IT-20 CORPORATE

Income Tax Booklet

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INDIANA

Effective Jan. 1, 2013

Indiana businesses must report and pay sales and withholding taxes electronically

ALL businesses in Indiana must file and pay their sales and withholding taxes electronically. Businesses currently filing paper coupons will need to transition to filing via the state's INtax program or use a third-party vendor to electronically transmit forms ST-103 and WH-1. This is required by Indiana law.

Did you know?

- Service providers can also use INtax.
- We offer a range of sophisticated tutorials to help you learn how to use INtax.
- We have a special hotline for questions specifically related to INtax. Call (317) 232-2337.

To learn more and get started, visit www.intax.in.gov.

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About the cover:
This year, Indiana's tax booklets showcase the Indiana Bicentennial Torch Relay, which inspired and unified Hoosiers as one of the major commemorative events of the 2016 Bicentennial celebration. The torch, passed from one torch bearer to another, passed through all of Indiana's 92 counties and covered 3,200 miles over a five week period between September 9, 2016 and October 15, 2016. Featured photos highlight relay stops in Jackson, St. Joseph, Vigo and White counties. Photos courtesy of Sadie Lebo.

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What's New for 2016?

Legislative Changes to Adjusted Gross Income Tax for 2016

References to the Internal Revenue Code

Public Law (PL) 204-2016, SEC. 15 amended Indiana Code (IC) 6-3-1-11. The definition of adjusted gross income (AGI) is updated to correspond to the federal definition of adjusted gross income contained in the Internal Revenue Code (IRC). For tax year 2016, any reference to the IRC and subsequent regulations means the Internal Revenue Code of 1986, as amended and in effect on Jan. 1, 2016. For a complete summary of new legislation regarding taxation, please see the *2016 Summary of State Legislation Affecting the Department of Revenue* at www.in.gov/dor/3656.htm.

New Hospital Property Tax Credit

IC 6-3-3-14.6 provides for an income tax credit to certain for-profit hospitals that are licensed under IC 16-21-2. See instructions on page 32 for additional information.

Expired Credits

The following credits have expired and are no longer available for carryforward purposes for tax years beginning after Dec.31, 2015.

- Employer Health Benefit Plan Credit
- Maternity Home Credit
- Small Employer Qualified Wellness Program Credit

Historic Building Rehabilitation Credit Repealed

This credit has been repealed. A credit may still be carried forward providing there was an unused amount available from periods prior to it being repealed.

Add-Back Repealed

The add-back for Certain Trade or Business Deductions Based on Employment of Unauthorized Aliens has been repealed, requiring no additional reporting.

Several Additional Add-Backs Repealed

The following add-backs have been repealed, effective Jan. 1, 2016:

- Qualified Disaster Assistance Property
- Qualified Refinery Property
- Qualified Film or Television Production
- Qualified Preferred Stock

See instructions beginning on page 14 for information on how the elimination of these add-backs might impact state tax filing.

Indiana Lottery Winnings Deduction Repealed

The deduction for the first $1,200 of winnings from a lottery is no longer available. However, the Lottery Winnings Annuity Deduction is still available. See instructions on page 16.

Changes to definition of "business income"

P.L.250-2015 amended IC 6-3-1-20; the definition of business income subject to apportionment now includes all income that is apportionable under the Constitution of the United States

Elimination of the "throwback" rule in attributing receipts to Indiana

P.L.250-2015, Sec. 14 amended IC 6-3-2-2(e) related to apportioning receipts to Indiana when goods are shipped to a state where the taxpayer is not subject to income tax. The amendment also provides that the sale of computer software is treated as the sale of tangible personal property for purposes of apportionment.

Administrative Highlights

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the department will conduct an annual public hearing in Indianapolis in June of 2017. Event details will be listed at www.in.gov/dor/4877.htm. Please come and share feedback or comments about how the department can better administer Indiana tax laws. If not able to attend, please submit feedback or comments in writing to: Indiana Department of Revenue, Commissioner's Office, MS #101, 100 N. Senate Avenue, Indianapolis, IN 46204. Our homepage provides access to forms, information bulletins and directives, tax publications, email, and various filing options. Visit www.in.gov/dor/.

Introduction to Corporate Taxation

Indiana has three kinds of corporate income tax:

- A corporation doing business in Indiana is subject to the Adjusted Gross Income (AGI) tax. Any corporation earning income from Indiana sources is also subject to the AGI tax.
- Any entity transacting the business of a financial institution in Indiana is subject to a Financial Institutions franchise tax (FIT). Taxpayers subject to the FIT are exempt from the AGI tax.
- Any corporation providing utility services in Indiana is also subject to the utility receipts tax (URT). Tax is imposed on the gross receipts received from selling utility services. This tax in addition to any AGI tax liability.

Indiana recognizes a variety of business organizations. How the business is organized determines the type of tax return(s) it must file. It is important to know the tax-related requirements before establishing operations in Indiana.

General Filing Requirements

All types of corporations, business corporations, professional corporations, C corporations, and S corporations have essentially the same filing requirements. They might have different tax responsibilities, but they are still corporations. Any corporation doing business and having gross income in Indiana must file a corporation income tax return. It must do this regardless of whether it has taxable income (unless exempt under IRC section 501).

Taxable Period

Indiana tax law requires all corporations to adopt the corporation's federal tax year for reporting income to Indiana. A federal entity election or default classification is recognized for state AGI tax.

Doing Business in Indiana

For Indiana AGI tax purposes, the term *doing business* generally means the operation of any business enterprise or activity in Indiana, including but not limited to the following:

1. Maintenance of an office, a warehouse, a construction site, or another place of business in Indiana;
2. Maintenance of an inventory of merchandise or material for sale, distribution, or manufacture;
3. Sale or distribution of merchandise to customers in Indiana directly from company-owned or -operated vehicles when the title of merchandise is transferred from the seller or distributor to the customer at the time of sale or distribution;
4. Rendering of a service to customers in Indiana;
5. Ownership, rental, or operation of business or property (real or personal) in Indiana;
6. Acceptance of orders in Indiana with no right of approval or rejection in another state;
7. Interstate transportation; or
8. Maintenance of a public utility.

Deriving Income from Indiana Sources

If a corporation has business income both within and outside Indiana, the entity must apportion its income using the single-factor formula under IC 6-3-2-2. Business income is all income that is apportionable to Indiana under the constitution of the United States. Nonbusiness income is all income other than business income. Nonbusiness income is specifically allocated under IC 6-3-2-2(g) through (k).

Business Entities (in General)

Which Indiana Income Tax Form(s) to File?

The type of form filed varies depending on how the corporation is organized and the type of income it earns. An organization filing a federal return and doing business in Indiana must also file the comparable Indiana return. The name of the corporation (which must include the word *Corporation, Company, Incorporated, Limited,* or an abbreviation thereof) must be included on all returns. When filing Indiana corporate forms, use the federal employer identification number (EIN) to identify the return. The IRS assigns this number to business entities at www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/.

Unless otherwise specified, the state tax returns are due on the 15th day of the 4th month following the close of the corporation's taxable year. Indiana recognizes federal extensions of time to file.

Types of Corporate Entities and Returns to File

Nonprofit entities can be organized formally or informally. Contact the Internal Revenue Service for the federal requirements to obtain nonprofit (commonly known as 501(c)(3)) status. The IRS publishes an information booklet titled *Tax Exempt Status for Your Organization,* Publication 557. Contact:

Internal Revenue Service: (800) 829-1040
Publications: (800) 829-3676
www.irs.gov/

To register for nonprofit status with the state, submit a Nonprofit Organization Application for Sales Tax Exemption (NP-20A). Contact:

Indiana Department of Revenue
Tax Administration
P.O. Box 7206
Indianapolis, IN 46207-7206
(317) 232-0129

For-Profit Corporations (Domestic and Foreign)

A corporation can be formed for profit or nonprofit purposes. Forming a corporation creates a specific legal entity. An organization incorporated in this state (a domestic corporation) must have Articles of Incorporation 4159 on file with the Corporations Division of the Indiana Secretary of State.

An organization incorporated in another state or with a foreign government must have an Application for Certificate of Authority 38784 on file with the Indiana Secretary of State. This allows a foreign (outside Indiana) corporation to do business in Indiana.

For Indiana tax purposes, a corporation's tax filing includes other less formal organizations and unincorporated entities, such as general partnerships and nonprofit associations. To determine which return to file, use the following list. File the specified state form(s) to report the income, gains, losses, deductions, and credits.

Type of Entity	Federal Form Filed or Requirement	Indiana Form	Due Date	Misc. Information
Any Entity	Utility Service Provider	URT-1	15th day of the 4th month following close of the taxable year	If in business as a utility service, the utility receipts tax (URT) on gross receipts might be applicable. Gross receipts are defined as the value received for the retail sale of utility services. Gross receipts are owed if any of the following are furnished: Electrical energy, Natural gas, Water, Steam, Sewage, or Telecommunications services. See Commissioner's Directive #18 at www.in.gov/dor/3617.htm for more information.
General or Regular Corporation	Federal 1120	IT-20	15th day of the 4th month following close of the taxable year	
	Financial Institution Tax	FIT-20	15th day of the 4th month following close of the taxable year	If 80% or more of the taxpayer's gross income comes from extending credit, servicing loans, or a credit card operation, the FIT applies (see 45 IAC 17-2-4). See Commissioner's Directive #14 at www.in.gov/dor/3617.htm for more information.
Cooperative Association	Federal 1120-C	IT-20	15th day, 10th month following close of taxable year	Check box the appropriate box to question J on Page 1 to indicate if it is necessary to file a 1120-C
Corporation Engaged in Farming	Federal 1120	IT-20	15th day of the 4th month following close of the taxable year	
Foreign Corporation	Federal 1120 or 1120-F	IT-20	15th day of the 4th month following close of the taxable year	If no U.S. address then the due date is the 15th day of the 7th month following the close of the taxable year.
Foreign Sales Corporation	Federal 1120-FSC	IT-20	15th day of the 4th month following close of the taxable year	
Homeowner's Association	Federal 1120-H	IT-20	15th day of the 4th month following close of the taxable year	Not considered nonprofit organization for Indiana tax purposes.
Interest Charge Domestic International Sales Corp.	Federal 1120-IC-DISC	IT-20	15th day, 10th month following close of taxable year	
Life Insurance Company	Federal 1120-L	IT-20	15th day of the 4th month following close of the taxable year	A domestic insurance company organized under the laws of the state of Indiana that elects to file the corporation income tax return instead of the insurance premium tax return must file Form IT-20 and mark the appropriate check box to question J on page 1 of the return. It will be exempt from the insurance premium tax if it elects to pay the AGIT.

Limited Liability Company	Federal 1065 or 1065B	IT-65	15th day of the 4th month following close of the taxable year	See Note A below
	Federal 1120	IT-20	15th day of the 4th month following close of the taxable year	
Limited Liability Partnership	Federal 1065 or 1065-B	IT-65	15th day of the 4th month following close of the taxable year	See Note B below
	Federal 1120	IT-20	15th day of the 4th month following close of the taxable year	
Limited Partnership	Federal 1065 or 1065B	IT-65	15th day of the 4th month following close of the taxable year	See Note C below
	Federal 1120	IT-20	15th day of the 4th month following close of the taxable year	
Nuclear Decommissioning Funds	Federal 1120-ND	IT-20	15th day of the 4th month following close of the taxable year	
Political Organization	Federal 1120-POL	IT-20	15th day of the 4th month following close of the taxable year	If nonprofit is filing an 1120-POL, report such income on IT-20NP, not the IT-20.
Property & Casualty Ins Company	Federal 1120-PC	IT-20	15th day of the 4th month following close of the taxable year	A domestic insurance company organized under the laws of the state of Indiana that elects to file the corporation income tax return instead of the insurance premium tax return must file Form IT-20 and mark the appropriate check box to question J on page 1 of the return. It will be exempt from the insurance premium tax if it elects to pay the AGIT.
Publicly Traded Partnership	Federal 1065 or 1065B	IT-65	15th day of the 4th month following close of the taxable year	A publicly traded partnership (PTP) that is treated as a partnership and not as a corporation for federal income tax purposes must file on Form IT-65. A PTP that is treated as a corporation for federal income tax purposes under IRC Section 7704 must file on Form IT-20.
	Federal 1120	IT-20	15th day of the 4th month following close of the taxable year	
Real Estate Investment Trust	Federal 1120-REIT	IT-20	15th day of the 4th month following close of the taxable year	A corporation, a trust, or an association that meets certain conditions under IRC Section 856 can elect to be treated as a real estate investment trust (REIT) for the tax year. It does this by figuring its taxable income as a REIT on federal Form 1120-REIT. An entity filing as a REIT files Form IT-20 or Form FIT-20 to report business activity income in Indiana.
Real Estate Mortgage Investment Conduit	Federal 1066	IT-20	15th day of the 5th month following close of the taxable year	A corporation, a partnership, a trust, or an entity that meets certain conditions under IRC Section 860D can elect to be treated as a real estate investment conduit (REMIC) for the tax year. It does this by figuring its taxable income as an REMIC on federal Form 1066.

Regulated Investment Company	Federal 1120-RIC	IT-20	15th day of the 4th month following close of the taxable year	A regulated financial corporation, subsidiary of a holding company, or regulated financial corporation can elect to be treated as a regulated investment company (RIC). It does this by filing Form 1120-RIC. For state purposes, the RIC must use Form IT-20 or Form FIT-20 to report federal taxable income, deductions, gains, and losses from the operation of an RIC in Indiana.
S Corporation	Federal 1120S	IT-20S	15th day of the 4th month following close of the taxable year	A corporation incorporated in the United States can elect S corporation treatment. The corporation must submit IRS Form 2553 to the IRS for recognition of its status. This is a separate legal and taxable entity. It can have no more than 100 owners. An S corporation is exempt from federal income tax except on certain capital gains and passive income. Any income taxed at the corporate level is subject to the Indiana corporate AGIT.
Settlement Fund	Federal 1120-SF	IT-20	15th day of the 4th month following close of the taxable year	
Nonprofit Organization	Federal 990 or 990T	IT-20NP	15th day of the 5th month following close of the taxable year	A nonprofit organization or corporation must file Form IT-20NP and/or Form NP-20. After nonprofit status is granted, the organization must file the annual report (NP-20) to maintain state recognition of its sales tax exemption. If the organization has unrelated business income over $1,000 during the tax year, it must also file Form IT-20NP. For information about nonprofit filing requirements, see Information Bulletin #17, available at www.in.gov/dor/3650.htm. The department recognizes the exempt status determined by the IRS. An organization registered as a nonprofit is subject to the AGIT unless the income is specifically exempt from taxation under the Adjusted Gross Income Tax Act (IC 6-3-2-2.8 and 6-3-2-3.1). The nonprofit organization is subject to both federal and state tax on income derived from an unrelated trade or business, as defined in IRC Section 513.
	Federal 990 or 990T	NP-20	15th day of the 5th month following close of the taxable year	
Religious or Apostolic	Federal 1065	IT-65	15th day of the 4th month following close	

Note A: A limited liability company (LLC) may be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 26 CFR 301.7701-3. An LLC has members rather than shareholders. If an entity with more than one member was formed as an LLC, it generally is treated as a partnership for federal income tax purposes. It therefore files Federal Form 1065 and Indiana Form IT-65.

A single-member LLC can elect to report its income and deductions as a corporate entity instead. The LLC can file a Form 1120 or Form 1120-A only if it has filed federal Form 8832, Entity Classification Election, to be treated as a corporation.

A multi-member LLC can elect to file as a corporation; if this election is made for federal tax purposes, the LLC will file Form 1120 and Indiana's return, Form IT-20.

An LLC can be formed under state law by filing Articles of Organization with the Secretary of State. An LLC based outside of Indiana must file an Application for Certificate of Authority of a Foreign Limited Liability Company to do business in Indiana, similar to what foreign corporations file. If the LLC qualifies under IRS guidelines to be treated as an association taxable as a corporation, it must file Form IT-20.

Note B: A limited liability partnership (LLP) can be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 26 CFR 301.7701-3. The income of an LLP is taxed in the same way as a general partnership's income is taxed.

An LLP can be formed under state law by filing Articles of Registration of a Limited Liability Partnership with the Secretary of State. An LLP based outside of Indiana must file a Certificate of Authority or Notice of Foreign Limited Liability Partnership to do business in Indiana, similar to what foreign corporations file.

Note C: A limited partnership (LP) must have at least 1 general partner and 1 limited partner. The income is generally taxed in the same manner as a general partnership's income. An LP can be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 26 CFR 301.7701-3. The LP can be formed under state law by filing a Certificate of Limited Partnership with the Secretary of State. An LP based outside of Indiana must file a Certificate of Authority or Application of Registration to do business in Indiana, similar to what foreign corporations file.

General Filing Requirements for Form IT-20

What to Enclose with a State Corporate Return

To complete a state income tax return, enclose copies of pages 1 through 5 of the completed U.S. Corporation Income Tax Return (Form 1120) or the comparable federal return being filed. The federal Schedule M-3 and any confirmation of an extension of time to file the return must also be included.

Adjusted Gross Income Tax

The Indiana AGIT is generally calculated using federal taxable income from federal Form 1120 or a comparable return and making Indiana modifications as required by IC 6-3-1-3.5(b). If there is income from sources both within and outside Indiana, use the apportionment and allocation formula on Form IT-20 Schedule E to determine the AGI that's attributed to Indiana. The AGIT rate is as follows:

After June 30, 2015 and before July 1, 2016	6.5%
After June 30, 2016 and before July 1, 2017	6.25%
After June 30, 2017 and before July 1, 2018	6.0%
After June 30, 2018 and before July 1, 2019	5.75%
After June 30, 2019 and before July 1, 2020	5.5%
After June 30, 2020 and before July 1, 2021	5.25%
After June 30, 2021	4.9%

How to Determine the Tax Rate for Calendar-Year Filers and Fiscal-Year Filers With Tax Year Endings Other Than June 30

Pursuant to IC 6-3-2-1(c), the following steps must be used to determine the tax rate if a taxpayer is subject to different tax rates for a taxable period:

1. Multiply the rate in effect before the rate change by the number of months in the taxpayer's taxable year that precede the month the rate changed.
2. Multiply the rate in effect after the rate change by the number of months in the taxpayer's taxable year that follow the month before the rate changed.
3. Add the amounts in Step 1 and Step 2, and then divide the sum by 12.
4. Round the rate determined in Step 3 to the nearest 0.01%.

How to Determine the Tax Rate for Short Periods and 52/53-Week Filers

For taxpayers who file on a short period or 52/53-week period basis, for whom the steps outlined previously are not appropriate, the following steps should be used to determine the tax rate if a taxpayer is subject to different tax rates for a taxable period:

1. Multiply the tax rate in effect on June 30 of the taxable period by the number of days in the taxpayer's taxable period that occurred before July 1 of the taxable year.

