subdivision (5).
- 5 (15) For taxable years ending after March 12, 2020, subtract an
 6 amount equal to the deduction disallowed pursuant to:
 7 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 8 as modified by Sections 206 and 207 of the Taxpayer Certainty
 9 and Disaster Relief Tax Act (Division EE of Public Law
 10 116-260); and
 11 (B) Section 3134(e) of the Internal Revenue Code.
- 12 (16) 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 (g) Subsections (a)(34), (b)(19), (d)(18), (e)(18), or (f)(16) may not
 17 be construed to require an add back or allow a deduction or exemption
 18 more than once for a particular add back, deduction, or exemption.
- 19 (h) For taxable years beginning after December 25, 2016, if:
 20 (1) a taxpayer is a shareholder, either directly or indirectly, in a
 21 corporation that is an E&P deficit foreign corporation as defined
 22 in Section 965(b)(3)(B) of the Internal Revenue Code, and the
 23 earnings and profit deficit, or a portion of the earnings and profit
 24 deficit, of the E&P deficit foreign corporation is permitted to
 25 reduce the federal adjusted gross income or federal taxable
 26 income of the taxpayer, the deficit, or the portion of the deficit,
 27 shall also reduce the amount taxable under this section to the
 28 extent permitted under the Internal Revenue Code, however, in no
 29 case shall this permit a reduction in the amount taxable under
 30 Section 965 of the Internal Revenue Code for purposes of this
 31 section to be less than zero (0); and
 32 (2) the Internal Revenue Service issues guidance that such an
 33 income or deduction is not reported directly on a federal tax
 34 return or is to be reported in a manner different than specified in
 35 this section, this section shall be construed as if federal adjusted
 36 gross income or federal taxable income included the income or
 37 deduction.
- 38 (i) If a partner is required to include an item of income, a deduction,
 39 or another tax attribute in the partner's adjusted gross income tax return
 40 pursuant to IC 6-3-4.5, such item shall be considered to be includible
 41 in the partner's federal adjusted gross income or federal taxable
 42 income, regardless of whether such item is actually required to be



1 reported by the partner for federal income tax purposes. For purposes
2 of this subsection:

- 3 (1) items for which a valid election is made under IC 6-3-4.5-6,
4 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included
5 in the partner's adjusted gross income or taxable income; and
6 (2) items for which the partnership did not make an election under
7 IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the
8 partnership is required to remit tax pursuant to IC 6-3-4.5-18,
9 shall be included in the partner's adjusted gross income or taxable
10 income.

11 SECTION 2. IC 6-3-2-1, AS AMENDED BY P.L.212-2018(ss),
12 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2022]: Sec. 1. (a) Each taxable year, a tax at the following rate
14 of adjusted gross income is imposed upon the **amount of** adjusted
15 gross income **exceeding fifteen thousand dollars (\$15,000)** of every
16 resident person, and on that part of the **amount of** adjusted gross
17 income **exceeding fifteen thousand dollars (\$15,000)** derived from
18 sources within Indiana of every nonresident person:

- 19 (1) For taxable years beginning before January 1, 2015, three and
20 four-tenths percent (3.4%).
21 (2) For taxable years beginning after December 31, 2014, and
22 before January 1, 2017, three and three-tenths percent (3.3%).
23 (3) For taxable years beginning after December 31, 2016, three
24 and twenty-three hundredths percent (3.23%).

25 (b) Except as provided in section 1.5 of this chapter (before its
26 expiration), each taxable year, a tax at the following rate of adjusted
27 gross income is imposed on that part of the adjusted gross income
28 derived from sources within Indiana of every corporation:

- 29 (1) Before July 1, 2012, eight and five-tenths percent (8.5%).
30 (2) After June 30, 2012, and before July 1, 2013, eight percent
31 (8.0%).
32 (3) After June 30, 2013, and before July 1, 2014, seven and
33 five-tenths percent (7.5%).
34 (4) After June 30, 2014, and before July 1, 2015, seven percent
35 (7.0%).
36 (5) After June 30, 2015, and before July 1, 2016, six and
37 five-tenths percent (6.5%).
38 (6) After June 30, 2016, and before July 1, 2017, six and
39 twenty-five hundredths percent (6.25%).
40 (7) After June 30, 2017, and before July 1, 2018, six percent
41 (6.0%).
42 (8) After June 30, 2018, and before July 1, 2019, five and



- 1 seventy-five hundredths percent (5.75%).
 2 (9) After June 30, 2019, and before July 1, 2020, five and
 3 five-tenths percent (5.5%).
 4 (10) After June 30, 2020, and before July 1, 2021, five and
 5 twenty-five hundredths percent (5.25%).
 6 (11) After June 30, 2021, four and nine-tenths percent (4.9%).
 7 (c) If for any taxable year a taxpayer is subject to different tax rates
 8 under subsection (b), the taxpayer's tax rate for that taxable year is the
 9 rate determined in the last STEP of the following STEPS:
 10 STEP ONE: Multiply the number of days in the taxpayer's taxable
 11 year that precede the day the rate changed by the rate in effect
 12 before the rate change.
 13 STEP TWO: Multiply the number of days in the taxpayer's
 14 taxable year that follow the day before the rate changed by the
 15 rate in effect after the rate change.
 16 STEP THREE: Divide the sum of the amounts determined under
 17 STEPS ONE and TWO by the number of days in the taxpayer's
 18 tax period.
 19 However, the rate determined under this subsection shall be rounded
 20 to the nearest one-hundredth of one percent (0.01%).
 21 SECTION 3. [EFFECTIVE JULY 1, 2022] **(a) IC 6-3-1-3.5 and**
 22 **IC 6-3-2-1, both as amended by this act, apply to taxable years**
 23 **beginning after December 31, 2022.**
 24 **(b) This SECTION expires July 1, 2025.**

