

INDIANA DEPARTMENT OF REVENUE
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INDIANAPOLIS, IN 46204-2253
www.in.gov/dor/

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STATE OF INDIANA

Nonprofit Organization Unrelated Business Income Tax Booklet

2016 Form IT-20NP

This booklet contains forms and instructions for preparing the Indiana adjusted gross income tax return on unrelated income of nonprofit organizations.

Indiana Department of Revenue
**2016 Nonprofit Organization Unrelated Business
Income Tax Return**

Administrative and Legislative Tax Highlights

Withholding Change

For account periods beginning in 2015 and after, the WH-18 has been eliminated and Schedule IN K-1 is the form that verifies the nonresident withholding has been remitted on behalf of the filing entity.

Offset Credit(s) Repealed

The Historic Building Rehabilitation Credit has been repealed. A credit may still be carried forward providing there was an unused amount available from periods prior to it being repealed

Add-Back Repealed

The add-back for Certain Trade or Business Deductions Based on Employment of Unauthorized Aliens has been repealed, requiring no additional reporting.

Several Additional Add-Backs Repealed

The following add-backs have been repealed, effective Jan. 1, 2016: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 7 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Indiana Lottery Winnings Deduction Repealed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 8.

Computing the Tax Rate

The corporate AGI tax 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 Whose Tax Year Endings Are Not 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%.

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/.

General Instructions for 2016

Form IT-20NP

If filing federal Form 990 or 990T, enclose a copy of the federal return(s) with Form IT-20NP.

Who Must File Form IT-20NP

All nonprofit organizations must file Form IT-20NP to report any unrelated business income over \$1,000 during the tax year. For

further information concerning filing requirements and how to obtain status as a nonprofit organization, see Income Tax Information Bulletin #17 (www.in.gov/dor/3650.htm).

Nonprofit Corporations (Domestic and Foreign)

A corporation can be formed for profit or nonprofit purposes. A nonprofit organization is an association whose purpose is to engage in activities that do not provide financial profit to the benefit of its members. Such corporations must obtain nonprofit or tax exempt status from the IRS and Indiana Department of Revenue to be free from certain tax burdens.

Forms for Specific Nonprofit Organizations

Type of Entity	Federal Form Filed or Requirement	Indiana Form	Due Date	Misc. Information
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.
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.
Nonprofit Organization	Federal Form 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, get Information Bulletin #17 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 IRS Section 513.
	Federal Form 990 or 990T	NP-20	15th day of the 5th month following close of the taxable year	
	Utility Service Provider	URT-1	15th day, 4th month following close of taxable year	
Religious or Apostolic Organization	Federal Form 1065	IT-65	15th day of the 4th month following close of the taxable year	

Accounting Methods and Taxable Year

The department requires the use of the method of accounting that is used for federal income tax purposes. The taxable year for the unrelated business income tax must be the same as the accounting period adopted for federal adjusted gross income tax purposes. If the apportionment provisions do not fairly reflect the organization's Indiana income, the taxpayer must petition the department for permission to use an alternative method.

Due Date for Filing Form IT-20NP

The Form IT-20NP return is due on or before the **15th** day of the **5th month** following the close of the tax year.

When an organization does not file a federal return pursuant to the Internal Revenue Code, its tax year shall be the calendar year unless permission is otherwise granted.

Exempt Organization

The unrelated business income of an exempt organization is subject to the AGI tax and must be reported on Form IT-20NP. If any part of the gross income received by such an organization is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate, the organization will not be granted an exemption. The term "private benefit or gain" does not include reasonable compensation paid to employees for work or services actually performed.

To preserve the exemption, a specific group or organization cannot be organized or maintained for private gain or profit.

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 the **Indiana Department of Revenue, P.O. Box 7228, Indianapolis, IN 46207-7228**.

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, provided 90% of the current year's total tax liability is paid on or prior to the original 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. In November of each year, the department establishes the interest rate for the next calendar year. See Departmental Notice #3 at www.in.gov/dor/3618.htm for interest rates.