2. Multiply the tax rate in effect on July 1 of the taxable period by the number of days in the taxpayer's taxable period that occurred after June 30 of the taxable year.
3. Add the amounts in Step 1 and Step 2, and then divide the sum by the total number of days in the taxpayer's taxable year.
4. Round the rate determined in Step 3 to the nearest 0.01%.

Due Dates

The corporation's tax return is due by the 15th day of the 4th month following the close of the tax year.

A farmer's cooperative (described in Section 1381 of the IRC) has until the 15th day of the 10th month following the end of its taxable year to file its annual Indiana return. A **real estate mortgage investment conduit's (REMIC's)** return is due by the 15th day of the **5th** month following the close of its taxable year. The entity's final state return is due 30 days from the filing due date of Form 1066 following the date the REMIC ceased to exist.

Extensions for Filing Return

The department accepts the federal extension of time application (Form 7004) or the federal electronic extension. If already approved for a federal extension of time application (Form 7004) or the federal electronic extension, it is not necessary to contact the department before filing the annual return. Returns postmarked within 30 days after the last date indicated on the federal extension are considered timely filed. If a corporation does not need a federal extension of time but needs one for filing the state return, please submit a letter requesting an extension prior to the annual return's due date.

To request an Indiana extension of time to file, contact:

Indiana Department of Revenue
Corporate Income Tax
Tax Administration
P.O. Box 7206
Indianapolis, IN 46207-7206

An extension of time granted under IC 6-8.1-6-1 waives the late payment penalty for the extension period on the balance of tax due, if at least 90% of the tax due is paid by the original due date and the remaining balance, plus interest, is paid in full by the extended due date. Use Form IT-6 to make an extension payment for the taxable year. This payment is processed as a fifth estimated payment. (See Income Tax Bulletin #15 at www.in.gov/dor/3650.htm for more details.) Any tax paid after the original due date must include interest.

Interest on the balance of tax due must be included with the return when it is filed. Interest is computed from the original due date until the date of payment. Each October the department establishes the interest rate for the next calendar year. See Departmental Notice #3 available at www.in.gov/dor/3618.htm for interest rates.

If a valid extension of time or a federal extension to file is approved, please **check the box for question V** on the front of the return. If applicable, enclose a copy of the federal extension of time with the state return.

Accounting Methods and Taxable Year

Please use the same method of accounting for the AGIT that was used for federal income tax purposes. The taxable year for the AGIT must also be the same as the accounting period used for federal income tax purposes. If the standard apportionment provisions do not fairly reflect Indiana income, the department must be petitioned for permission to use an alternative method.

For an overview of corporate taxation, see Income Tax Information Bulletin #12 available at www.in.gov/dor/3650.htm.

Consolidated Reporting

Under the Adjusted Gross Income Tax Act, affiliated corporations have the privilege of electing to file a consolidated return. This is provided in IRC Section 1502 for those affiliates as defined in IRC Section 1504. The Indiana consolidated return must include any member of the affiliated group under IRC Section 1504 having income or loss attributable to Indiana during the year.

To file a consolidated return for AGIT purposes, the parent corporation must own at least 80% of each subsidiary's voting stock and own at least 80% of the total value of the stock, either directly or through a chain of includible corporations. The affiliated group may not include any corporation that does not have taxable income or loss from Indiana sources.

To elect to file a consolidated return for Indiana purposes, the return must be filed by the due date or the extended due date. An election to file a consolidated return cannot be done on a retroactive basis. Notify the department by completing Schedule 8-D, Schedule of Indiana Affiliated Group Members. Indicate the affiliated corporations included in the consolidated return. After an affiliated group elects to file consolidated for Indiana purposes, the group must follow that choice for all subsequent years of filing. In addition, a worksheet must accompany the annual return supporting each of the participating affiliates' information that reconciles to the reported consolidated AGI or loss. Schedule 8-D is available at www.in.gov/dor/5414.htm.

If the group wants to revoke the election in a subsequent tax year, it must make a request to the department demonstrating good cause for the request and receive written permission from the department prior to filing the separate returns. The group must make its request to discontinue filing consolidated at least 90 days before the return's due date, or the request will be denied.

Unitary (Combined) Filing Status

A taxpayer must petition the department for permission to file a combined income tax return for a unitary group. The petition must be filed no later than 30 days after the end of the tax year for which the entity is seeking permission.

Permission will be granted if combined reporting will more fairly reflect the unitary group's Indiana source income. However, combined reporting is limited to the "water's-edge" of the United States unless specifically requested and approved otherwise. The petition should be sent to:

Indiana Department of Revenue
Tax Policy Division
100 N. Senate Avenue, N 248 MS 102
Indianapolis, IN 46204

Caution: After permission has been granted to file on a combined basis, the taxpayer must continue to file returns on this basis until the department grants permission to use an alternative method. The taxpayer filing the combined return must petition the department within 30 days after the end of the tax year for permission to stop filing a combined return.

Form IT-20 Unitary Schedule 1, Combined Profit and Loss Statement of Indiana Unitary Group, must be completed detailing the following:

- The federal taxable income;
- The intercompany eliminations; and
- The members' adjusted gross income tax.

A list of the corporations that are members of the unitary group filing for the reporting unitary filer must be enclosed with the return, noting each entity's federal identification number. The computation of apportionment factor for the combined group's members detailing the apportionment information for each entity must also be included. Entities that have a sales factor numerator greater than zero are taxable members. Each taxable member will be assigned a share of business income according to its relative share (its percentage share without considering any nontaxable member's share) of the unitary group's Indiana (adjusted) sales factors.

Additional information concerning unitary requirements is available from the Tax Policy Division at taxpolicy@dor.in.gov or Tax Policy Directive #6 at www.in.gov/dor/3661.htm.

Quarterly Estimated Payments

A corporation with estimated AGIT liability exceeding $2,500 for a taxable year must file quarterly estimated tax payments. The quarterly estimated tax payments must be submitted with an appropriate Indiana voucher, with Form IT-6, or by electronic funds transfer (EFT), depending on the amount due. The quarterly due dates for estimated payments are the 20th day of the 4th, 6th, 9th, and 12th months of the taxpayer's tax period, regardless of whether filing on a calendar-year, fiscal-year, or short-year basis. Taxpayers should use the reporting taxpayer's federal identification number when remitting payments on behalf of a group in a consolidated or combined return.

Visit www.in.gov/dor/epay to make an estimated tax payment or view payment history. The following information will be needed:

- Taxpayer name;
- Federal tax ID or employer identification number (EIN);
- Current street address; and
- Last payment amount.

Claim credit for all estimated payments on lines 34 through 36 of Form IT-20. Refunds reflected on the annual corporate return from overpayments of estimated payments may be applied to the next taxable year's estimated liability or refunded directly to the taxpayer. Apply the overpayments to the next year's estimated liability by entering the refund amount to be credited to the next year's estimate payments on line 46 of Form IT-20. An election to apply an overpayment to the following year is irrevocable. If the overpayment is reduced due to an error on the return or an adjustment by the department, the amount to be refunded will be corrected before any changes are made to the estimated account for next year. A refund may be set off and applied to other liabilities under IC 6-8.1-9-2(a) and 6-8.1-9.5 before it is credited to the following year's estimated tax account.

The quarterly estimated payment must be equal to the lesser of:

- 25% of the AGI tax liability for the taxable year; or
- The annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's liability for AGI tax.

Also, if the estimated liability exceeds $5,000 per quarter, the tax must be remitted by EFT. If the estimated payment is made by EFT, it is not required to file Form IT-6. For questions about EFT payments, call (317) 232-5500.

To establish an estimated account, contact the department to remit the initial payment and to request preprinted quarterly estimated IT-6 returns. For more instructions, see Income Tax Information Bulletin #11, available at www.in.gov/dor/3650.htm.

Penalty for Underpayment of Estimated Tax

Those required to pay estimated tax are subject to a 10% underpayment penalty if estimated quarterly payments are not filed or are not paid in full. The required estimate should exceed:

- The annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the liability; or
- 25% of the final tax liability for the prior taxable year.

If either of these conditions are met, no underpayment of estimated tax penalty will be assessed for the estimated period.

If taxes were underpaid for any quarter, use Schedule IT-2220 to show an exception to the penalty. If none of the exceptions are met, include payment of the computed penalty with the return. The underpayment penalty is the difference between the amount paid for each quarter and 25% of the final income tax for the current tax year. See the instructions for completing Schedule IT-2220, Penalty for the Underpayment of Corporate Income Tax.

Electronic Funds Transfer Requirements

Corporate quarterly estimated tax must be remitted by EFT if the corporation's AGI tax exceeds an average of $5,000 per quarter (or $20,000 annually). The department assesses a penalty of either 10% of the unpaid tax or the amount of the EFT (whichever is less) on any EFT on which it cannot obtain payment. There is no minimum amount of payment required for an EFT transaction. Therefore, the department encourages any corporate taxpayers not required to remit by EFT to voluntarily participate in our EFT program.

Note: Taxpayers remitting by EFT should not file quarterly IT-6 coupons. The EFT payments are reconciled when the annual income tax return is filed.

If the department notifies a corporation that it must remit by EFT, the corporation has to:

1. Complete and submit the EFT Authorization Agreement (Form EFT-1); and
2. Begin remitting tax payments by EFT by the date/tax period specified by the department.

If the corporation fails to comply, a 10% penalty is added onto each quarterly payment not paid by EFT. **Note:** Per Indiana Code, the extension of time to file payment or the final payment due with the annual return does not have to be paid by EFT. Corporations should claim any EFT payment as an extension or estimated payment credit when filing their annual income tax returns. The return should not indicate an amount due if the amount has already been paid by EFT.

If a corporation meets the requirements to remit by EFT, contact the department's EFT Section by calling (317) 232-5500.

Amended Returns

To amend an Indiana corporation income tax return, Form IT-20X must be completed. Always use Form IT-20X to comply with IC 6-3-4-6, which requires a taxpayer to notify the department of any changes (federal adjustment, RAR, etc.) made to a federal income tax return within 180 days of such change. Federal waivers should be enclosed, if applicable.

To claim a refund of an overpayment, the return must be filed within three years from the later of either the overpayment date or the return's due date.

IC 6-8.1-9-1 entitles a taxpayer to claim a refund because of a reduction in tax due to a federal modification. A taxpayer can file a claim for refund within 180 days from the date of notice of the final modification by the IRS. Therefore, an overpayment due to a change of a federal income tax liability must be claimed within the later of: the three-year period from the due date of the return, the date of payment, or within six months of the taxpayer's notification of the final modification by the IRS. If the taxpayer and the department agree to an extension of the statute of limitations for an assessment, the period for filing a claim for refund is also extended.

Calculation of Interest on Refund Claims

An overpayment of tax accrues interest in certain circumstances. For refund claims filed before July 1, 2015, if an excess tax payment is not refunded or credited against a current or future tax liability within 90 days after the date the refund claim is filed, the date the tax was due, or the date the tax was paid, whichever is latest, the excess payment accrues interest from the date the refund claim is filed. The term "refund claim" includes an amended return that indicates an overpayment of tax.

For refund claims filed after June 30, 2015, if an excess tax payment is not refunded or credited against a current or future tax liability within 90 days after the date the refund claim is filed, the date the tax was due, or the date the tax was paid, whichever is latest, the excess payment accrues interest from the latest of:

(1) the date the tax was due;
(2) the date the tax payment was made;
(3) July 1, 2015; or
(4) the date the original return was filed for the period and tax type for which the refund is sought.

The rate of interest is established by the commissioner as published in Departmental Notice #3 available at www.in.gov/dor/3618.htm. The rate is updated on or before November 1 to take effect on January 1 for the coming year.

Instructions for Completing Form IT-20

Filing Period and Identification

File a 2016 Form IT-20 return for a taxable year ending Dec. 31, 2016; a short tax year beginning in 2016 and ending in 2016; or a fiscal year beginning in 2016 and ending in 2017. For a short or fiscal tax year, fill in the beginning month and day and the ending date of the taxable year at the top of the form.

A correct Form IT-20 must be enclosed. Please use the corporation's full legal name and present mailing address. *For foreign addresses, please note the following:*

- Enter the name of the city, town, or village in the box labeled City;
- Enter the name of the state or province in the box labeled State; and
- Enter the postal code and the 2-digit country code in the box labeled ZIP Code.

For a name change, check the box at the top of the return. **Enclose copies of Amended Articles of Incorporation or an Amended Certificate of Authority** filed with the Indiana Secretary of State with the return.

The federal identification number shown in the box in the return's upper-right corner must be accurate and be the same as that used on the federal corporation income tax return. Consolidated filers must use the federal identification number of the corporation designated as the reporting corporation.

List the name of the county in Indiana of the primary business location. Enter "00" (two zeroes) in the county box for an address outside Indiana.

Enter the principal business activity code, from the North American Industry Classification System (NAICS), in the designated block of the return. Use the six-digit activity code reported on the federal corporation income tax return. Find a listing of the NAICS codes at www.in.gov/dor/3742.htm.

Question J and Other Fill-in Lines

All corporations filing an Indiana corporation income tax return must complete the top portion of the form, including questions J through W. Check or complete all boxes that apply to the return.

J. Check the "final return" box only if the corporation is dissolved, liquidated, or has withdrawn from the state.

Also, the Form BC-100 must be filed to close out any sales and withholding accounts. Visit www.in.gov/dor/3731.htm to complete this form online.

K. Enter the date of incorporation for the company in field one and enter the state of incorporation in field two.

L. Enter the corporation's state of commercial domicile.

M. Enter the year the initial Indiana return was filed.

N. Enter the corporation's address where records are kept.

O. If the corporation made estimated tax payments under a different federal identification number (FID) or employer identification number (EIN), check this box. On Schedule H (page 4 of the return), list all the other identification numbers that have been used when making payments.

P. Check this box if filing federal Form 1120 as a consolidated return.

Q. Check this box if filing on a unitary basis, to indicate that material changes in circumstances have occurred since the last petition has been filed. If this box is checked, enclose a statement indicating those changes.

R. Check this box if 80% or more of the gross income for the tax year is derived from making, acquiring, selling, or servicing loans or extensions of credit. If this box is checked, do not file Form IT-20. Instead, Form FIT-20, the Indiana financial institution tax return, must be filed.

S. Check yes to indicate if filing an **Indiana consolidated return.** If so, complete and enclose Schedule 8-D, Schedule of Indiana Affiliated Group Members.

T. Check this box if filing a **combined return on a unitary basis**. If so, enclose the unitary apportionment addendum.

U. Check this box if the corporation deducted for any intangible expenses or directly related interest expenses paid to affiliates. If this box is checked, form IT-20 Schedule PIC and Schedule H on page 4 of the return must be completed. Also, enclose federal Form 851, Affiliations Schedule, with the return.

V. Check this box if the corporation has a valid extension of time or an electronic federal extension of time to file the return. **If applicable, enclose a copy of federal Form 7004 with the return.**

W. Check this box if reporting income from disregarded entities. If this box is checked, please enclose a list of the disregarded entities with the return.

Computation of Adjusted Gross Income Tax

Unitary filers should use the combined group's totals and relative formula percentage for entries on all lines except 18 and 20. Compute the Indiana portion of a net operating loss deduction, if any, on line 20. Base it on the relative formula percentage as applied for the loss year.

Note: Please round all entries to the nearest whole dollar amount. Also, please do not use a comma in dollar amounts of four digits or more. For example, instead of entering "3,455" enter "3455."

Income

Line 1 - Federal Taxable Income
Enter the federal taxable income (as defined under IRC Sections 63, 801, or 832) before any federal net operating loss (NOL) deduction and/or special deductions from Form 1120 (pro forma U.S. Corporation Income Tax Return) for the taxable period.

Some organizations can enter federal taxable income after the $100 specific deduction. Political organizations and homeowner associations are allowed a $100 specific deduction.

Line 2 - Federal Deduction of Qualifying Dividends
Enter the special deductions from Schedule C, federal Form 1120. Use the amount reportable to Indiana if filing as a consolidated group. See line 12 for Indiana's treatment of any remaining foreign source dividends.

Line 3 - Subtotal Federal Taxable Income Before NOL
Subtract line 2 from line 1.

Modifications to Adjusted Gross Income, Lines 4 - 11

Enter any add-backs and deductions on lines 4 through 10. Enter the name of the add-back/deduction, its 3-digit code, and its amount. Use minus signs to denote negative amounts. Also include the proportionate share of Indiana modifications attributable from a unitary partnership, prior to apportionment. Attach additional sheets if necessary.

Adding Back Depreciation Expenses

Several of the discontinued add-backs were created by timing differences between federal and Indiana allowable expenses. The following is an example of how to report a difference.

Example. ABC Company has qualified restaurant equipment. For federal tax purposes, they use the accelerated 15-year recovery period for an asset placed in service in 2009. Since 2009, ABC Company has been adding back the depreciation expense taken for federal purposes that exceeded the amount allowable for Indiana purposes. The accumulated depreciation on such an asset through 2012 is, therefore, different for federal and state purposes. This difference will remain until the asset is fully depreciated or until the time of its disposition.

So, in this example, the asset was acquired in January 2009 at a purchase price of $120,000. This normally would have a 25-year recovery period, but IRC Sec. 168 allows for a 15-year recovery period. Tax year 2012 is the last year ABC Company will have reported a qualified restaurant equipment add-back until the end of the 15-year recovery period.

If this asset was sold before being fully depreciated, the catch-up modification would be reflected in the year of the sale. However, if this property is held through 2023 (the 15th year of depreciation), ABC Company will report a negative $9,600 catch-up add-back on the corporation's 2023 state tax return.

Certain Taxes Deducted from Federal Schedules C, C-EZ, E, and/or F (3-digit code: 100)

Add back all state income taxes deducted in determining federal taxable income.

Charitable Contributions (3-digit code: 114)

Add back all charitable contributions deducted when computing federal net taxable income.

Qualified Domestic Production Activities (3-digit code: 103)

Add back the amount claimed as a deduction for qualified domestic production activities under IRC Section 199 for federal income tax purposes.

Intangible Expenses (3-digit code: 115)

Add back the net result from Form IT-20 Schedule PIC Part 3(b). A corporation subject to the AGI tax must add to its taxable income any intangible expenses. It must also add any directly related interest expenses paid, accrued, or incurred with one or more members of the same affiliated group or foreign corporation. A corporation answering yes to question U on the front of the return must complete Form IT-20 Schedule PIC on page 4 of the return.

Form IT-20 Schedule PIC and the instructions for how to complete it can be found in the section "Specific Instructions for Completing Form IT-20 Schedule PIC" on page 24 of this booklet.

The following definitions apply to corporations for the purpose of disclosing activities and amounts involving transactions of intangible property to the extent required under IC 6-3-2-20:

- **Affiliated group** has the meaning set forth in IRC Section 1504, except that the ownership percentage is determined using 50% instead of 80%.
- **Directly related interest expenses** means interest expenses that are either paid to or accrued/incurred as a liability to a recipient if:
  - The amounts represent income from making loans; and the recipient originally received the loaned funds from the payment of expenses by the taxpayer, by a member of the same affiliated group, or by a foreign corporation.
- **Foreign corporation** means a corporation that:
  - Is organized under the laws of a country other than the United States; **and**
  - Would be a member of the same affiliated group as the taxpayer if the corporation were organized under the laws of the United States.
- **Intangible expense** means the following amounts, to the extent these amounts are allowed as deductions from taxable income under IRC Section 63: expenses; losses; and costs directly for, related to, or in connection with the acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property. Also included in the term are royalties, patent fees, technical fees, copyright fees, licensing fees, and other substantially similar expenses and costs.
- **Interest expenses** means amounts allowed as deductions under IRC Section 163.
- **Makes a disclosure** means a taxpayer provides the following information about a transaction of a member of the same affiliated group or a foreign corporation involving an intangible expense and any directly related interest expense: the recipient's name; the state of the recipient's commercial domicile; the amount paid to the recipient; a copy of federal Form 851 (Affiliation Schedule); and the information needed to determine the taxpayer's status under the allowed exceptions.

- **Recipient** means a member of the taxpayer's affiliated group who is paid income that corresponds to an intangible expense or any directly related interest expense.

- **Unrelated party** means a person who is not a member of the same affiliated group.

- **Valid business purpose** means one or more transactions that have sufficient economic substance, other than the avoidance or reduction of taxes that, alone or in combination, constitute the primary motivation for a business activity or change the taxpayer's economic position in a meaningful way. A meaningful change in the taxpayer's economic position includes, but is not limited to:
  - o An increase in market share;
  - o Its entry into new business markets; or
  - o Its compliance with a regulatory requirement of federal, state, or local government.

Dividends Paid to Shareholders of a Captive Real Estate Investment Trust (3-digit code: 116)
Add back the amount of any deduction for dividends paid to shareholders of a captive real estate investment trust (REIT). A captive REIT is defined as a corporation, a trust, or an association:
- That is considered a REIT under Section 856 of the IRC;
- That is not regularly traded on an established securities market;
- That is not organized in a country that has a tax treaty with the United States Treasury governing the tax treatment of these trusts; and
- In which more than 50% of the voting power or shares is owned or controlled by one entity.

Net Bonus Depreciation Allowance (3-digit code: 104)
Add or subtract an amount attributable to bonus depreciation. Do this if it's in excess of any regular depreciation allowed if the corporation did not elect under IRC Section 168(k) to have it applied to property in the year the property was placed into service. If property is owned, it is possible to have been allowed to take additional first-year special depreciation for qualified property in the current taxable year or an earlier taxable year. If this is the case, add or subtract an amount that makes the AGI equal the amount computed without applying any bonus depreciation. (The first-year special depreciation for qualified property includes 50% bonus depreciation.) Calculate the subsequent depreciation allowance on the state's stepped-up basis until the property is disposed. Enclose a statement or complete Schedule H to explain the adjustment being made.

Commissioner's Directive #19 (www.in.gov/dor/3617.htm) explains this initial required modification on the allowance of depreciation for state tax purposes.

Excess IRC Section 179 Deduction (3-digit code: 105)
Add back the share of the IRC Section 179 adjustment claimed for federal tax purposes that exceeds the amount recognized for state tax purposes.

Indiana adopted the former expensing limit provided by The Jobs Creation and Workers Assistance Act of 2002. The state has since specified an expensing cap of $25,000. This modification affects the basis of a property if a higher Section 179 limit was applied. The increase to a $500,000 deduction was not allowed for purposes of calculating Indiana AGI. However, the beginning $2,000,000 was allowed for purposes of calculating Indiana AGI. Adjust the depreciation allowances in the year of purchase and later years to reflect the additional first-year depreciation deduction until the property is sold. The additional first-year depreciation deduction includes the special depreciation allowance for 50% bonus depreciation property.

The AGI of a corporation that placed any IRC Section 179 property in service in the current taxable year or an earlier year must equal the AGI that would have been computed if deductions had not been taken for the year in which the property was placed in service (as defined in IRC Section 179) in a total exceeding $25,000. Thus, add or subtract an amount that makes these two figures equal.

Enclose a statement or complete Schedule H on page 4 of the return to explain the adjustment.

Example: The corporation took the IRC Section 179 deduction on business equipment acquired during 2016. It cost $200,000. The capital expensing deduction was $100,000 with a remaining basis of $100,000. The entity took an additional 50% bonus depreciation of $50,000. This left a basis of $50,000 for a five-year Modified Accelerated Cost Recovery System (MACRS) property (half-year convention) depreciation deduction of 20%. This deduction was therefore $10,000. The total amount of the federal deduction was therefore $160,000.

For state purposes, the bonus depreciation of $50,000 was not allowed. So, it must be added back. The IRC Section 179 deduction was capped at $25,000. So, the $75,000 excess amount must be added back. These adjustments result in a stepped-up basis of $175,000 for the state return. Use this amount to figure the allowable first-year MACRS property depreciation deduction of 20% for 2016. (It's $35,000.) This was a total state deduction of $25,000 more than what was already deducted under the general depreciation system (GDS). In later years, the additional depreciation from the amounts to be added back are allowed as a subtraction modification.

Note: If the net amount determined for the net bonus depreciation allowance or excess IRC Section 179 deduction is a negative figure because of a higher depreciation basis in subsequent years, use a minus sign to denote the negative amount. If the taxable income is a loss, this adjustment increases a loss when added back.

U.S. Interest (3-digit code: 610)
Subtract the interest or any proportionate share of interest from U.S. government obligations included on the federal income tax return, Form 1120, and Form 1065 (if a unitary relationship exists). However, this is not a total exclusion. First deduct all related expenses from the exempt dividend or interest income. These expenses are limited to the amount of income each obligation generates.

For a list of eligible items, refer to Income Tax Information Bulletin #19 available at www.in.gov/dor/3650.htm.

Foreign Gross-Up (3-digit code: 119)
Substract the amount of foreign gross-up determined by computing the federal foreign tax credit on Form 1118. This should be reflected on federal Schedule C. **Note:** The federal foreign tax credit is not allowed for Indiana income tax purposes.

Qualified Patents Income (3-digit code: 622)
Subtract the allowable amount of income from qualified patents included in federal taxable income. For tax years beginning after Dec. 31, 2007, this income is exempt from Indiana AGI. For more information, refer to Income Tax Information Bulletin #104, online available at www.in.gov/dor/3650.htm.

Deferral of Business Indebtedness Discharge and Reacquisition (3-digit code: 107)
Add back the deduction for deferral of business indebtedness discharge and reacquisition. Enter an amount equal to the amount claimed as a deferral of income arising from business indebtedness discharged in connection with the reacquisition after Dec. 31, 2008, and before Jan. 1, 2011, of an applicable debt instrument (as provided in Section 108(i) of the IRC), for federal income tax purposes. If a deferred amount has previously added back, deduct the amount of deferred income recognized for federal purposes in the current period.

Qualified Preferred Stock (3-digit code: 113)
Effective Jan. 1, 2016, this is no longer a required addback. However, if a taxpayer:

- Had losses from the sale or exchange of preferred stock in either Federal National Mortgage Association or Federal Home Loan Mortgage Corporation;
- Treated the loss from the sale or exchange as ordinary income for federal income tax purposes in the year the loss had been incurred; and
- Had any amount previously added back that not been allowed as a deduction.

The taxpayer is permitted to continue deducting the loss not previously allowed as a capital loss. However, the amount allowable as a capital loss must be computed in accordance with federal limitations on allowable capital losses. See IRC sections 1211 and 1212 for further details on federal limitations.

Add-back of OOS Municipal Obligation Interest (3-digit code: 137)
Interest earned from a direct obligation of a state or political subdivision other than Indiana (out of state, or OOS) is taxable by Indiana if the obligation is acquired after Dec. 31, 2011. Interest earned from obligations held or acquired before Jan. 1, 2012, is not subject to Indiana income tax and should not be reported as an add-back. **Note:** Interest earned from obligations of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana is not included in federal gross income and is exempt under federal law. There is no add-back for interest earned on these obligations. For more information, see Information Bulletin #19 available at www.in.gov/dor/3650.htm.

Indiana Lottery Winnings Annuity Deduction (3-digit code: 629)
If a taxpayer receives proceeds from a winning Hoosier Lottery ticket for a lottery held prior to July 1, 2002, those proceeds may be deducted from the taxpayer's Indiana adjusted gross income. This deduction applies only to prizes won from the Hoosier Lottery Commission; proceeds from other state lotteries or from other gambling sources, such as casinos, are not deductible. In addition, proceeds from winning Hoosier Lottery tickets for lotteries held after June 30, 2002, are not deductible.

Individuals or entities that have purchased Hoosier Lottery prizes from a winning ticket holder for valuable consideration are not eligible for this deduction.

Certain Discontinued Add-Backs: How and When to Report a Final Catch-Up Modification.

Required add-backs for the following modifications were eliminated, effective Jan. 1, 2013:

- Motorsports Entertainment Complex, Code 130
- Qualified Advance Mining Safety Equipment, Code 126
- Qualified Electric Utility Amortization, Code 135
- Qualified Environmental Remediation Costs, Code 121
- Qualified Leasehold Improvement Property, Code 129
- Qualified Restaurant Improvement Property, Code 108
- Qualified Retail Improvement Property, Code 109
- Start-Up Expenditures, Code 131

Required add-backs for the following modifications have been eliminated, effective Jan. 1, 2016:

- Qualified Disaster Assistance Property Code 110
- Qualified Refinery Property Code 111
- Qualified Film or Television Production Code 112

If any of these add-backs have been previously reported, see the following example for guidance as to how to figure and report a final catch-up modification.

Example. The Pelsor Raney Corp has qualified restaurant equipment. For federal tax purposes the corporation used the accelerated 15-year recovery period for an asset placed in service since 2009. Since 2009 The Pelsor Raney Corp had been adding back the depreciation expense taken for federal purposes that exceeded the amount allowable for Indiana purposes. The accumulated depreciation on such an asset through 2012 was, therefore, different for federal and state purposes. This difference will remain until the asset is fully depreciated or until the time of its disposition.

A simple illustration:

Asset – acquired January, 2009 – qualified restaurant property – purchase price $120,000. This normally would have had a 39-year recovery period; IRC Sec. 168 allows for a 15-year recovery period.

Asset acquired Jan. 2009 $120,000 purchase price	Federal Depreciation	Add-Back	Indiana Depreciation
Year 1 (2009)	8,000	4,924	3,076
Year 2 (2010)	8,000	4,924	3,076
Year 3 (2011)	8,000	4,924	3,076
Year 4 (2012)	8,000	4,924	3,076
Year 5 (2013) Accumulated Depreciation	8,000 40,000	0	8,000 20,304
Year 6 – 15 Accumulated Depreciation	80,000 120,000	0	80,000 100,304
Year 16 – 38 Accumulated Depreciation	0	0	0
Year 39 (or year of disposition) Add-back	0	-19,696	19,696

Tax year 2012 is the last year The Pelsor Raney Corp reported an add-back until the end of the recovery period. Had this asset been sold before being fully depreciated, the catch-up modification would be reflected in the year of the sale. If this property is held through 2048 (the 39th year of depreciation), The Pelsor Raney Corp will report a negative $19,696 catch-up add-back on the 2048 state tax return.

Enter the associated 3-digit code on lines 4 through 10 if reporting a final catch-up modification.

Line 11 - Modified Adjusted Gross Income
Enter the sum of income and modifications. Add/subtract lines 4 through 10. Use a minus sign to denote a negative amount.

Other Adjustments

Line 12 - Other Adjustments to Modified Adjusted Gross Income Deduction for Foreign Source Dividends
IC 6-3-2-12 allows a deduction from AGI. It must be equal to the amount of the foreign source dividend included in the corporation's AGI for the tax year multiplied by one of the following percentages:

- 100% if the corporation including the foreign source dividend in its AGI owns stock. It must also possess at least 80% of the total combined voting power of all classes of stock of the foreign corporation from where the dividend is derived.
- 85% if the corporation including the foreign source dividend in its AGI owns stock. It must also possess at least 50% but less than 80% of the total combined voting power of all classes of stock of the foreign corporation from where the dividend is derived.
- 50% if the corporation including the foreign source dividend in its AGI owns stock. It must also possess less than 50% of the total combined voting power of all classes of stock of the foreign corporation from where the dividend is derived.

Complete the Foreign Source Dividends Worksheet on page 4 of the return.

The term **foreign source dividend** means a dividend from a foreign corporation. It includes any amount a taxpayer is required to include in the gross income for a tax year under IRC Section 951 (Subpart F, controlled foreign corporations). The Indiana foreign source dividend deduction is based on "foreign source dividends" after the federal special deductions. Do not include any amount treated as a dividend under IRC Section 78. Refer to Indiana Income Tax Information Bulletin #78 available at www.in.gov/dor/3650.htm for more information.

Use Schedule H (page 4 of the return) to include additional explanation of amounts entered on the return. Itemize each entry by schedule, line number, and amount. Subtotal each applicable entry.

Caution: Do not use line 12 to deduct out-of-state income. Instead, see the instructions for Form IT-20 Schedules E and F on page 22 and page 25. Explain any other adjustments reported on line 12 on schedule H.

Line 13 - Subtotal of Income
Add lines 11 and 12 and enter the balance. If there are sales outside Indiana, refer to the instructions for Form IT-20 Schedules E and F on page 22 and page 25 of this booklet.

Line 14 - Other Adjustments to Modified Adjusted Gross Income
Enter the net nonbusiness income (loss) and tiered/non-unitary partnership distribution from Form IT-20 Schedule F, column C, line 10. Also enclose a completed Form IT-20 Schedule F.

Line 15 - Taxable Business Income
Subtract line 14 from line 13.

Apportionment of Income for an Entity with Multistate Activities

Lines 16a through 16d - Apportionment Method Applied
If applicable, enter the Indiana apportionment percent from the completed schedule. (Round to two decimal places, for example, 98.46%.) Check box 16a if using Form IT-20 Schedule E, line 9. Check box 16b if using Schedule E-7, Apportionment for Interstate Transportation. (This schedule is available separately on request.) Check box 16c if using another approved method. (The appropriate schedule must be enclosed.) Do not enter 100% on this line.

Line 17 - Indiana Apportioned Business Income
Multiply line 15 by the apportionment percentage on line 16d, if applicable. Otherwise, enter the amount from line 15.

Addition of Allocated and Previously Apportioned Income to Indiana

Treatment of Partnership Income

The corporate partner's and the partnership's activities might constitute a unitary business under established standards, disregarding ownership requirements. If so, the business income of the unitary business attributable to Indiana is determined by the single-factor apportionment formula. The formula consists of the corporate partner's share of the partnership's sales for any partnership year ending within or with the corporate partner's income year. The partner's proportionate shares of all the partnership's (unapportioned) state income taxes and charitable contributions and other required modifications are added back to determine the partner's AGI.

The corporate partner's activities and the partnership's activities might not constitute a unitary business under established standards. If they don't, the corporate partner's share of the partnership income attributable to Indiana is determined at the partnership level as follows:

1. If the partnership has income from sources within and outside Indiana, the income from the sources within Indiana is determined by a formula consisting of the sales of the partnership.
2. If the partnership has income from sources entirely within Indiana or entirely outside Indiana, the income is not subject to formula apportionment. Instead, all the partnership income will be allocated entirely to Indiana or to another state.

Refer to 45 IAC 3.1-1-153. For non-unitary partners, taxable partnership distributions included in federal AGI are deducted on line 14 of the return. Non-unitary partnership income attributed to Indiana, including any apportioned pro rata modifications, is entered on line 18.

Refer to the instructions for Schedule F for more information. Losses are treated the same as income; however, losses cannot exceed the limits imposed by IRC Section 704.

Line 18 - Indiana Nonbusiness and Non-unitary Partnership Income
Enter Indiana net nonbusiness income (loss) and Indiana tiered, non-unitary partnership income from Schedule F, column D, line 11.

Line 19 - Indiana Adjusted Gross Income
Enter the total of line 17 and line 18.

Deduction from Indiana Adjusted Gross Income

Line 20 - Indiana Net Operating Loss Deduction
Enter, as a positive figure, the combined amount of all available Indiana NOL carryover deductions for this taxable year as calculated on Part 2, column 3 of Schedule IT-20NOL(s). This amount should not exceed line 19. Jan. 1, 2004, is used to determine whether an Indiana NOL deduction can be claimed. Support for the entry from each loss year must be enclosed with the return. Please review the revised Form IT-20, Schedule IT-20NOL and instructions before entering an amount on line 20.

Line 21 - Taxable Adjusted Gross Income
Subtract line 20 from line 19. Enter the result here. If it is a positive figure, also enter this amount on line 22.

Tax Calculation

Line 22 - Taxable Adjusted Gross Income, continued
Enter the amount of AGI subject to tax from line 21.

Line 23 - Adjusted Gross Income Tax
Multiply the amount on line 22 by the corporate AGI tax rate if unable to otherwise qualify for a reduced rate of tax. See page 9 for relevant tax rates. Taxable income derived from a designated Indiana Military Base Enhancement Area (MBEA) is subject to tax at the rate of 5%.

It's possible to qualify as an MBEA taxpayer under IC 6-3-2-1.5. If qualified, complete Schedule M. Also check the alternate tax rate calculation box on line 23. Enter the total computed AGI tax. If the insurance gross premium tax is paid, enter zero (0).

Line 24 - Sales/Use Tax
IC 6-2.5-3-2 imposes a use tax on the use, storage, and consumption of tangible personal property in Indiana if:

- The property was purchased or rented in a retail transaction, wherever located; and
- Sales tax was not paid.

The use tax rate is 7%. If taxable items were purchased from outside Indiana , through the mail (for instance, by catalog or an offer through the mail), through radio or television advertising, and/or over the Internet, these purchases may be subject to Indiana sales and use tax if sales tax was not paid at the time of purchase.

Sales/Use Tax Worksheet

List all purchases made during the year from out-of-state companies.

Column A Description of personal property purchased from out-of-state retailer	**Column B** Date of Purchase(s)	**Column C** Purchase Price	
Magazine subscriptions:			
Mail order purchases:			
Internet purchases:			
Other purchases:			
1. Total purchase price of property subject to the sales/use tax		1C	
2. Sales/use tax: Multiply line 1 by .07 (7%)		2C	
3. Sales tax previously paid on the above items (up to 7% per item)		3C	
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-20, line 24. If the amount is negative, enter zero and put no entry on line 24 of the IT-20		4C	

Examples of taxable items include

- Magazine subscriptions;
- Office supplies:
- Electronic components;
- Computer software; and
- Rental equipment.