If a valid extension of time or a federal electronic extension to file, **check box L** on the front of the return. If applicable, enclose a copy of the federal extension of time with the return when filing a state return.

Amended Returns

To amend a previously filed Form IT-20NP, a corrected copy of the original form must be filed. Check box A1 at the top of the form if filing an amended return. To claim a refund of an overpayment, the return must be filed within three years from the later of the date of overpayment or the due date of the return.

IC 6-8.1-9-1 entitles a taxpayer to claim a refund because of a reduction in tax liability resulting from a federal modification. The claim for refund should be filed within 180 days from the date of modification by the Internal Revenue Service. If an agreement to extend the statute of limitations for an assessment is entered into between the taxpayer and the department, the period for filing a claim for refund is likewise extended.

Estimated Quarterly Tax Payments

A nonprofit organization whose adjusted gross income tax liability on unrelated business income exceeds \$2,500 for a taxable year must file quarterly estimated tax payments.

If the organization's estimated payments exceed the tax liability, credit should be claimed on the annual return, Form IT-20NP, to request a refund or carry over the excess amount to the next year's estimated tax account. If an estimated account needs to be established, obtain Form E-6 to remit the initial payment and to request preprinted quarterly estimated IT-6 returns.

The quarterly estimated tax payments are submitted with an appropriate Indiana voucher, Form IT-6, or by electronic funds transfer (EFT), depending on the amount of the payment due. The quarterly due dates for estimated income tax payments for calendar-year organizations are April 20, June 20, Sept. 20, and Dec. 20, 2016. Fiscal-year and short-year filers must remit by the 20th day of the 4th, 6th, 9th, and 12th months of the tax period.

Claim the credit for estimated and extension payments on lines 18 and 19 of Form IT-20NP. Taxpayers should note that refunds reflected on the annual corporate income tax return may be applied to the next taxable year's estimated liability by entering the amount to be credited on line 31 of the IT-20NP return. An overpayment of estimated payments must be claimed on the annual return to obtain a refund. After a check is remitted for the

remainder of a year's estimated income tax liability, no further estimated returns should be filed with the department after the date of payment. All checks remitted to the department should be accompanied by a return or a complete explanation for the payment. A zero liability for a quarter does not require Form IT-6 to be filed.

The quarterly estimated payment must be equal to the lesser of 25% of the adjusted gross income 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 adjusted gross income tax.

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

Electronic Funds Transfer Requirements

A nonprofit organization's quarterly estimated tax must be remitted by EFT if the amount of tax on unrelated business income of the organization exceeds an average liability of \$5,000 per quarter (or \$20,000 annually). Because there is no minimum amount of payment, the department encourages all taxpayers not required to remit by EFT to participate voluntarily in our EFT program.

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

If the Indiana Department of Revenue notifies an organization of its requirement to remit by EFT, the organization must:

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

Failure to comply will result in a 10% penalty on each quarterly estimated income tax liability not sent by EFT. **Note:** The Indiana Code does not require the extension of time to file payment or final payment due with the annual return to be paid by EFT. Claim any EFT payment as an extension or estimated payment credit. Do not file a return indicating an amount due if any remaining balance has been paid or will be paid by EFT.

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

Penalty for Underpayment of Estimated Taxes

Organizations estimating income taxes are subject to a 10% underpayment penalty if they fail to timely file estimated tax payments or fail to remit a sufficient amount. To avoid the penalty, the required quarterly estimated payments must be at least 20% of the total income tax liability for the current taxable year or 25% of the organization's final income tax liability for the previ-

ous tax year. The penalty for the underpayment of estimated tax is assessed on the difference between the actual amount paid by the organization for each quarter and 25% of its final income tax liability for the current tax year. Refer to Schedule IT-2220, Penalty for the Underpayment of Corporate Income Taxes, which is available online at www.in.gov/dor/5507.htm.