Any property that is purchased free of tax, by use of an exemption certificate or from out of state, and converted to a nonexempt use by the business is also subject to the use tax at the time of the conversion.

Use tax is computed on an annual basis. It should be reported on this line if not previously reported on Form ST-103. For more information regarding use tax, visit the department's website at www.in.gov/dor/ or call (317) 232-0129.

Complete the worksheet above to figure the tax. If sales tax was paid to the state where the item was originally purchased, a credit can be taken against the Indiana use tax for an amount up to 7%. Show this credit on the worksheet.

Carry the total calculated sales/use tax due to line 24 on the return. **Caution:** Do not include the amounts reported on Form ST-103 on this worksheet or on Form IT-20.

Nonrefundable Tax Liability Credits

Nonrefundable credits are limited to the amount of AGI tax. These credits, when combined, cannot be greater than the amount shown on Form IT-20 line 23. If the total of the credits is more than the AGI (line 23), adjust the entries by recalculating the credits to the amounts applied on lines 25b through 31b. Enclose the supporting schedule(s) and/or documentation requested for each credit claimed. See the following example.

Example - The line 25b college credit of $1,000 plus the line 26b credit for research expense of $25,000 equals $26,000 total credit. Line 23 AGI tax is $16,000. Because the combined credits are $10,000 more than the state tax liability, reduce the total amount of credits applied (in this case, the $25,000 research credit) by enclosing an explanation showing the calculations. Some credits have provisions that allow the unused portion to be carried forward and applied in the following year.

Line 25 - College and University Contribution Credit

A corporate taxpayer might be able to compute a credit against its income tax liability if it made a charitable contribution to one of the following:

- A college located within Indiana;
- A university located within Indiana; or
- A corporation or foundation organized for the benefit of a post-secondary educational institution located within Indiana.

Limitation for this credit: A corporation is allowed a tax credit for contributions to qualified Indiana institutions equal to 50% of the amount of money or property contributed, limited to the lesser of:

- 10% of the corporation's AGI tax for the year when the gifts are made (computed without regard to any credits against the tax); or
- $1,000.

To claim this credit, complete Schedule CC-20 (page 4 of Form IT-20), or enclose College Credit, Schedule CC-40 (enclosure sequence #8) with the return. Enter the amount of allowable credit on line 25b. For more information see Schedule CC-40 or visit the department's website at www.in.gov/dor/5175.htm.

Line 26 - Indiana Research Expense Credit

Indiana has a research expense credit that is similar to the federal credit (Form 6765). This credit is for increasing research activities based on qualifying expenses paid in carrying on a trade or business in Indiana. Compute the state credit by using Schedule IT-20REC. Claim this credit on line 26b of Form IT-20, and enclose Schedule IT-20REC. To claim a portion of a prior-year Indiana Research Expense Credit, please include the Schedule IT-20REC from the prior year being utilized.

Schedule IT-20REC is available at www.in.gov/dor/4879.htm. For more information or to contact the department, visit www.in.gov/dor/.

Line 27 - Enterprise Zone Employment Expense Credit
This credit is based on qualified investments made within an Indiana enterprise zone. It is the lesser of 10% of qualifying wages or $1,500 per qualified employee. It is limited to the amount of tax liability on income derived from an enterprise zone. See "About Enterprise Zone Tax Credits" on page 31.

For more information, see Income Tax Information Bulletin #66, available at www.in.gov/dor/3650.htm and Indiana Schedule EZ, 1, 2, and 3 available at www.in.gov/dor/3515.htm. Also, contact the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN 46204. Call (317) 232-8800 or visit iedc.in.gov for additional information.

Claim the enterprise zone employment expense tax credit on line 27b. Enclose Schedule EZ 1, 2, and 3 with the return, otherwise the credit will be denied.

Line 28 - Enterprise Zone Loan Interest Credit
This credit is for up to 5% of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone. See "About Enterprise Zone Tax Credits" on page 31.

For more information, see Income Tax Information Bulletin #66, available at www.in.gov/dor/3650.htm and Indiana Schedule LIC at www.in.gov/dor/3515.htm. Also, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204; call them at (317) 232-8800; or visit the website at iedc.in.gov/ for additional information.

Claim the enterprise zone loan interest tax credit on line 28b, and enclose Schedule LIC with the return. Otherwise, the credit will be denied.

Lines 29 through 31 – Other Nonrefundable Credits
It is possible to be eligible to claim other tax liability reduction credits. List any other qualified credits separately on lines 29 through 31. Each of the credits is assigned a three-digit code.

If claiming any credits on Schedule IN-OCC, enter the total of those credits on line 29 and enclose Schedule IN-OCC with the return. Otherwise, the credits will be denied.

When claiming the credits on lines 30 and 31, enter the name of each credit, its three-digit code, and the amount claimed. If claiming more credits, enter the information in the space to the left of line 32. Increase line 32 by the amount of the additional credit(s). Also enter a detailed explanation on Schedule H (page 4 of the return). For a list of credits see About Other Tax Liability Credits on page 29. Also see Income Tax Information Bulletin #59 available at www.in.gov/dor/3650.htm for more information about Indiana tax credits.

Restriction for Certain Tax Credits – Limited to One per Project
Within a certain group of credits, a taxpayer may not be granted more than one credit for the same project. The entity can choose the credit to be applied. However, to change the credit selected or redirect the investment for a different credit in subsequent years is not permitted. See Commissioner's Directive #29 at www.in.gov/dor/3617.htm for more information.

Six credits are included in this group:

- Alternative fuel vehicle manufacturer credit;
- Community revitalization enhancement district credit;
- Enterprise zone investment cost credit;
- Hoosier business investment credit;
- Industrial recovery credit; and
- Venture capital investment credit.

Order of Credit Application
If claiming more than one credit, first use the credits that cannot be carried over and applied against the state AGI in another year. Next, use the credits that can be carried over for a limited number of years and applied against the state AGI. If one or more credits are available, apply the credits in the order that the credits would expire. Finally, use the credits that can be carried over and applied against the state AGI in another year.

Example:

Assume a taxpayer has a neighborhood assistance credit for which no carryover is available, a Hoosier business investment credit that can be carried forward until 2019, a school scholarship credit that can be carried forward to 2023, a second Hoosier business investment credit that can be carried forward until 2024, and a community revitalization enhancement district credit with an indefinite carryforward. The taxpayer would apply the credits in the following order until the credit is exhausted or the taxpayer's liability is reduced to zero, whichever comes first:

- Neighborhood assistance credit
- Hoosier business investment credit expiring in 2019
- School scholarship credit expiring in 2023
- Hoosier business investment credit expiring in 2024
- Community revitalization enhancement district credit

See the instructions for line 37 for refundable tax liability credits. For more information about Indiana tax credits, see Income Tax Information Bulletin #59, available at www.in.gov/dor/3650.htm.

Line 32 - Total Nonrefundable Tax Liability Credits
Enter the total of the nonrefundable tax liability credits reported on lines 25b through 31b. Keep in mind all the restrictions and limitations. If there are more credits to claim, enter the information on the space to the left of line 32. Increase line 32 by the amount of the additional credit(s). Also enter a detailed explanation on Schedule H (page 4 of the return). Nonrefundable credits are limited to the amount of AGIT shown on line 23.

Line 33 - Total Taxes Due
Total the amount of taxes due: Subtract line 32 from the total of lines 23 and 24. The result may not be less than zero (0).

Caution:
The total of all credits (line 32) is limited to the amount of tax liability (line 23) unless otherwise noted. If the claims exceed the tax liability, the entries must be adjusted by recalculating the credits to the amounts applied on lines 25b through 31b.

Also see lines 36 and 37 regarding specific refundable state tax liability credits.

Credit for Estimated Tax and Other Payments

Line 34 - Quarterly Estimated Credits
Enter the total amount of the estimated quarterly income tax payments for the taxable year reported on Form IT-6 or via electronic funds transfer (EFT). Itemize each quarterly payment in the spaces provided.

Line 35 - Overpayment Credit
Enter the amount of overpayment, if any, carried over to or made for this taxable year. Specify the ending tax year(s) of the overpayment.

Line 36 - Amount of Extension Payment
Enter the amount previously paid with a valid extension of time to file the return.

Line 37 - Other Payment
Claim the amount of the refundable tax liability credit allowed for this tax year. Enclose a complete explanation for any entry made on this line.

Line 38 - Economic Development for a Growing Economy Credit
Enter the amount of Economic Development for a Growing Economy (EDGE) credit being claimed from line 19 of Schedule IN-EDGE. Complete Schedule IN-EDGE and enclose it with the return. Otherwise, this credit will be denied.

Line 39 - EDGE-R Credit
Enter the amount of EDGE-R credit being claimed from line 19 of Schedule IN-EDGE-R. Complete Schedule IN-EDGE-R and enclose it with the return. Otherwise, this credit will be denied.

Line 40 - Total Payments and Credits
Add the entries on lines 34 through 39.

Balance of Tax Due or Overpayment

Line 41 - Balance of Tax Due
Enter the net tax due (subtract line 40 from line 33).

Line 42 - Penalty for the Underpayment of Tax
Enter the penalty for the underpayment of estimated corporate income tax from Schedule IT-2220. Enclose a completed copy of this schedule even if an exception to the underpayment penalty is met. Corporations required to make quarterly estimated payments can use the annualized income installment method calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's AGI tax liability. If using this method, please check the box on this line. Also enclose a copy of the calculations when filing the tax return. The department will review each request on a case-by-case basis.

Line 43 - Interest
If a payment is made after the original due date, the payment must include interest. Interest is calculated from the original due date until the date the payment is made. For current interest rates see Departmental Notice #3 available at www.in.gov/dor/3618.htm. Or contact the department for the current interest rate by calling (317) 232-0129.

Note: An extension of time to file does not extend the time to pay any tax due. Tax due must be paid by the original due date. Interest and penalty are calculated on late payments from the due date of the payment.

Line 44 - Late Payment Penalty
Enter the penalty amount that applies:

A. If the return with payment is filed after the original due date, a penalty must be entered. The penalty is the greater of $5 or 10% of the balance of tax due. The penalty for paying late is not imposed if all three of the following conditions are met:
   - A valid extension of time to file exists;
   - At least 90% of the tax liability was paid by the original due date; and
   - The remaining tax and interest is paid by the extended due date.

B. If the return showing no tax liability (lines 23 and 24) is filed late, the penalty for failure to file by the due date is $10 per day that the return is past due, up to a maximum of $250.

Line 45 - Total Amount Owed
If a payment is due, enter the net total tax plus any applicable penalties and interest on this line. Remit this amount. A separate payment must accompany each return filed.

Line 46 - Overpayment
If the corporation has overpaid its tax liability, enter the result of line 40 minus lines 33, 42, and 44.

If the return is timely filed, a portion or all of the corporation's overpayment can be credited to the following year's estimated tax account. Complete line 48. Enter the portion to be refunded on line 47.

Line 47 - Refund
Enter the amount of overpayment requested as a direct refund.

Line 48 - Overpayment Credit
Enter the portion of the overpayment from line 46 to be credited to the following year's estimated tax account. The total of lines 47 and 48 must equal the amount shown on line 46.

Note: If the overpayment is reduced because of an error on the return or an adjustment by the department, the amount refunded (line 47) will be corrected before any changes are made to the amount on line 48. A refund may be applied to other liabilities as provided under IC 6-8.1-9-2(a) and 6-8.1-9.5. An election to apply an overpayment to the following year is irrevocable.

Certification of Signatures and Authorization Section

Sign, date, and print the corporation name on the return. If a paid preparer completes the return, authorize the department to discuss the tax return with the preparer by checking the authorization box above the line for the name of the personal representative.

Personal Representative Information

Typically, the department contacts the corporation if there are any questions or concerns about the tax return. If the department can discuss the tax return with someone else (e.g., the person who prepared it or a designated person), complete this area.

First, check the "Yes" box that follows the sentence "I authorize the department to discuss my tax return with my personal representative."

Next, enter:

- The name of the individual designated as the corporation's personal representative; and
- The individual's email address.

If this area is completed, the department is authorized to contact the personal representative, instead of the corporation, about this tax return. After the return is filed, the department will communicate primarily with the designated personal representative.

Note: You can decide at any time to revoke the authorization for the department to be in contact with your personal representative. To do so, you must tell us in a signed statement. Include your name, your Federal Identification Number, and the year of your tax return. Mail your statement to Indiana Department of Revenue, P.O. Box 7206, Indianapolis, IN 46207-7206.

Corporate Officer Information

An officer of the organization must sign and date the tax return and enter the officer's name and title. Please provide a daytime telephone number the department can call if there are any questions about the tax return. Also, provide an email address if contact via email is desired.

Paid Preparer Information

Fill out this area if a paid preparer completed this tax return. The paid preparer must sign and date the return. In addition, please enter the following:

- The paid preparer's email address;
- The name of the firm the paid preparer is employed by;
- The paid preparer's PTIN (personal tax identification number). This must be the paid preparer's PTIN; do not enter an FID or Social Security number;
- The paid preparer's complete address.

Note: Complete this area even if the paid preparer is the same individual designated as the personal representative.

Mailing Options

If taxes are owed, please mail the completed return to:

Indiana Department of Revenue
P.O. Box 7205
Indianapolis, IN 46207-7205

If taxes are not owed, please mail the completed return to:

Indiana Department of Revenue
P.O. Box 7147
Indianapolis, IN 46207-7147

Specific Instructions for Completing IT-20, Schedule E

Use of Apportionment Schedule

Under the Adjusted Gross Income Tax Act, taxable income from a trade or business carried on within and outside Indiana is now computed using a single-factor formula based on receipts. For more information, see Income Tax Information Bulletin #12, available at www.in.gov/dor/3650.htm.

Note: *Interstate transportation corporations should consult Schedule E-7 for details on apportionment of income. This schedule is available at www.in.gov/dor/4879.htm.*

Part I - Apportionment of Adjusted Gross Income

Sales/Receipts: The sales factor is a fraction. The numerator is the total receipts of the taxpayer in Indiana during the tax year. The denominator is the total receipts of the taxpayer in all jurisdictions during the tax year.

The numerator of the receipts factor must include the following:

- All sales made in Indiana;
- All sales made from Indiana to the U.S. government;
- For years beginning prior to Jan. 1, 2016, all sales made from Indiana to a state not having jurisdiction to tax the activities of the seller (throwback sales);
- All receipts from sales of business property in Indiana; and
- All interest, dividend, or other intangible income earned in Indiana.

The numerator contains intangible income attributed to Indiana, including interest from consumer and commercial loans, installment sales contracts, and credit and debit cards as prescribed under IC 6-3-2-2.2.

Total receipts include gross sales of real and tangible personal property less returns and allowances. Sales of tangible personal property are in Indiana if the property is delivered or shipped to a purchaser within Indiana regardless of the f.o.b. point or other conditions of sale. For tax years beginning on or after Jan. 1, 2016, Indiana no longer requires the inclusion of "throwback" sales in the numerator of the receipts factor.

Sales or receipts not specifically assigned above shall be assigned as follows:

(1) Gross receipts from the sale, rental, or lease of real property are in Indiana if the real property is located in Indiana;

(2) Gross receipts from the rental, lease, or licensing of the use of tangible personal property are in Indiana if the property is in Indiana. If property was both within and outside Indiana during the tax year, the gross receipts are considered in Indiana to the extent the property was used in Indiana;

(3) Gross receipts from intangible personal property are in Indiana if the taxpayer has economic presence in Indiana and such property has not acquired business situs elsewhere.

Interest income and other receipts from loans or installment sales contracts that are primarily secured by or deal with real or tangible personal property are attributed to Indiana if the security or sale property is located in Indiana; consumer loans not secured by real or tangible personal property are attributed to Indiana if the loan is made to an Indiana resident; and commercial loans and installment obligations not secured by real or tangible personal property are attributed to Indiana if the proceeds of the loan are applied in Indiana.

Interest income, merchant discounts, travel and entertainment credit card receivables, and credit card holder's fees are attributed to the state where the card charges and fees are regularly billed.

Receipts from the performance of fiduciary and other services are attributed to the state where the benefits of the services are consumed. Receipts from the issuance of traveler's checks, money orders, or United States savings bonds are attributed to the state where those items are purchased.

Receipts from investments are attributed to Indiana if the taxpayer's commercial domicile is in Indiana.

(4) Gross receipts from the performance of services are in Indiana if the income-producing activity is in Indiana. If such activities are conducted partly within and partly outside Indiana, a portion of the gross receipts from the activity shall be attributed to Indiana based on the ratio the direct costs incurred in Indiana bear to the total direct costs of the activity, unless the activities are otherwise directly attributed to Indiana according to IC 6-3-2-2.2 or IC 6-3-2-2(f).

Sales to the United States Government: The United States government is the purchaser when it makes direct payment to the seller. A sale to the United States government of tangible personal property is in Indiana if it is shipped from an office, a store, a warehouse, or another place of storage in Indiana. See the previous rules for sales other than tangible personal property if such sales are made to the United States government.

Other Gross Receipts: On line 6, report other gross business receipts not included elsewhere and pro rata gross receipts from all unitary partnerships, excluding from the factors the portion of distributive share income derived from a non-unitary partnership [45 IAC 3.1-1-153(b)].

On line 7, report direct premiums and annuity considerations received during the taxable year for insurance upon property or risks in Indiana. The terms *direct premiums and annuity considerations* mean the gross premiums received from direct business as reported in the corporation's annual statement filed with the Department of Insurance.

Total Receipts: Complete all lines as indicated. Add all the receipts in Column A (lines 1A through 7A), and enter the total on line 8A. In addition, enter the total receipts from everywhere on line 8B.

Apportionment of Income for Indiana
Divide line 8A by line 8B. Multiply by 100 to arrive at a percentage rounded to the nearest second decimal place. This is the Indiana apportionment percentage; carry it to the apportionment entry line on the return, line 16d on Form IT-20.

The department will not accept returns filed for AGI tax purposes using the separate accounting method. Form IT-20, Schedule E must be used unless the department has granted written permission. The term *everywhere* does not include sales of a foreign corporation in a place outside the United States. Refer to 45 IAC 3.1-1-153 for tax treatment of unitary corporate partners.

Part II - Business/Other Income Questionnaire
Complete all applicable questions in this section. If income is apportioned, enclose the completed Schedule E, Apportionment of Income, with Form IT-20.

Specific Instructions for Completing Form IT-20, Schedule PIC

Complete all information requested. Report transactions with any member(s) of the same affiliated group (50% ownership threshold) or foreign corporation(s) involving an intangible expense. Also report any directly related interest expense paid, accrued, or incurred within one or more members of the same affiliated group or one or more foreign corporations. Enclose additional sheets as necessary.

Explain on Schedule H (page 4 of the return) or by addendum each allowable deduction that meets an exception to the add-back requirements for disclosures. These are included in the transactions listed for Part 2. Retain the documentation that supports one or more of the exceptions claimed. If filing a consolidated federal return, enclose Form 851 (Affiliations Schedule).

Part 1 - Exceptions to the Add Back of the Deduction under IC 6-3-2-20(c)

Check the box if any of these conditions applies:

- The taxpayer and all intangible income recipients, for the purposes of the add-back requirement for line 6b of the return, are included in the same consolidated or combined Indiana return, or an Indiana FIT return.
- An agreement is on file with the department allowing an alternative method of allocation or apportionment under the adjusted gross income tax statute; or
- The department has determined, after the taxpayer's petition, that the adjustment of Part 3 (a) and (b) is unnecessary.

By checking a box, this declares that the corporation is not required to finish this schedule beyond completing Part 2 and enclosing federal Form 851 with the return.

Part 2 - Related Transactions of Intangible Property

Provide the following information on all related transactions made with a recipient member of the same affiliated group or a foreign corporation involving an intangible expense and any directly related interest expense.

Use additional sheets as necessary to complete this part:

- List the recipient's name and the federal identification number of each member of the same affiliated group or a foreign corporation regarding transactions involving an intangible expense and any directly related interest expense;
- Indicate the recipient's state or country of commercial domicile;
- Indicate the relationship or exception status with the taxpayer and the type of intangible expense deducted; and
- List the total amount paid to each recipient. This should be listed as an item of income that corresponds to an intangible expense or any directly related interest expense. Do this for all related transactions made with each member(s) of the same affiliated group or a foreign corporation(s).

Total the amounts paid to all recipients listed in Part 2, deducted from federal taxable income, as intangible expenses and directly related interest expenses.

Enclose a copy of federal Form 851 (Affiliation Schedule) if filing a consolidated federal return. Also enclose any other information necessary to determine the status under the allowed exceptions listed in Part 3.

Part 3 - Amount of Deduction to Add Back

Enclose specific supporting documentation disclosing any transaction that relates to one or more of the designated exceptions.

Specify that the transaction has a valid, primary business purpose other than tax avoidance. This business purpose must be shown by a preponderance of evidence for the transactions listed in Part 2 and certified as excludable in Part 3(a). To claim an exception(s) to the add-back, the transaction causing the expenses must have been made:

- At a commercially reasonable rate; or
- At terms comparable to an arm's length transaction, if the expenses meet the arm's length standards of United States Treasury Regulation 1.482-1(b).

The expense incurred might not be made at a commercially reasonable rate or at terms comparable to an arm's length transaction. In that case, the add-back required must be made only to the extent necessary to cause the expense to be at a commercially reasonable rate or at terms comparable to an arm's length transaction:

- Intangible expenses or any directly related interest expenses otherwise required in a taxable year for line 6b do not have to be added if one or more of the following apply to transactions made with a member of an affiliated group or a foreign corporation.
- The recipient regularly conducts transactions involving intangible property with one or more unrelated parties on terms substantially similar to those of the subject transaction.
- The payment was received from an unrelated party, and on behalf of that unrelated party, paid that amount to the recipient in an arm's length transaction.
- The recipient paid, accrued, or incurred a liability to an unrelated party during the taxable year for an equal or greater amount that was directly for, related to, or in connection with the same intangible property giving rise to the intangible expense.

- The items of income corresponding to the intangible expenses and any directly related interest expenses were included within the recipient's income that is subject to tax in another state or a country other than the United States. That state or country must be the recipient's commercial domicile and must impose a net income tax, a franchise tax measured by income, or a value added tax.
- The recipient is engaged in substantial business activities from the acquisition, use, licensing, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, or other substantial business activities separate and apart from the business activities described above as evidenced by the maintenance of a permanent office space and an adequate number of full-time, experienced employees.

(a) Total amount of exceptions: Enter an amount equal to all the amounts that qualify under one or more of the above exceptions.

(b) Net amount to add back: Subtract 3(a) from Part 2 total. Enter the net amount, and then carry this amount to lines 4 through 10 of the return.

Enclose specific supporting documentation for the transaction that relates to one or more of the designated exceptions.

Specific Instructions for Completing Form IT-20, Schedule F

Allocation of Nonbusiness Income and Indiana Non-unitary Partnership Income

In general, all of the taxpayer's transactions and activities that are dependent on or contribute to the operations of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business and are classified as business income. **Effective Jan. 1, 2016, Indiana Code (IC) 6-3-1-20 was amended to define "business income" to include all income that is apportionable to a state under the US Constitution.**

Nonbusiness Income is defined as all income not properly classified as business income.

With partnership income, the relationship between a corporate partner and the partnership controls how the business income is reported. If a unitary relationship exists, the corporate partner includes its unapportioned share of the partnership's income along with its own in the computation of business income subject to apportionment. The partner includes its pro rata share of partnership receipts in the apportionment factor.

Note: Partnership distributions included in federal taxable income derived from a partnership not having a unitary relationship with a corporate partner (taxpayer) are reported on line 9, column C. All non-unitary partnership distributions attributed to Indiana must be entered on line 9, column D for Indiana AGI. These include the apportioned share of the partnership's Indiana modifications.

Likewise, any previously apportioned income, including distributions from tiered partnerships, is treated as allocated income and is reported on line 9, column C. This is not part of the tax base of apportioned business income.

The taxpayer's pro rata portion of such income and modifications that were previously attributed to Indiana are carried to line 9, column D. The total on line 9D is added to the corporation's nonbusiness income that is allocated to Indiana. It is also added to any other business income apportioned to Indiana. These totals determine the taxpayer's total taxable income.

Line (1) Dividends from nonbusiness sources are allocated to Indiana if the commercial domicile is in Indiana. Net dividends from an FSC or a DISC (after federal Schedule C deduction) are treated as business income and must be apportioned.

Line (2) Interest from nonbusiness sources is allocated to Indiana if the commercial domicile is in Indiana.

Line (3) Net capital gains or losses from the sale of nonbusiness intangible personal property are allocated to Indiana.

Net capital gains or losses from the sale or exchange of nonbusiness tangible personal property are allocated to Indiana if:
- The property had a location in Indiana at the time of the sale; or
- The taxpayer's commercial domicile is in Indiana and the taxpayer is not taxable in the state where the property is located.

Note: If the property sold was used previously by the business, the capital gain or loss from the transaction is business income.

Line (4) Rents and royalties from real property to the extent they constitute nonbusiness income are allocated to Indiana if the real property is located in Indiana. Rents and royalties from nonbusiness tangible personal property are allocated to Indiana to the extent the property is used in Indiana.

The extent of utilization is determined by multiplying the rents and royalties by the following fraction: The numerator is the number of days of the property's physical location in Indiana during the rental or royalty periods in the tax year. The denominator is the number of days of the property's physical location everywhere during the rental or royalty periods in the tax year. Such nonbusiness rents and royalties are taxed by Indiana if;
- The taxpayer's commercial domicile is in Indiana; and
- The taxpayer is not organized under the laws of or taxable in the state in which the property is used.

Line (5) Patents, copyrights, and royalties from intangible property to the extent the income is nonbusiness income, are allocated to Indiana:

- To the extent the taxpayer uses the patent, copyright, or royalty in Indiana; or
- To the extent the taxpayer uses the patent, copyright, or royalty in a state where the taxpayer is not taxable and the taxpayer's commercial domicile is in Indiana.

A patent is used in a state to the extent it is employed in production or other processing in the state or to the extent the patented product is produced in the state.

A copyright is used in a state to the extent printing or other publication originated in the state.

Line (6) Other Nonbusiness Income: Enter other nonbusiness income not included on lines (1) through (5) and line (9).

Line (7) Total Nonbusiness Income: Enter the gross amount subtotals from lines (1) through (6), column A.

Line (8) Total Related Expenses: Add the subtotals of all related nonbusiness expenses attributed to excluded income from lines (1) through (6), column B.

Line (9) Distributive Share Income from non-unitary partnerships and tiered partnerships: In column C, enter the total non-unitary partnership and tiered partnership income reported on the federal return. In column D, enter the modified apportioned Indiana income from Form IT-65 Schedule IN K-1. Also enter any portion of tiered partnership income attributed to Indiana in this column.

Line (10) Total Net Nonbusiness Income (loss): Add all the subtotals from column C. Enter the amount of column C on line 14 of Form IT-20.

Line (11) Total Indiana Nonbusiness Income and Indiana non-unitary partnership income: Add all the subtotals from column D. Enter the amount of column D on line 18 of Form IT-20.

Specific Instructions for Completing Schedule IT-2220

Who Should File?

Schedule IT-2220 must be completed and enclosed with Form IT-20 any time the corporation did not pay the required amount of AGI tax in any particular quarter. One of them must also be completed if the corporation meets an exception to the penalty for underpayment as provided for in Indiana Code 6-3-4-4.1.

What Is the Required Amount?

The qualified estimated payments should equal 25% of the total income tax due for the year. To avoid the penalty, the quarterly estimate must equal at least 25% of the final income tax liability for the prior taxable year or equal to the payments required under the annualized method.

Corporations having annual income tax liabilities exceeding $2,500 are subject to an underpayment penalty if:

- They fail to file estimated tax payments; or
- They fail to remit a sufficient amount on a quarterly basis.

Quarterly payments are due whenever the AGI tax liability exceeds $2,500 for a taxable year.

PART I - How to Figure Underpayment of Corporate Taxes

These schedules must be used by an entity to determine whether the minimum amount of tax was paid timely.

1. Enter the total Indiana AGI tax for the taxable year from Form IT-20

2. Enter the total tax reduction (nonrefundable) credits (college credit, neighborhood assistance credit, etc.) reported on Form IT-20. **Do not** enter estimated tax payments, extension payments, or prior year's overpayment credit. The total of the tax reduction credits can never exceed the total tax on line 1.

3. Subtract line 2 from line 1. This is the current year's tax liability. If it is zero, STOP. This means there is no underpayment penalty owed.

PART II - How to Figure Exception to Underpayment Penalty

IC 6-3-4-4.1(c) states that every corporation subject to AGI is required to report and pay an estimated tax equal to the lesser of:

- 25% of the corporation's estimated adjusted gross income tax liability for the taxable year (Schedule IT-2220); or
- The annualized income installment calculated in the manner provided by Section 6655(e) of the IRC as applied to the corporation's liability for AGI tax.

Special Note for Final Short- or Fiscal-Year Filers: If the previous year was for a period of less than 12 months, it's possible to meet the exception by demonstrating what the liability would have been if a 12-month return had been filed. For example, if the previous year was for 6 months, double the total tax for that year. Then enter 25% of this total. If last year's tax was zero, enter zero on line 9.

Proceed to Part III to recalculate the actual underpayment.

PART III - How to Figure the Penalty

The penalty for the underpayment of estimated taxes is assessed on a quarterly basis. It is based on the difference between the amount paid for each quarter and 25% of the final tax liability for the current year. **If any underpayment is shown on line 10, continue by completing lines 11 through 15 in each column. Then proceed to the next column.**

10. Enter the remaining overpayment, if any, from line 14 of the preceding quarter. This amount should have any previous underpayment balance deducted from it.

11. Enter the current year's quarterly tax due. Figure this by dividing line 3 in Part I by the number of quarters in the taxable period. The divisor cannot be less than 1. Enter the result in each column. See the note for short-period filers.

12. Subtract line 13 from line 12. If line 12 is less than line 13, enter the resulting underpayment and use a minus sign to denote the negative amount. If line 12 is greater than line 13, carry the difference as an overpayment to line 11 of the next column. Before doing this, though, deduct any remaining underpayments shown on line 14 of the preceding columns.

13. **Multiply the amount of underpayment on line 14 for each column by 10% if an exception to the penalty for the quarter was not met on line 10. Enter zero on line 15 if line 10 is zero or greater for the quarter.**

14. Add the amounts on line 15 for all quarters, and enter the result. This is the total underpayment penalty due. Carry this amount to the appropriate line on the front of Form IT-20.

Short-Period Returns: Lines 9 and 13 must be changed to correspond with the short-period estimated return. Do not enter 25% of line 3 or 6. Instead, divide lines 3 and 6 by 3 for returns consisting of three full quarterly periods. Divide lines 3 and 6 by 2 for returns consisting of two full quarterly periods. Use the entire amount from lines 3 and 6 for returns consisting of one, or less than one, quarterly period. For lines 7 through 16, complete only those columns corresponding with the number of full quarters being filed.

Instructions for Schedule IT-20NOL

Indiana Net Operating Loss Deduction

Public Law 81-2004 amended IC 6-3-2-2.6 to provide a net operating loss (NOL) deduction from Indiana AGI after adding back any other NOL deductions taken pursuant to IRC Section 172. The amount of the unused Indiana balance is available for the following year. **Note:** The net operating loss carryback for corporations has been eliminated (IC 6-3-2-2.6).

All loss years ending after Jan. 1, 2004, and preexisting NOLs carried over to a taxable year after this date must be recalculated by applying the amended provisions of this act.

Deductions for NOLs that were incurred in taxable years ending before Jan. 1, 2004, and carried back or forward and deducted in taxable years ending before Jan. 1, 2004, are calculated under the law in effect for the year the NOL was incurred.

Who Should File Schedule IT-20NOL?

When claiming the loss deduction, corporate taxpayers and nonprofit organizations subject to the AGI tax and having an NOL must complete and enclose this schedule with the following Indiana corporation tax return forms:

- IT-20;
- IT-20NP; or
- IT-20X.

Schedule IT-20NOL is not in itself a claim for refund, but an attachment to show how much of the Indiana NOL deduction is applied and available to carry over. Corporations doing business as financial institutions may not use this schedule. Those corporations must complete Schedule FIT-20NOL. Any NOL incurred for FIT purposes can not be used to claim a deduction on Form IT-20.

Enclose the completed Schedule IT-20NOL, Part 1, with the loss year return.

Whenever an NOL deduction is claimed, enclose a separately completed and recomputed NOL schedule of each loss year. Use revised Schedule IT-20NOL, update Part 2 as needed, and enclose a copy with the return(s) that claim an NOL deduction.

Indiana Treatment of NOL Deduction for Adjusted Gross Income Tax Purposes

PL 81-2004, effective Jan. 1, 2004, provides for an NOL deduction from total Indiana AGI. This deduction is equal to the amount of a federal NOL, computed under IRC Section 172. It must be for the taxable year, be derived from sources within Indiana, and be adjusted for modifications required under IC 6-3-1-3.5. Modifications include:

- The add-back of property taxes (for tax periods 1998 and before);
- Income taxes;
- Charitable contributions;
- The deduction of interest on U.S. government obligations;
- A deduction for foreign gross-up; and
- Bonus depreciation.

Other state deductions (i.e., foreign source dividends) from AGI may not be used to compute the available NOL.

Use aggregate amounts if filing a consolidated return. Affiliated groups or corporations involved in mergers must follow the same guidelines as provided by the IRC and rulings issued by the IRS regarding treatment of NOL deductions. More than one Schedule IT-20NOL might be required to comply with these guidelines.

Carryover Years

Generally, to claim the Indiana NOL deduction, apply the same carryover treatment as used for federal purposes under IRC Section 172(b). **Note:** The net operating loss carryback for corporations has been eliminated per IC 6-3-2-2.6.

For loss years beginning before Aug. 6, 1997, the NOL deduction remaining can be carried forward to the 15 tax years following the loss year. (See Part II instructions.) Certain losses can be carried up to 20 years, following federal provisions.

Effective for tax years beginning after Aug. 5, 1997, federal legislation generally increased the carryforward period 20 years.

PART 1 - Computation of Indiana Net Operating Loss

Enter the tax year ending date of the loss year.

Line 1. Enter the amount of federal taxable income (loss), excluding any NOL deduction as defined in IRC Section 63, 511, 801, or 832. This is comparable to the amount, as last determined, reportable on line 3 of 2003-2011 Form IT-20, or line 1 of Form IT-20NP (without specific deduction).

Line references from prior years: use line 3 of Form IT-20, line 3 of Form IT-20SC, and line 6 of Form IT-20NP.

If the amount was previously adjusted because of an audit or amended return, enclose an explanation of how the income figure was calculated.

Note: A domestic insurance company can compute and carry over an NOL incurred from a loss year in which it was not subject to Indiana AGI tax.

Line 2. Apply any applicable modification for an NOL as calculated under provisions of IRC Section 172(d) that affect AGI. Some of the federal adjustments related to an NOL include but are not limited to:

- A corporation cannot increase its current-year NOL by carrybacks or carryovers from other years. Capital losses are limited to net capital gains.
- The dividends-received deductions for dividends received from domestic and foreign corporations are computed without regard to the aggregate limits (based on federal taxable income) that normally apply under IRC Section 246(b). This also applies to dividends received on certain preferred stock of a public utility.
- The deduction for dividends paid on certain preferred stock of public utilities can be figured without limiting it to the federal taxable income for the year under IRC Section 247(a)(1)(B).

Adjusted Gross Income Modification for Loss Year

Enter figures from the loss year's return. Enter only the items included on lines 3 through 18, and use minus signs to denote negative amounts.

Line 3. Add back all state income taxes deductible on the federal return.

Line 4. Add back charitable contributions equal to the amount deducted on the federal return.

Line 5. Add back qualified domestic production activities deductions claimed under IRC Section 199 on the federal return. Also enter the add-back amount from Form IT-20, Schedule PIC, Part 3(b), for intangible expenses and directly related interest expenses used to reduce IRC Section 63 taxable income.

Line 6. Add back the amount of any deduction for dividends paid to shareholders of a captive real estate investment trust.

Line 7. Add back or subtract an amount equal to the net bonus depreciation allowed under IRC Section 168(k) as reported for the taxable year. Also, add back an amount equal to the IRC Section 179 deduction taken for qualified property that exceeds the $25,000 cap amount recognized for state purposes.

Line 8. Subtract the net interest that is exempt from state taxation and is included in federal taxable income.

Line 9. Subtract the foreign gross-up allowable under IRC Section 78 to the extent not eliminated on line 2.

Line 10. Subtract all income or loss classified as nonbusiness. Also deduct the previously apportioned or allocable partnership income that is included as part of federal AGI. The portion attributed to Indiana is added back on line 20. It is then used to arrive at the Indiana modified AGI or NOL. Other state adjustments from Indiana income, such as the foreign source dividends deduction (IC 6-3-2-12), cannot be used to create, increase, or decrease an Indiana NOL deduction.

Line 11. Subtract the amount of income from qualified patents included in federal taxable income to the extent permitted under IC 6-3-2-21.7. See Information Bulletin #104 available at www.in.gov/dor/3650.htm for more information.

Line 12. Subtract an amount equal to the amount reported as deferred income arising from business indebtedness discharged in connection with the reacquisition after Dec. 31, 2008, and before Jan. 1, 2011, of an applicable debt instrument (as provided in Section 108(i) of the IRC), for federal income tax purposes.