Use Schedule IT-2220 to show an exception to the penalty if the nonprofit organization underpaid its income tax for any quarter. If an exception to the penalty is not met, payment of the computed penalty must be included with the return. The required estimate should exceed the annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's liability or 25% of the final tax liability for the prior taxable year. If either of these conditions is met, no penalty will be assessed for the estimated period.

Instructions for Completing Form IT-20NP

Filing Period and Identification

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

The identification section of the return must be completed regarding the tax year, name, address, county, date organized, federal identification number, business activity code number, and telephone number. Please use the full legal name of the organization and its current 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 and enclose copies of the amended Articles of Incorporation 4162 or Amended Certificate of Authority filed with the Indiana Secretary of State with the return. The federal identification number shown in the box in the upper-right corner of the return must be accurate and the same as used for federal purposes.

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.

Other **Unrelated Business Activity** numbers that might be applicable:

900000	Unrelated debt-financed activities (other than rental or real estate)
900001	Investment Activities by Section 501(c) (7), (9), or (17) organizations
900002	Rental of tangible personal property
900003	Passive income activities with controlled organizations
900004	Exploited exempt activities
999999	Unclassified establishments (unable to classify)

Questions K and L

K. Check or complete all boxes that apply to the return.

Check the “final return” box only if the nonprofit 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. Go to www.in.gov/dor/3731.htm to complete this form online.

Check the appropriate box if filing Indiana Schedule M, Alternate Adjusted Gross Income Tax Calculation.

L. Check the Yes box if an extension of time to file the return is in effect. **If applicable, enclose a copy of federal Form 7004 when filing a state return.**

Report of Unrelated Business Income

All organizations described in Internal Revenue Code (IRC) 501(c) and IRC 401(a), including churches, religious organizations, hospitals, social organizations, business leagues, pension trusts, and all other institutions, that are subject to the tax imposed by IRC 511 are also subject to Indiana adjusted gross income tax on unrelated business income.

IC 6-3-2-3.1 provides that only the unrelated business income (as defined in IRC 513) of an organization otherwise exempt from adjusted gross income tax under IC 6-3-2-2.8(1) is subject to adjusted gross income tax. (This section does not apply to the United States, its agencies or instrumentalities or to the State of Indiana, its agencies or political subdivisions.)

Pension trusts that would be taxed as a trust were it not for the exemption under IRC Section 501(a) will be taxed as a trust on any unrelated business income (as defined in IRC Section 513) and should file a Form IT-41.

Income from bingo events; raffles; door prizes; charity game nights; festival events; and the sale of pull tabs, punchboards, and tip boards are considered unrelated business income unless the organization uses completely volunteer labor and is properly registered with the Indiana Gaming Commission to conduct such activities.

The organization may have income from the sources enumerated on IT-20NP schedules that is not subject to tax as unrelated business income. To be subject to tax, the income must be from a trade or business activity regularly carried on by the nonprofit organization that is not substantially related to its exempt purpose. Indiana follows the Internal Revenue Service’s rulings regarding types of income substantially related to or not related to an organization’s exempt purpose. Refer to Internal Revenue Service Publication 598.

Exclusions from Unrelated Business Income

Items that do not constitute income from an “unrelated trade or business” include:

- (1) Any trade or business in which substantially all the work is performed for the organization without compensation;
- (2) Any trade or business carried on by a charitable organization or by a state college or university primarily for the convenience of its members, students, patients, officers, or employees;
- (3) Any trade or business consisting of selling merchandise, substantially all of which has been received by the organization as gifts or contributions;
- (4) The furnishing by a qualified hospital at or near cost of certain common services, including purchasing, billing and collection, and record keeping, to small hospitals, i.e. serving fewer than 100 in-patients;
- (5) Qualified public entertainment activities of certain types of exempt organizations when a qualifying organization regularly conducts as one of its substantial exempt purposes an agriculture and educational fair or exposition;
- (6) Qualified convention and trade show activities of a qualifying organization that regularly conducts, as one of its substantial exempt purposes, a show that stimulates interest in, and demand for, the products of a particular industry or segment of an industry;
- (7) Certain charity gaming events as long as the organization is properly licensed;
- (8) Certain pole rentals, by a mutual or cooperative telephone or electric company;
- (9) Certain distributions of low-cost articles, incidental to the solicitation of charitable contributions, and the exchange or rental of mailing lists by charitable organizations; and
- (10) Sponsorship payments for which the payer receives no substantial return benefit other than the use or acknowledgement of the name, logo, or product lines of the payer’s trade or business in connection with the organization’s activities.

Adjusted Gross Income Tax Computation for Unrelated Business Income

Under the Adjusted Gross Income Tax Act, the department recognizes the method of accounting used for federal income tax purposes. If income is received from activity outside Indiana that is subject to tax in another state, the apportionment formula must be used. Enclose the completed Schedule E, Apportionment of Income, with the return.

Note: Round all entries to the nearest whole dollar amount. Do not use a comma in dollar amounts of four digits or more. For example, instead of entering “3,455” enter “3455.”

Line 1. Enter unrelated business taxable income (before net operating loss deduction and specific deductions) from federal Form 990T, Exempt Organization Business Income Tax Return.

Line 2. In computing unrelated business taxable income, a specific deduction of \$1,000 is allowed. However, the \$1,000 specific deduction is not allowed in computing a net operating loss (NOL) deduction. Generally, the deduction is limited to \$1,000 regardless of the number of unrelated businesses in which the organization is engaged. An exception is provided in the case of a diocese, a province of a religious order, or a convention or an association of churches that may claim a specific deduction for each parish, individual church, district, or other local unit, to the extent these unrelated businesses are not separate legal entities. In these cases, the specific deduction is limited to the lower of \$1,000 or the gross income derived from an unrelated trade or business regularly carried on by the local unit.

Line 3. Enter interest, after deducting all related expenses, on United States government obligations included on the federal income tax return, Form 990T. Refer to Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm for a listing of eligible items.

Line 4. Enter the amount of income from qualified utility and plant patents. Enclose Schedule IN-PAT with the return.

Line 5. Add lines 2, 3, and 4.

Line 6. Subtract line 5 from line 1.

Line 7. Enter all other adjustments and modifications to unrelated business income. Enter any addbacks and deductions on this line. Use minus signs to denote negative amounts. Enclose 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. 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 addback 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 addback on the 2023 state tax return.

Enter the following modifications on this line:

Charitable Contributions – Enter an amount equal to any IRC section 170 deduction claimed on the federal return.

State Income Taxes – Enter all income taxes (based on or measured by income levied at the state level) claimed on the federal return.

Bonus Depreciation – Add or subtract an amount to bonus depreciation in excess of any regular depreciation that would be allowed had not an election under IRC Section 168(k) been made as applied to property in the year that it was placed into service. Taxpayers who own property for which additional first year special depreciation for qualified property, including 50% bonus depreciation, was allowed in the current taxable year or in an earlier taxable year must add or subtract an amount necessary to make the adjusted gross income equal to the amount computed without applying any bonus depreciation. The subsequent depreciation allowance is to be calculated on the state’s stepped-up basis until the property is disposed. Commissioner’s Directive #19 (www.in.gov/dor/3617.htm) explains this initial required modification on the allowance of depreciation for state tax purposes.

Section 179 Expense – Add or subtract the amount necessary to make the adjusted gross income of the organization that placed any IRC Section 179 property in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made for the year in which the property was placed in service to take deductions (as defined in IRC Section 179) in a total amount exceeding \$25,000. The depreciation allowances in the year of purchase and in later years must be adjusted to reflect the additional first-year depreciation deduction, including the special depreciation allowance for 50% bonus depreciation property, until the property is sold.