Line 13. Subtract the subtotal of all other add-backs. If claiming any of these add-backs, please enclose an additional sheet detailing the amount(s) to be added back.

Line 14. Enter the total modifications. Add/subtract lines 1 through 13.

Line 15. If the apportionment of income applies in the loss year, enter the Indiana apportionment percentage from line 16d of Form IT-20 or the appropriate line from the Indiana apportionment schedule used.

Line 16. Multiply line 14 by the percent on line 15.

Line 17. Enter the amount from the completed Form IT-20. Schedule F, line 11D, Indiana nonbusiness income or loss and Indiana non-unitary partnership income or loss.

Line 18. If the result is a loss figure, this is the initial amount available as the Indiana NOL. Carry this amount to Part 2, Column (3) for the first period in which eligible to claim an NOL deduction. If the result is a positive amount, STOP. There is no Indiana NOL.

PART 2 - Computation of Indiana Net Operating Loss Deduction and Carryover

Schedule IT-20NOL must be completed for each year a loss occurs. Copies of the schedule should be enclosed with returns for all years an NOL deduction is claimed. If more than one NOL from different loss years is available, a separate Schedule IT-20NOL must be completed for each NOL deduction applied.

Note: Any NOL carried forward and deducted in a taxable year beginning after Dec. 31, 2003, is reduced by the amount of the NOL previously deducted in an earlier year.

Column (1) - Fill in the range of tax years to which the NOL is being applied, according to the tax period ending date(s). If, in one or more of these years, a loss was incurred or the AGI was previously reduced to zero by another loss carryforward, the year should still be included.

Column (2) - Enter the Indiana AGI from the taxable year of the Indiana return as last determined. Use the net taxable income amount as previously adjusted because of an amendment, or use the net taxable income amount as reduced by an NOL deduction carried over from another loss year. This should be the figure calculated before applying the unused NOL deduction from Part 1. However, if this taxable year is also a loss, enter zero (0). If the AGI was previously reduced by another NOL deduction, enclose a copy of Schedule IT-20NOL for the prior loss year. If it was previously adjusted from an audit or amended return, enclose an explanation with Schedule IT-20NOL detailing how the AGI was calculated.

Column (3) - If this is the first year to which the NOL deduction is applied, enter the deductible amount of NOL from Part 1, line 21. Otherwise, enter the remaining unused amount carried over from column (4) for the taxable year.

Net Operating Loss Deduction - For reporting purposes of the taxable year return, claim this full amount as a positive deduction on the following lines:

- Line 20 of Form IT-20;
- Line 11 of Form IT-20NP; or
- Line 2B of Indiana Amended Form IT-20X.

Column (4) - Add the amounts entered in columns (2) and (3) for the taxable year. If any Indiana AGI remains (the NOL is used in full), continue by completing the rest of the return.

Net Operating Loss Carryover - If the result is a loss, enter the remaining unused NOL in column (3) for the next carryover year. This amount will be available to offset Indiana AGI reported in column (2) of the following taxable year.

With any questions concerning Indiana's treatment of an NOL deduction, contact:

Indiana Department of Revenue
Tax Administration
P.O. Box 7206
Indianapolis, IN 46207-7206
(317) 232-0129

About Other Tax Liability Credits

Alternative Fuel Vehicle Manufacturer Credit 845

A credit is available for up to 15% for qualified investments made within Indiana between Jan.1, 2007 and Dec. 31, 2016. This credit applies to expenditures for the manufacture or assembly of alternative fuel vehicles. An alternative fuel vehicle is any passenger car or light truck with a gross vehicle weight of 8,500 pounds or less and that is designed to operate using 1 of the following:

- Biodiesel;
- Coal-derived liquid fuels;
- Denatured alcohol;
- E85;
- Electricity;
- Hydrogen;
- Liquefied petroleum gas;
- Methanol;
- Natural gas;
- Non-alcohol fuels derived from biological material;
- P-Series fuels; or
- Ultra-low sulfur diesel.

For more information on this credit, contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204; call them at (317) 232-8800; or visit iedc.in.gov. Also see Information Bulletin #103, available at www.in.gov/dor/3650.htm.

Note: See the section "Restriction for Certain Tax Credits - Limited to One per Project" on page 20.

Enter **8 4 5** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose a certificate of verification from the IEDC for the allowable amount of credit. Also enclose a proof of investment with the return, otherwise the credit will be denied.

Blended Biodiesel Credits 803

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Capital Investment Credit 804

This credit is repealed effective Jan. 1, 2014. Unused credits can be carried over until Dec. 31, 2019.

Enter **8 0 4** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Proof of investment must be enclosed, otherwise the credit will be denied.

Coal Gasification Technology Investment Credit 806

A credit is available for a qualified investment in an integrated coal gasification power plant or fluidized bed combustion technology. It must serve Indiana gas utility and electric utility consumers to qualify. This can include an investment in a facility located in Indiana that converts coal into synthesis gas that can be used as a substitute for natural gas.

File an application for certification with the IEDC. If the credit is assigned, it must be approved by the utility regulatory commission and taken in 10 annual installments. The amount of credit for a coal gasification power plant is 10% of the first $500 million invested and 5% for any amount over that. The amount of credit for a fluidized bed combustion technology is 7% of the first $500 million invested and 3% for any amount over that.

For more information, visit the Indiana Economic Development Corporation's website at iedc.in.gov or contact them at One North Capitol, Suite 700, Indianapolis, IN 46204. Information Bulletin #99 is also available at www.in.gov/dor/3650.htm.

Enter **8 0 6** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose a copy of the utility regulatory commission's determination and the certificate of compliance issued by IEDC with the return, otherwise the credit will be denied.

College and University Contribution Credit 807

A corporate taxpayer might be eligible for a credit if it made any charitable contributions to a college, university, or corporation or foundation organized for the benefit of a post-secondary educational institution located within Indiana. Compute this credit on Schedule CC-20 (page 4 of the return). **Claim this credit on line 25 of the return.** Complete Schedule CC-20 or enclose College Credit Schedule CC-40 (enclosure sequence #8) with the return, otherwise the credit will be denied.

Schedule CC-40 is available at www.in.gov/dor/3510.htm.

See Income Tax Information Bulletin #14 available at www.in.gov/dor/3650.htm for eligibility requirements or visit www.in.gov/dor for more information or to contact the department.

Community Revitalization Enhancement District Credit 808

A state and local income tax liability credit is available for a qualified investment for the redevelopment or rehabilitation of property within a community revitalization enhancement district. To be eligible for the credit, the intended expenditure plan must be approved by the IEDC before the expenditure is made. The credit is equal to 25% of the IEDC-approved qualified investment made by the taxpayer during the tax year. The department has the authority to disallow any credit if the taxpayer:

- Ceases existing operations;
- Substantially reduces its operations within the district or elsewhere in Indiana; or
- Reduces other Indiana operations to relocate them into the district.

The taxpayer can assign the credit to a lessee who remains subject to the same requirements. The assignment must be in writing. Also, any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on state income tax returns for the year of assignment.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their website at iedc.in.gov for more information about this credit.

Note: See the section "Restriction for Certain Tax Credits - Limited to One per Project" on page 20.

Enter **8 0 8** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose the certification from the IEDC, otherwise the credit will be denied.

Economic Development for a Growing Economy (EDGE)

This credit is for businesses that conduct certain activities designed to foster job creation in Indiana. It is a refundable tax liability credit. **Note:** Schedule IN-EDGE must be completed and enclosed with the return. Otherwise, the credit will not be allowed. A PIN also must be obtained from the IEDC.

Claim this credit on line 38 of the return.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. For more information call (317) 232-8800 or visit iedc.in.gov.

EDGE-R

This credit is for businesses that conduct certain activities designed to foster job retention in Indiana. It is a refundable tax liability credit. The aggregate amount of credits awarded for projects to retain existing jobs in Indiana is capped at $10 million per year. **Note:** Schedule IN-EDGE-R must be completed and enclosed with the return. Otherwise, the credit will not be allowed. A PIN also must be obtained from the IEDC.

Claim this credit on line 39 of the return.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. Visit www.iedc.in.gov for additional information.

Employer Health Benefit Plan Tax Credit 842

Per IC 6-3.1-31-14, this credit will not be awarded for tax years that begin after Dec. 31, 2011. However, it can be carried forward to tax years beginning prior to Jan. 1, 2016.

Enter **8 4 2** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose proof of continued eligibility for the credit with the return, otherwise the credit will be denied. Also include proof of the expenditures necessary to calculate the credit.

About Enterprise Zone Tax Credits

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas.

For a list of enterprise zones and corresponding contact information, go to www.in.gov/dor/3621.htm.

For more information, see Income Tax Information Bulletin #66 available at www.in.gov/dor/3650.htm. The Indiana Economic Development Corporation can be contacted at (317) 232-8800, via website at iedc.in.gov, or in person at: at 1 N. Capitol Ave., Suite 700, Indianapolis, IN 46204.

Enterprise Zone Employment Expense Credit 812

This credit is based on qualified investments made within an Indiana enterprise zone. It is the lesser of 10% of qualifying wages or $1,500 per qualified employee, up to the amount of tax liability on income derived from an enterprise zone. **Claim this credit on line 27 of the return.**

For more information on how to calculate this credit, see Indiana Schedule EZ Parts 1, 2, and 3 available at www.in.gov/dor/3515.htm.

Complete line 27b if claiming this credit. Also enclose Schedule EZ 2 with the return, otherwise the credit will be denied.

Enterprise Zone Loan Interest Credit 814

This credit can be for up to 5% of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone. **Claim this credit on line 28 of the return.**

See Information Bulletin #66. available at www.in.gov/dor/3650.htm for more information on how to calculate this credit. **Note:** Schedule LIC must be enclosed if claiming this credit; it is available at www.in.gov/dor/3515.htm. Contact the Indiana Economic Development Corporation at 1 N. Capitol Ave., Suite 700, Indianapolis, IN 46204; call them at (317) 232-8800; or visit the website at iedc.in.gov for additional information.

Complete line 28b if claiming this credit. Enclose Schedule LIC with the return, otherwise your credit will be denied.

Ethanol Production Credit 815

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Headquarters Relocation Credit 818

A business may be eligible for a credit if it:

- Has an annual worldwide revenue of $50 million;
- Has at least 75 Indiana employees; and
- Relocates its corporate headquarters to Indiana. (Effective July 1, 2013, "corporate headquarters" includes the principal offices of a division or similar subdivision of an eligible business, as well as a research and development center of an eligible business.)

The credit may be as much as 50% of the cost incurred in relocating the taxpayer's headquarters. For more information (including limitations on the credit and the application process), see Income Tax Information Bulletin #97, available at www.in.gov/dor/3650.htm. This credit is administered by the IEDC. Contact them in person at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at iedc.in.gov, or by phone at (317) 232-8800. Submit a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year with the return. Otherwise, the credit will be denied.

Enter **8 1 8** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose proof of the relocation costs as well as proof of employment of at least 75 employees in Indiana.

Historic Building Rehabilitation Credit 819

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Hoosier Business Investment Credit 820

This credit is for qualified investments, including costs associated with the following:

- Constructing special-purpose buildings and foundations;
- Making onsite infrastructure improvements;
- Modernizing existing equipment;
- Purchasing equipment used to make motion pictures or audio production;
- Purchasing or constructing new equipment directly related to expanding the workforce in Indiana;
- Retooling existing machinery and equipment;
- Constructing or modernizing transportation or logistical distribution facilities;
- Improving the transportation of goods via highway, rail, air, or water; and
- Improving warehousing and logistical capabilities.

This credit is administered by the IEDC. Contact them at One North Capitol, Suite 700, Indianapolis, IN 46204. Visit the IEDC's website at iedc.in.gov or call at (317) 232-8800. See Information Bulletin #95 at www.in.gov/dor/3650.htm for additional information. Submit a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year with the return.

Note: See the section "Restriction for Certain Tax Credits - Limited to One per Project" on page 20.

Enter **8 2 0** on Schedule IN-OCC if claiming this credit. Also enclose the certification from the IEDC with the return, otherwise the credit will be denied.

Hospital Property Tax Credit 862

IC 6-3-3-14.6 provides an income tax credit to a for-profit hospital that is licensed under IC 16-21-2; is subject to the adjusted gross income tax; provides health care, accommodations, facilities, and equipment in connection with the services of a physician to individuals who may need medical or surgical services; and is not primarily providing care and treatment of patients with a cardiac condition or orthopedic condition or who are receiving a surgical procedure.

The credit is equal to 10% of the property taxes paid in Indiana for the taxable year on property used as a hospital. The credit cannot exceed the taxpayer's adjusted gross income tax liability for the taxable year. The credit may not be refunded, but any unused portion may be carried forward.

See Income Tax Information Bulletin #112 available at www.in.gov/dor/3650.htm for additional information.

Enter **8 6 2** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit.

Indiana Comprehensive Health Insurance Association (ICHIA) 821

IC 27-8-10-2.4 provides that for each tax year beginning after Dec. 31, 2006, an insurance company can annually claim a credit against AGI tax and premiums tax. This credit is equal to 10% of the amount of the assessments paid before Jan. 1, 2005, against which a tax credit has not been taken before Jan. 1, 2005.

To claim this credit, provide a signed copy of the completed State of Indiana Assessment Tax Credit Form to show the amount of paid assessments against which a tax credit has not been taken as of Dec. 31, 2004, which was filed with the ICHIA. If the maximum amount of credit exceeds the tax liability for the year, the unused portion of the credit year can be carried forward.

Enter **8 2 1** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit.

Indiana Insurance Guaranty Association Credit 817

An insurance company might be eligible to claim a tax credit of up to 20% of an assessment paid to either the Indiana Insurance Guaranty Association or the Indiana Life and Health Insurance Guaranty Association (see IC 27-6-8-15 and IC 27-8-8-16).

Enter **8 1 7** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose a supporting assessment and credit documentation with the return, otherwise the credit will be denied.

Indiana Research Expense Credit 822

Indiana has a research expense credit similar to the federal credit (Form 6765) for increasing research activities for qualifying expenses paid in carrying on a trade or business in Indiana. Compute the credit using Schedule IT-20REC.

Claim this credit on line 26 of the return.

Schedule IT-20REC is available at www.in.gov/dor/4879.htm. To claim this credit, complete the schedule and enter the amount of credit allowed on line 26b. Enclose Schedule IT-20REC with the return, otherwise the credit will be denied. For more information contact the department or visit the department's website at www.in.gov/dor/.

Individual Development Account Credit 823

A credit is available for qualified contributions made to a community development corporation participating in an Individual Development Account (IDA) program. The IDA program is designed to assist qualifying low-income residents in accumulating savings and building personal finance skills. The organization must have an approved program number from the Indiana Housing and Community Development Authority (IHCDA) before a contribution qualifies for preapproval. The credit is equal to 50% of the qualified contribution, which must not be less than $100 and not more than $50,000.

Applications for the credit are filed through the IHCDA by using Form IDA-10/20. An approval Form IDA-20 must be enclosed with the return if claiming this credit, otherwise the credit will be denied. To request additional information about the definitions, procedures, and qualifications for obtaining this credit, contact the Indiana Housing and Community Development Authority, 30 S. Meridian Street, Suite 1000, Indianapolis, IN 46204, (317) 232-7777.

Enter **8 2 3** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit.

Industrial Recovery Credit 824

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. The IEDC must approve the application for credit and the plan for rehabilitation. A lessee of property in an industrial recovery site may be assigned tax credits based on the owner's or developer's qualified investment within the designated industrial recovery site. **Note:** Per IC 6-3.1-11-1, the minimum age for a facility to be eligible for this credit has been reduced from 20 years to 15. Effective July 1, 2013, an industrial facility does not have to be vacant for at least one year to qualify and must be only 50,000 square feet; after Dec. 31, 2014, the minimum size will be 100,000 square feet. Effective Jan. 1, 2014, shareholders, partners, and members of pass-through entities may claim this credit.

Additional information regarding procedures for obtaining this credit is available from the Indiana Economic Development Corporation, Industrial Recovery Program Manager, One North Capitol, Suite 700, Indianapolis, IN 46204. Visit the Indiana Economic Development Corporation's website at iedc.in.gov or call (317) 232-8800.

Note: See the section "Restriction for Certain Tax Credits - Limited to One per Project" on page 20.

Enter **8 2 4** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose an approval certification from the IEDC or a letter of assignment with the return, otherwise the credit will be denied.

Maternity Home Credit 825

Per IC 6-3.1-14-9, this credit will not be awarded for tax years that begin after Dec. 31, 2011. However, it can be carried forward to tax years beginning prior to Jan. 1, 2016.

To take the credit, enclose a copy of the approved application with the tax return, otherwise the credit will be denied.

Enter **8 2 5** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Attach your approved maternity home application with your return, otherwise the credit will be denied.

Military Base Investment Cost Credit 826

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Military Base Recovery Credit 827

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Natural Gas Commercial Vehicle Credit 858

A credit is available for the purchase of vehicles powered with natural gas (CNG or LNG). It applies only to vehicles weighing more than 33,000 pounds and purchased from an Indiana dealer. It is effective Jan. 1, 2014, through Dec. 31, 2016. The amount of the credit is the amount of the difference between the price of the qualified vehicle and the price of a similarly equipped vehicle that is powered by a gasoline or diesel engine multiplied by 50%. The credit is the lesser of this result or $15,000, whichever is smaller.

To be eligible for the credit, a dealer or purchaser must complete the Commercial Natural Gas Vehicle Credit form (Form NGV-C), available at www.in.gov/dor/5051.htm, and submit it to the department. The approved credit must be reported on Schedule IN-OCC, available at www.in.gov/dor/5174.htm. For more information about this credit, see Income Tax Information Bulletin #109 available online at www.in.gov/dor/3650.htm.

Neighborhood Assistance Credit 828

If the corporation made a contribution or engaged in activities to upgrade areas in Indiana, a credit can be claimed for this assistance. Effective July 1, 2014, contributions to organizations that provide services to individuals who are ex-offenders are also eligible for this credit. For more information, contact the Indiana Housing and Community Development Authority, Neighborhood Assistance Program, 30 S. Meridian Street, Suite 1000, or call (317) 232-7777 within Indianapolis or (800) 872-0371 outside of Indianapolis.

Enter **8 2 8** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose an approved Form NC-20, otherwise the credit will be denied.

New Employer Credit 850

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Riverboat Building Credit 832

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Enter **8 3 2** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose certification from the IEDC, the credit assignment, and proof of an investment with the return. Otherwise, the credit will be denied.

School Scholarship Credit 849

A credit is available for contributions to school scholarship programs. A taxpayer that makes a qualifying contribution to a scholarship granting organization (SGO) is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the contribution is made. The amount of a taxpayer's credit is equal to 50% of the amount of the contribution made to the SGO for a school scholarship program. Effective Jan. 1, 2013, this credit can now be carried forward for nine years after the unused credit year. **Note:** Credits that apply to taxable years beginning before Jan. 1, 2013, may not be carried forward.

To qualify for the credit, the taxpayer must:

- Make a contribution to a scholarship granting organization that is certified by the Department of Education under IC 20-51;
- Make the contribution directly to the SGO;
- Designate in writing to the SGO that the contribution is to be used solely for a school scholarship program or have written confirmation from the SGO that the contribution will be used solely for a school scholarship program.

Although there are no limits on the size of a qualifying contribution to an SGO, the entire tax credit program has a limit of $9.5 million in credits per state fiscal year (July 1 – June 30).

Enclose Schedule IN-OCC to claim this credit, otherwise the credit will be denied.

Small Employer Qualified Wellness Program Credit 843

Per IC 6-3.1-31.2-11, this credit will not be awarded for tax years that begin after Dec. 31, 2011, however it can be carried forward to tax years beginning prior to Jan. 1, 2016.

Enter **8 4 3** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose the certificate you receive from the DOH with your return, otherwise the credit will be denied.

Twenty-First Century Scholars Program Support Fund 834

A credit is allowed for contributions made to the Twenty-First Century Scholars Program Support Fund. The credit is equal to 50% of the contributions made during the year. However, it is limited to the lesser of 10% of the corporation's total AGI tax (as determined without regard to any credits against the tax) or $1,000. For detailed information about the scholarship program, registration, and administration, call the Office of the Twenty-First Century Scholars Program at (888) 528-4719.

To claim this credit, complete and enclose Schedule TCSP-40, otherwise the credit will be denied.

Schedule TCSP-40 is available at www.in.gov/dor/3510.htm.

Enter **8 3 4** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit.

Venture Capital Investment Credit 835

A taxpayer who provides qualified investment capital to a qualified Indiana business may be eligible for this credit. Per IC 6-3.1-24-8, for calendar years beginning after Dec. 31, 2010, the maximum credit available to a qualified business is $1 million. The carryforward provision is limited to five years. **Note:** Certification for this credit must be obtained from the Indiana Economic Development Corporation, Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204. Apply online through the IEDC's website (iedc.in.gov), or call (317) 232-8800 for more information.

Note: See the section "Restriction for Certain Tax Credits - Limited to One per Project" on page 20.

Enter **8 3 5** on lines 30a and 31a under Other Nonrefundable Credits if claiming this credit. Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied.

Special Reminders

1. A corporation electing to file as an S corporation must file on Form IT-20S.
2. A regular C corporation must file Form FIT-20, Indiana Financial Institution Income Tax Return, instead of Form IT-20 when 80% of its gross income is derived from activities that constitute the business of a financial institution. See "Other Related Income Tax Filing Requirements of a Corporation" on page 11.
3. If there is more than $1,000 in gross retail receipts from the sale of utility services, filing Form URT-1 (Utility Receipts Tax Return), in addition to Form IT-20, might be required.
4. A Nonprofit Corporation must file Form IT-20NP and/or Form NP-20. See IT-20NP booklet for more information.
5. A corporation filing on a fiscal or short-year basis must enter its tax year beginning and ending dates on the return.

6. An NOL deduction must be recalculated by completing revised Schedule IT-20NOL (as effective Jan. 1, 2004, or after).
7. Nonbusiness income must be supported by completing Form IT-20, Schedule F, Allocation of Non-business Income and Indiana Non-unitary Partnership Income.
8. The Penalty for Underpayment of Corporate Income Tax, Schedule IT-2220, must be completed and enclosed with the return to reflect the applicable penalty and/or exceptions.
9. If an extension of time to file exists, prepay at least 90% of the tax due by the original due date. Failure to do so will result in a 10% penalty on the amount paid after the original due date. Interest will be due on any payment made after the original due date. Indicate on question V whether there is on file a valid state extension of time, a federal Form 7004, or an electronic extension to file.
10. Corporations filing consolidated returns must enclose Schedule 8-D to list the affiliated Indiana group. In addition, a schedule that reflects the net federal taxable income, inter-company receipts, and Indiana modifications of each corporation must accompany the return to support the AGI calculation.
11. The department requires that the appropriate lines be completed on the official forms. For example, do not refer to a separate schedule when computing the AGI tax. Rather, complete the return in full. Failure to do so causes delays in processing.
12. Enclose copies of pages 1 through 5 of the federal Corporation Income Tax Return, Schedule M-3, or pro forma form with the Indiana corporation income tax return. This requirement is made under the authority of IC 6-8.1-5-4(d).
13. If the name change box is checked, Amended Articles of Incorporation or Amended Certificate of Authority filed with the Indiana Secretary of State must be enclosed with the return copies.
14. Check the "final return" box on question J only if the corporation is dissolved, is liquidated, or withdrew from the state. **Form BC-100 must be timely filed to close out any state sales and withholding accounts.**

For questions, please contact Tax Administration by calling (317) 232-0129.

Additional Information

Starting a New Business in Indiana

Formal business organizations require some filing with the Secretary of State, Corporations Division. It is suggested to consult an attorney before forming a formal business entity.

After a business entity has formed or been granted authority to do business in Indiana, it has an ongoing responsibility to file regular business entity reports. These reports must be filed every year by nonprofit organizations and every years by for-profit businesses. The filings are due during the anniversary month of the organization's formation.

All organizational filings and reports for formal business entities should be sent to:

Indiana Secretary of State, Business Services Division
302 W. Washington Street, Room E018
Indianapolis, IN 46204
(317)-232-6576
www.in.gov/sos/business/index.htm

Information Line and Front Desk Hours:

8:00 a.m. to 4:30 p.m., Monday through Friday
(except state holidays)
Forms are available via fax 24 hours a day.
Call (800) 726-8000 (in Indiana)

For more detailed information about new businesses, check out the general requirements for starting business in the *Business Owner's Guide to State Government.*

Registering with the Indiana Department of Revenue

When starting a new business in Indiana, the new business owner might need to register with the department. Registration is required if the business owner will have employees. It's also required if the business owner intends to sell (retail or wholesale) or rent or lease tangible personal property.

Any company registering for Indiana withholding tax must provide its federal employer identification number (EIN). If a business owner does not have an EIN, visit www.irs.gov to register for one.

INBiz (www.inbiz.in.gov) can be used to register with the department for the following:

- Alcohol and tobacco tax;
- Retail Sales tax;
- Out-of-State Sales tax;
- Metered Pump Sales tax;
- Tire Fee tax;
- Fuel Taxes;
- Wireless Prepaid Fees;

- Type II Gaming taxes;
- Withholding tax;
- Food and beverage tax;
- County innkeeper's tax; and
- Motor vehicle rental excise tax.

If it is indicated on a business tax registration that a business will be collecting Indiana gross retail sales tax, the business will be issued a Registered Retail Merchants Certificate (RRMC).

An RRMC must be displayed at each location of business. A company that provides a service but has no employees might not need to register. If unsure, contact the department at (317) 232-0129.

Registering Multiple Locations: To register multiple locations or add a location to an existing business via INBiz (www.inbiz.in.gov). To consolidate tax filings for all or some of the locations, complete Form BT-1C (Authorization for Consolidated Sales Tax Filing Number). This form is located at www.in.gov/dor/3731.htm

Sales Tax Exemption Certificates

Registered retail merchants must collect Indiana sales tax on any sale of tangible personal property unless the customer presents a valid exemption certificate. The exemption certificate is kept by the seller as part of its business records and sales invoices. It must:

- Be legible;
- Be signed; and
- Include the customer's tax exempt number.

A business registered as a retail merchant can issue an exemption certificate and purchase tangible personal property exempt from sales tax when the property is:

- Purchased for resale;
- Made into property being resold;
- Directly used in the manufacturing of tangible personal property to be sold; or
- Exempt by law.

INtax: Legislation now requires the filing and remitting of withholding and sales tax electronically.

Businesses can file and remit their sales and withholding taxes through INtax, Indiana's free online tool that enables businesses to manage business tax obligations for Indiana retail sales, withholding, out-of-state sales, metered pump sales, tire fees, fuel taxes, wireless prepaid fees, and type II gaming taxes. The tax forms currently supported in INtax include the following:

- ST-103;
- ST-103MP;
- WH-1;
- WH-3;
- TF-103;
- SF-401;
- SF-900;
- MF-360;
- WPC-103;
- TTG-103;
- ST-103CAR;
- GT-103DR;
- GT-103;
- FAB-103; and
- CIT-103

In INtax, businesses can make payments with either ACH Debit or credit card. ACH Debit is an EFT method of payment. Alternatively, businesses can have a software vendor or tax professional manage tax obligations. This still meets the electronic mandate requirement because the software vendor or tax professional will file and pay electronically. Another option for sales tax compliance is meeting the Streamlined Sales Tax requirements. For more information, visit www.in.gov/dor/3341.htm.

Schedule M
Form IT-20/IT-20S
State Form 56097
(8-16)

Alternate Adjusted Gross Income Tax Calculation

Use this schedule to attribute income subject to a reduced tax rate that is derived from sources both within and outside a Qualified Military Base Enhancement Area (MBEA) in Indiana. Calculate tax due on total Indiana taxable income.

To be eligible for the tax rate of 5%, the corporation must locate all or part of its operations in a qualified MBEA. A qualified area means:

(1) A military base (as defined in IC 36-7-30-1(c));

(2) A military base reuse area established under IC 36-7-30;

(3) The part of an economic development area established under IC 36-7-14.5-12.5 that is or formerly was a military base (as defined in IC 36-7-30-1(c)); and

(4) A qualified MBEA(s) established under IC 36-7-34, located in Indiana.

First Tax Year of Application: __________________ (The alternate tax rate application applies to the taxable year in which the corporation locates or expands its operations in the qualified area and to the next succeeding four taxable years.)

Indicate name of designated military base area(s) and the extent of qualifying business operations within each area:

____

____

____

Apply the following procedure to determine the part of a corporation's taxable adjusted gross income that was derived from sources within a qualified area(s):

Enter total value of operations for each column.

Column A Activity from a Qualified MBEA	**Column B** Activity within Indiana Only	**Column C** Activity Percent from MBEA

1. **Sales Factor** - Enter total gross receipts .... 1a $ ______________ 1b $ ________________ 1c ______________%
Divide line 1a by line 1b; enter the percent on line 1c.

2. **Enter total taxable Indiana adjusted gross income from line 21 of Form IT-20 or line 10 of Form IT-20S** .... 2 $ ___________

3. Multiply line 2 by percent on line 1; enter here:............ 3a $ ______________ and multiply result by 5% ...... 3b $ ___________

4. Subtract amount on 3a from line 2 .... 4 $ ___________

5. Multiply result by tax rate (see instructions) .... 5 $ ___________

6. Indiana adjusted gross income tax: Combine amounts on lines 3b and 5; enter here .... 6 $ ___________

Carry grand total from line 6 to line 23 of Form IT-20 or line 12 of Form IT-20S. Check box on line 23 of Form IT-20 for alternate tax rate calculation and enclose a complete copy of this schedule with your return.

Caution: A taxpayer is not entitled to the alternate reduced tax rate if the taxpayer substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations within the qualified area, unless the taxpayer had existing operations in the qualified area and the operations relocated to the qualified area are an expansion of the taxpayer's operations in the qualified area. A determination made by the Department of Revenue that a taxpayer is not entitled to the alternate reduced tax rate as a result of a reduction or cessation of operations applies to the taxable year in which the substantial reduction or cessation occurs and in all subsequent years.

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Form
IT-20
State Form 44275
(R14 / 8-16)

Indiana Department of Revenue

Indiana Corporate Adjusted Gross Income Tax Return

For Calendar Year Ending December 31, 2016 or Other Tax Year

Beginning ____ ____ 2016 and Ending ____ ____ ________

2016

Check box if name changed. ☐

Name of Corporation		Federal Identification Number
Number and Street	Indiana County or O.O.S.	Principal Business Activity Code
City / State	ZIP Code	Telephone Number

J. *Check all boxes that apply:* ☐ Initial Return ☐ Final Return ☐ In Bankruptcy ☐ Insurance Co. ☐ Farmer's Cooperative ☐ REMIC

K. Date of incorporation ________ in the state of ________
L. State of commercial domicile ________
M. Year of initial Indiana return ________
N. Location of records if different from above address:
____

O. Check box if the corporation paid any quarterly estimated tax using different federal identification numbers ☐

P. Check box if you file federal Form 1120 on a consolidated basis ☐

Q. I am filing on a combined basis, and there are material changes in circumstances since the last petition was filed. ☐Y

R. 80% or more of gross income is derived from making, acquiring, selling, or servicing loans or extensions of credit. ☐Y

S. This is a consolidated return for adjusted gross income tax. ☐Y

T. This return is filed on a combined basis. ☐Y

U. In determining taxable income, I deducted any intangible expenses or directly related intangible interest expenses paid to =<50% owned affiliates. ☐Y

V. I have on file a valid extension of time (federal Form 7004 or an electronic extension of time) to file my return. ☐Y

W. This entity reports income from disregarded entities. ☐Y

Round all entries

	Line	Amount	
Computation of Adjusted Gross Income Tax			
1. Federal taxable income (before federal NOL and special deductions); use a minus sign for negative amounts	1		00
2. Net qualifying dividends deduction from federal Schedule C, Form 1120	2		00
3. **Subtract** line 2 from line 1	3		00
Modifications for Adjusted Gross Income (see instructions)			
4. Enter name of addback or deduction ________ Code No. __ __ __	4		00
5. Enter name of addback or deduction ________ Code No. __ __ __	5		00
6. Enter name of addback or deduction ________ Code No. __ __ __	6		00
7. Enter name of addback or deduction ________ Code No. __ __ __	7		00
8. Enter name of addback or deduction ________ Code No. __ __ __	8		00
9. Enter name of addback or deduction ________ Code No. __ __ __	9		00
10. Enter name of addback or deduction ________ Code No. __ __ __	10		00
11. Subtotal (add/subtract lines 3 through 10; use a minus sign for negative amounts)	11		00
Other Adjustments			
12. Foreign source dividends (from worksheet) and other adjustments. Use a minus sign for deductions	12		00
13. Subtotal of income with adjustments (add lines 11 and 12)	13		00
14. Deduct: All source nonbusiness income or (loss) and non-unitary partnership distributions from IT-20 Schedule F, column C, line 10	14		00
15. Taxable business income (subtract line 14 from line 13)	15		00
Apportionment of Income for Entity with Multistate Activities			
16. Check one of the following apportionment methods used, attach completed schedule, and enter percentage on line 16d ☐ 16a Schedule E, from line 9. ☐ 16b Schedule E-7, from line 10 (for interstate transportation). ☐ 16c Other approved method.			
16d. Enter Indiana apportionment percentage, if applicable (round percent to two decimals)	16d	.	%
17. Indiana apportioned business income (multiply line 15 by percent on line 16d) *If apportionment of income is not applicable, enter the total amount from line 15.*	17		00
Add Allocated and Previously Apportioned Income to Indiana			
18. Enter Indiana nonbusiness income or loss and Indiana non-unitary partnership income or loss from IT-20 Schedule F, column D, line 11	18		00
19. Indiana adjusted gross income before net operating loss deduction (add lines 17 and 18)	19		00
Deduct from Indiana Adjusted Gross Income			
20. Indiana NOL deduction. Enter as positive amount from column 3 of Schedule IT-20NOL(s) for each loss year	20		00
21. Taxable adjusted gross income (subtract line 20 from line 19 and carry positive result to line 22 on page 2 of return)	21		00

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Tax Calculation

22. Enter amount of Indiana adjusted gross Income subject to tax from line 21	22	00
23. Indiana adjusted gross income tax (multiply line 22 by tax rate; see instructions; cannot be less than zero)	23	00
Note: If using alternate tax rate calculation, attach completed Schedule M and check box. ☐		
24. Sales/use tax due from worksheet	24	00
Nonrefundable Tax Liability Credits (enclose supporting documentation)		
25. College and University Contribution Credit (CC-20) page 4 of return 25a. 807	25b	00
26. Indiana Research Expense Credit (IT-20REC) 26a. 822	26b	00
27. Enterprise Zone Employment Expense Credit (EZ 2) 27a. 812	27b	00
28. Enterprise Zone Loan Interest Credit (LIC) 28a. 814	28b	00
Other Nonrefundable Credits (see instructions)		
29. Enter the total of certified credits claimed from Schedule IN-OCC and enclose this schedule with your return.	29	00
30. Enter name of credit ____________ Code No. 30a. __ __ __	30b	00
31. Enter name of credit ____________ Code No. 31a. __ __ __	31b	00
32. Total of nonrefundable tax liability credits (add lines 25b through 31b; sum of credits applied may not exceed line 23; other restrictions may apply)	32	00
33. Total taxes due (add lines 23 and 24 and then subtract line 32; cannot be less than zero)	33	00
Credit for Estimated Tax and Other Payments		
34. Total quarterly estimated income tax paid (itemize quarterly IT-6/EFT payments below) Qtr1_________ Qtr 2_________ Qtr 3 _________ Qtr 4_________	34	00
35. Enter overpayment credit from tax year ending _____________	35	00
36. Enter this year's extension payment	36	00
37. Other payments (attach supporting evidence)	37	00
38. EDGE credit (enter amount from line 19 of Schedule IN-EDGE)	38	00
39. EDGE-R credit (enter amount from line 19 of Schedule IN-EDGE-R)	39	00
40. Total payments and credits (add lines 34 through 39)	40	00
Balance of Tax Due or Overpayment		
41. **Balance of Tax Due:** If line 33 is greater than line 40, enter the difference as the net tax balance due	41	00
42. Penalty for Underpayment of Income Tax from attached Schedule IT-2220 ☐ Check box if using annualization method	42	00
43. Interest: If payment is made after the original due date, compute interest. (Contact the Department for current interest rate)	43	00
44. Late Penalty: If paying late, enter 10% of line 41; see instructions. If lines 23 and 24 are zero, enter $10 per day filed past due date; see instructions on page 24	44	00
45. **Total Amount Owed:** Add lines 41 through 44. Make check payable to Indiana Department of Revenue. Pay in U.S. funds	45	00
46. Overpayment: If the sum of lines 33, 42, 43, and 44 is less than line 40, enter the difference as an overpayment	46	00
47. Refund: Enter portion of line 46 to be refunded	47	00
48. Overpayment Credit: Amount of line 46 less line 47 to be applied to the following year's estimated tax account	48	00

Certification of Signatures and Authorization Section

Under penalties of perjury, I declare I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

I authorize the Department to discuss my return with my personal representative (see instructions) ☐Yes ☐No

Paid Preparer's Email Address EE

Personal Representative's Name (Print or Type)

Email Address

Signature of Corporate Officer Date

Print or Type Name of Corporate Officer Title

Signature of Paid Preparer Date

Print or Type Name of Paid Preparer

Paid Preparer: Firm's Name (or yours if self-employed)

PTIN

Telephone Number

Address

City

State Zip Code + 4

If you owe tax, please mail your return to IN Department of Revenue, PO Box 7087, Indianapolis, IN 46207-7087.
If you do **not** owe any tax, mail it to IN Department of Revenue, PO Box 7231, Indianapolis, IN 46207-7231.

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SCHEDULE E
Form IT-20/20S/20NP/IT-65
State Form 49105
(R15 / 8-16)

Indiana Department of Revenue

Apportionment of Income for Indiana

for Tax Year Beginning ____ ____ 2016 and Ending ____ ____ ____

Name as shown on return

Federal Identification Number

Each filing entity having income from sources both within and outside Indiana must complete an apportionment schedule except financial institutions and certain insurance companies that use a single receipts factor. Interstate transportation entities must use Schedule E-7. Combined unitary filers must use the apportioning method (relative formula percentage) as outlined in Information Bulletin #12 and Tax Policy Directive #6. Omit cents; percents should be rounded two decimal places; read apportionment instructions.

Part I - Indiana Apportionment of Adjusted Gross Income

Sales/Receipts (less returns and allowances)

Include all non-exempt apportioned gross business income. Do not use non-unitary partnership income of previously apportioned income that must be separately reported as allocated income.

	Column A Total Within Indiana	Column B Total Within and Outside Indiana	Column C Indiana Percentage
Sales delivered or shipped to Indiana:			
1. Shipped from within Indiana	.00		
2. Shipped from outside Indiana	.00		
Sales shipped from Indiana to:			
3. The United States government	.00		
4. Purchasers in a state where the taxpayer is not subject to income tax (under P.L. 86-272) (for years beginning prior to Jan. 1, 2016 only)	.00		
Other			
5. Interest & other receipts from extending credit attributed to Indiana	.00		
6. Other gross business receipts not previously apportioned	.00		
7. Direct premiums and annuities received for insurance upon property or risks in Indiana	.00		
8. **Total Receipts:** Add column A receipts lines on 1A through 7A and enter in line 8A. Enter all receipts on line 8B	8A .00	8B .00	
Apportionment of income for Indiana:			
9. **Apportionment Percentage:** Divide line 8A by line 8B (insert as percent, not decimal)			9 . %

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Part II - Business/Other Income Questionnaire

1. List all business locations where the taxpayer has operations or partnership interests and indicate type of activities. This section must be completed - attach additional sheets if necessary.

City | State | Nature of Business Activity

Accepts Orders? ☐ Yes ☐ No | Registered to Do Business? ☐ Yes ☐ No | Files Returns in State? ☐ Yes ☐ No

Property in State Leased? ☐ Yes ☐ No | Property in State Owned? ☐ Yes ☐ No

City | State | Nature of Business Activity

Accepts Orders? ☐ Yes ☐ No | Registered to Do Business? ☐ Yes ☐ No | Files Returns in State? ☐ Yes ☐ No

Property in State Leased? ☐ Yes ☐ No | Property in State Owned? ☐ Yes ☐ No

City | State | Nature of Business Activity

Accepts Orders? ☐ Yes ☐ No | Registered to Do Business? ☐ Yes ☐ No | Files Returns in State? ☐ Yes ☐ No

Property in State Leased? ☐ Yes ☐ No | Property in State Owned? ☐ Yes ☐ No

City | State | Nature of Business Activity

Accepts Orders? ☐ Yes ☐ No | Registered to Do Business? ☐ Yes ☐ No | Files Returns in State? ☐ Yes ☐ No

Property in State Leased? ☐ Yes ☐ No | Property in State Owned? ☐ Yes ☐ No

2. Briefly describe the nature of Indiana business activities, including the exact title and principal business activity of any partnership in which the taxpayer has an interest:

3. Indicate any partnership in which you have a unitary or general partnership relationship:

4. Briefly describe the nature of activities of sales personnel operating and soliciting business in Indiana:

5. Do Indiana receipts for line 3A include all sales shipped from Indiana to (1) the U.S. government; or (2) locations where this taxpayer's only activity in the state of the purchaser consists of the mere solicitation of orders? If no, please explain. ☐ Yes ☐ No

6. List the source of any directly allocated income from partnerships, estates, and trusts not in the taxpayer's apportioned tax base:

Schedule PIC - Disclosure of Intangible Expense and Directly Related Intangible Interest Expense

State Form 53126
(R11 / 8-16)

For Tax Year Beginning ____ ____ 2016 and Ending ____ ____ ____

Enter name of corporation as shown on return

Part 1 - Exception to the Add-back of the Deduction

Check applicable box if any of these conditions apply:

a. ☐ The taxpayer and all intangible income recipients, for the purpose of the add-back requirement for the return (3-digit code: 115), are included in the same consolidated or combined Indiana return.

b. ☐ An agreement is on file with the department allowing an alternative method of allocation or apportionment under the adjusted gross income tax statute.

c. ☐ The department has determined, following taxpayer's petition, that the adjustment of Part 3 (a) and (b) is unnecessary.

If a box is checked, you declare that the corporation is not required to finish this schedule beyond completing Part 2 and enclosing federal Form 851 with the return.

Part 2 - Related Transactions of Intangible Property

List transactions made with every recipient. Add additional sheets as necessary.

Name of recipient	Federal ID number	State or county of domicile	Relationship or exception status with taxpayer and type of intangible expense deducted	Amount paid to recipient
1.				
2.				
3.				
4.				

Total of Part 2 - Add amounts paid to all recipients ....

Part 3 - Amount of Deduction to Add Back - *See instructions for list of exceptions*

(a) Total Amount of Exceptions - Enter an amount equal to all of the amounts that qualify under one or more of the above exceptions. *You must explain on Schedule H or enclose with the return specific supporting documentation for each transaction that relates to one or more of the designated exceptions* .... 3(a)

(b) Net Amount to Add Back - Subtract 3(a) from Part 2 total. Enter net amount here. *Carry this amount to line 4-10 of IT-20*. 3(b)

Schedule H - Additional Explanation or Adjustment of Items Elsewhere on Return (Carry subtotals to respective schedules. Round all entries.)

Column A Reference to line number	Column B Explanation	Column C Amount
		00
		00
		00
		00

Foreign Source Dividends Deduction Worksheet (excluding foreign gross up) for dividends reported on federal Schedule C included in taxable income.

Percentage of voting stock owned	Column A **Remainder of federal taxable dividends** (after Schedule C special deductions) **from foreign corporations**	Column B **Dividended deduction rate**	Column C **Dividend deduction** Column A x Column B (enter as negative value; round all entries)
80% or more of stock owned:	$	100%	- 00
50% but less than 80%:	$	85%	- 00
Less than 50% owned:	$	50%	- 00
Foreign Source Dividends Deduction from Adjusted Gross Income Add Column C and carry to Form IT-20, line 12..........			- 00

Schedule CC-20 - College and University Contribution Credit

Column A - Name of Indiana College or University (List charitable contributions)	**Column B Date**	**Column C Amount given (round all entries)**
		00
		00

1. Total contributions to Indiana colleges and universities 00
2. 50% of line 1 or $1,000, whichever is less 00
3. Enter amount of tax from line 23 of Form IT-20 or line 12 of Form IT-20S 00
4. 10% of line 3 (multiply line 3 by .10) 00
5. Credit - Lesser of line 2 or line 4 (enter here and on line 25b of Form IT-20 or line 18 of Form IT-20S 00

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Schedule
IT-2220
State Form 440
(R15 / 8-16)

Indiana Department of Revenue

Penalty for Underpayment of Corporate Income Tax

or Other Tax Year Beginning ______ ______ **2016 and Ending** ______ ______ ______

☐ Check box if using annualization method **(See instructions in the booklet)** Page attachment sequence #7

Name of Corporation or Organization	Federal Identification Number

Part I - How to Figure Underpayment of Corporate Tax

Round all entries

1. Enter Indiana **adjusted gross income tax** (if less than $2,500, enter -0-)	1		00
2. Enter total **tax reduction credits** excluding estimated taxes paid for the taxable period (cannot exceed amount on line 1)	2		00
3. Subtract line 2 from line 1. If zero, stop; you do not owe an underpayment penalty	3		00

Part II - How to Figure Exception to Underpayment Penalty

4. Enter the portion of your prior year's final income tax liability, net of tax reduction credits (do not reduce by estimated taxes paid), that is relative to the number of months in the current taxable period (see instructions)	4		00

Short-period filers see note following line 16 instructions in the booklet.

Quarterly Estimated Tax Paid for Taxable Year		**(a)** 1st quarter	**(b)** 2nd quarter	**(c)** 3rd quarter	**(d)** 4th quarter
5. Enter in columns (a) through (d) the quarterly installment dates corresponding to the 20th day of the 4th, 6th, 9th, and 12th months of the tax year	5	/ /	/ /	/ /	/ /
6. Enter estimated income tax paid/credited on or before the due date of the installment for each quarter	6	00	00	00	00
7. Enter the overpayment, if any, **from the preceding column** that exceeds any remaining prior underpayments shown on line 10 (use minus sign for negative amounts)	7		00	00	00
8. Add line 6 and line 7 for each column	8	00	00	00	00
9. Divide line 4 by 4 or by the number of quarters in the tax period; enter the result in columns (a) through (d)	9	00	00	00	00
10. Subtract line 9 from line 8 for each quarter. If the result is a negative figure, you have **not** met any exception to the penalty for the quarter	10	00	00	00	00
Part III - How to Figure Penalty					
11. Enter the overpayment, if any, **from the preceding column** that exceeds any remaining prior underpayments shown on line 14 (use minus sign for negative amounts)	11		00	00	00
12. Add line 6 in Part II and line 11 above for each quarter	12	00	00	00	00
13. Divide line 3 in Part I by 4 or the number of quarters in the tax period; divisor cannot be less than 1. Enter result in applicable columns	13	00	00	00	00
14. Subtract line 13 from line 12. If the result is a negative figure, this is your underpayment for the quarter (use minus sign for negative amounts)	14	00	00	00	00
15. If line 10 shows zero or more for the quarter, the overpayment exception is met. Enter zero on line 15. **Otherwise, compute 10% penalty on the underpayment shown on line 14 for each column** (use minus sign for negative amounts). Enter the penalty, if any, for the quarter as a positive figure	15	00	00	00	00

16. Add line 15, columns (a) through (d). This is your total **underpayment penalty**. Enter it here and carry to the appropriate line of Form IT-20 or IT-20NP	16	00

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IT-20 Schedule F
State Form 49104
(R15 / 8-16)

Indiana Department of Revenue

Allocation of Non-business Income and Indiana Non-unitary Partnership Income

For Tax Year Beginning ______ ______ **2016** **and Ending** ______ ______ ______

Name as shown on return	Federal Identification Number

Complete all applicable sections. See separate instructions for IT-20 Schedule F in income tax booklet. Attach additional sheets if necessary.
Identify each item of income. Indicate the amount of related non-business expenses (other than state income taxes) for each income source. For every line with an entry, subtract column B from column A and enter the net amount in column C. Also enter the net amount in column D if the income is attributable to Indiana. Use a minus sign to denote negative amounts. Round all entries.

Column AA **(1) Dividends** (not from DISC or FSCs) Excess after federal and state foreign source dividends deduction: Source	Column BB Percent Owned (if foreign)	Column A **Total Amount**	Column B **Related Expenses**	Column C **Net Amount All Sources**	Column D **Net Amount Indiana Source**
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
Carry forward subtotals from additional sheets		00	00	00	00
Total Dividends, Expenses, and Net Amounts		00	00	1C 00	1D 00
(2) Interest (Do not include interest from U.S. government obligations.)					
Source and Type	Short/Long Term				
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
Carry forward subtotals from additional sheets		00	00	00	00
Total Interest, Expenses, and Net Amounts		00	00	2C 00	2D 00
(3) Net Capital Gains or Losses from Sale or Exchange of Personal Property and Real Estate (Indicate if tangible or intangible property.)					
Source and Type	Gross Proceeds				
	00	00	00	00	00
	00	00	00	00	00
	00	00	00	00	00
	00	00	00	00	00
	00	00	00	00	00
	00	00	00	00	00
	00	00	00	00	00
Carry forward subtotals from additional sheets		00	00	00	00
Total Net Gains, Expenses, and Net Amounts		00	00	3C 00	3D 00

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Indiana Department of Revenue

Allocation of Non-business Income and Indiana Non-unitary Partnership Income

Column AA **(4) Rents and Royalties from Tangible Personal Property and Real Estate** Source	Column BB Former or Current Business Use Yes/No	Column A **Gross Amount**	Column B **Related Expenses**	Column C **Net Amount All Sources**	Column D **Net Amount Indiana Source**
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
		00	00	00	00
Carry forward subtotals from additional sheets		00	00	00	00
Total Rents/Royalties, Expenses, and Net Amounts		00	00	4C 00	4D 00

(5) Patents, Copyrights, and Royalties from Intangible Property Source				
	00	00	00	00
	00	00	00	00
	00	00	00	00
	00	00	00	00
	00	00	00	00
Carry forward subtotals from additional sheets	00	00	00	00
Total Patents/Royalties, Expenses, and Net Amounts	00	00	5C 00	5D 00

(6) Other (Nonbusiness Income) Source and Type				
	00	00	00	00
	00	00	00	00
	00	00	00	00
	00	00	00	00
	00	00	00	00
Carry forward subtotals from additional sheets	00	00	00	00
Total Other Income, Expenses, and Net Amounts	00	00	6C 00	6D 00

(7) Total Non-business Income (add subtotals in column A) 7A 00

(8) Total Related Expenses (add subtotals in column B, lines (1) through (6)) 8B 00

(9) Distributive Share Income from Non-unitary Partnerships & Tiered Partnerships

Column AA Name of Partnership (list previously apportioned/allocated partnership distributions)	Column BB LLC or LLP	Federal K-1 Distributive Share of Income from Non-unitary/ Tiered Partnership(s)	Indiana IN K-1 Distributive Share of Income from Non-unitary/ Tiered Partnership (including modifications)
		00	00
		00	00
		00	00
Carry forward subtotals from additional sheets		00	00
Total Federal Non-unitary Partnership Income; Net Amount Attributed to Indiana		9C 00	9D 00

(10) Total Net Non-business & Non-unitary Partnership Income
(add subtotals in column C, lines 1C through 6C plus line 9C)
Carry total of line 10C to line 14 of Form IT-20. **10C** 00

(11) Total Net Non-business & Non-unitary Partnership Income from Indiana Sources
(add subtotals in column D, lines 1D through 6D plus line 9D)
Carry total of line 11D to line 18 of Form IT-20. **11D** 00

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Schedule
IT-20NOL
State Form 439
(R13 / 8-16)

Indiana Department of Revenue
Corporate Income Tax
Indiana Net Operating Loss Deduction

Use a minus sign to denote negative amounts. Page attachment sequence #9

Name of Corporation or Organization	Federal Identification Number

PART 1 — Computation of Indiana Net Operating Loss (NOL) **Loss Year Ending:**
Complete Schedule IT-20NOL for each loss year.

Round all entries

Taxable Income or Loss

		Line	Amount
1.	Enter federal taxable income or loss, including special deductions but excluding any federal net operating loss deduction (Form IT-20, line 3; IT-20NP, line 1)	1	00
	IRC Section 172(d) Modification for Loss Year		
2.	Enter an amount, to the extent required under IRC Section 172, which reflects all other federal adjustments for an NOL pursuant to IRC Section 172(d) *(See federal Form 1139; attach computation)*	2	00
	Adjusted Gross Income Modification for Loss Year		
3.	Add back: All state income taxes based on or measured by income (includes property taxes before 1999)	3	00
4.	Add back: All charitable contributions (IRC Section 170)	4	00
5.	Add back: Domestic production activities deduction (IRC Section 199) and IT-20 Schedule PIC Part 3(b) amount	5	00
6.	Add back: Deduction for dividends paid to shareholders of a captive real estate investment trust	6	00
7.	Add or subtract: Net bonus depreciation allowance plus excess IRC Section 179 deduction	7	00
8.	Deduct: Interest on U.S. government obligations, less related expenses	8	00
9.	Deduct: Foreign gross up (IRC Section 78) as determined on federal Form 1118	9	00
10.	Deduct: All source nonbusiness income or loss and nonunitary partnership distributions (from IT-20 Schedule F, line 10C)	10	00
11.	Deduct: Qualified patents income	11	00
12.	Add or subtract: Income from the deferral of business indebtedness discharge and reacquisition	12	00
13.	Add or subtract: Subtotal of all other add-backs. See instructions	13	00
14.	Total modified income (add/subtract lines 1 through 13)	14	00
	Indiana Business Income or Loss		
15.	Enter Indiana apportionment percentage of loss year *(Form IT-20, line 16d; IT-20NP, line 9)* *(if apportionment of income is not applicable, enter the total amount from line 14 on line 16)*	15	%
16.	Indiana apportioned business income or loss *(multiply line 14 by percent on line 15)*	16	00
	Previously Allocated and Apportioned Income or Loss Attributed to Indiana		
17.	Add Indiana nonbusiness income or loss and Indiana nonunitary partnership income or loss *(from IT-20 Schedule F, line 11D)*	17	00
18.	**Indiana modified adjusted gross income or net operating loss** *(add lines 16 and 17)*	18	00

If line 18 is a negative figure, this is the NOL available to carry forward against modified Indiana adjusted gross income. To claim this deduction, you must apply the same carryover treatment as used for federal income tax purposes. Continue by entering line 18 loss figure in Part 2, column (3) for the taxable period to which the NOL deduction is initially applied.

Continued on next page ▶

PART 2 — Computation of Indiana Net Operating Loss Deduction and Carryover

Make required entries, as specified to compute the amount of Indiana modified adjusted gross income used. **Add all entries across columns 2 & 3 for each tax year; enter result in column 4.** If result is a loss, also enter loss in column 4 for the next carryover year.

Carryover: Update this schedule for each tax year. Claim the remaining NOL from column 3 as a positive deduction on your return.

Note: A taxpayer is not entitled to carry back any net operating losses. (IC 6-3-2-2.6)

(1) **List Tax Period Ending**	(2) **Indiana Adjusted Gross Income (if zero or less, enter -0-)**	(3) **Indiana Net Operating Loss Deduction for the Taxable Year**	(4) **Indiana Adjusted Gross Income or Remaining Unused Net Operating Loss**
Carried to the following:			
1st year ________		-	
2nd year ________		-	
3rd year ________		-	
4th year ________		-	
5th year ________		-	
6th year ________		-	
7th year ________		-	
8th year ________		-	
9th year ________		-	
10th year ________		-	
11th year ________		-	
12th year ________		-	
13th year ________		-	
14th year ________		-	
15th year ________		-	
16th year ________		-	
17th year ________		-	
18th year ________		-	
19th year ________		-	
20th year ________		-	

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