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 \$100,000 deduction was not allowed for purposes of calculating Indiana AGI. However, the beginning \$400,000 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.

Domestic Product Deduction – Enter an amount equal to the amount claimed as a deduction for qualified domestic production activities under IRC Section 199 for federal income tax purposes.

Deduction for Qualified Preferred Stock –

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.

OOS Municipal Obligation Interest – 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 addback. 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 addback for interest earned on these obligations. For more information, see Information Bulletin #19, online at www.in.gov/dor/3650.htm.

Indiana Lottery Winnings Annuity Deduction - Proceeds from a winning Hoosier Lottery ticket from a lottery held prior to July 1, 2002, may be deducted from Indiana adjusted gross in-

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

Note: If the net amount determined for line 7 is a negative figure, because of a higher depreciation basis in subsequent years, use a minus sign to denote the negative amount. If the unrelated business income is a loss, this adjustment, when added back, increases a loss.

Enclose a statement with the return to explain any adjustment claimed on line 7.

Line 8. Add line 6 and line 7.

Line 9. If apportioning income, enter the Indiana percentage (rounded to two decimal places) from line 9 of IT-20 Schedule E, Apportionment of Adjusted Gross Income. Do not enter 100%. Enclose completed return page 3, and see instructions on page 13 for this schedule.

Line 10. Multiply line 8 by the Indiana apportionment percentage modification on the allowance of depreciation for state tax on line 9. If line 9 is not applicable, enter the amount from line 8.

Line 11. Enter as a positive figure the full amount of the available Indiana NOL carryover deduction as calculated on revised Schedule IT-20NOL. If carrying an NOL deduction, enclose Schedule IT20-NOL, as effective on or after Jan. 1, 2004. This corporate form is available from the department at www.in.gov/dor/5507.htm.

Please review the revised Schedule IT-20NOL and its instructions before entering an amount on line 11.

Line 12. Subtract line 11 from line 10.

Line 13. Enter any income from Form 1120-POL.

Line 14. Add line 12 and line 13. Indiana adjusted gross income tax for taxable year.

If line 14 is a negative figure, enter zero.

Line 15. Multiply line 14 by the tax rate. (See page 2 for the tax rate and how to compute it.)

Qualified 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 and enclose a copy of **Schedule M, Alternate Adjusted Gross Income Tax Calculation** and check question **box K**. (Schedule on the front of Form IT-20NP. This form is available in the current-year Indiana Corporate Income Tax Booklet, which can be found online at www.in.gov/dor/5507.htm.)

Summary of Calculations

Line 16. IC 6-2.5-3-2 imposes a use tax at the rate of 7% on the use, storage, and consumption of tangible personal property in Indiana when sales tax was not paid at the point of purchase and no exemption from tax exists. Nonprofit organizations qualify for exemption from use tax under the following conditions:

- The nonprofit organization is exempt from the gross retail sales tax under IC 6-2.5-5-22 through 26;
- The property or service is used to further its nonprofit purpose; or
- The organization is not operated predominantly for social purposes.

Purchases of tangible personal property to be used by organizations operated predominately for social purposes are subject to use tax. If more than 50% of the expenditures are for or related to social activities such as food and beverage services, golf courses, swimming pools, dances, parties, and other similar social activities, the organization is considered to be predominately operated for social purposes. In no instance will purchases for the private benefit of any member of the organization or any other individual, such as meals or lodging, be eligible for exemption.

Registered merchant's for Indiana, report nonexempt purchases on Form ST-103, Indiana Sales/Use Tax Return. If Form ST-103 is not required or all taxable purchases have not been properly included on the ST-103 return, complete the Sales/Use Tax Worksheet on page 2 of the return and report the tax due on this line. **Caution:** Do not report any amounts from the ST-103 on this worksheet or on Form IT-20NP. Find additional information regarding sales/use tax for nonprofit organizations in Sales Tax Information Bulletin #10 (www.in.gov/dor/3650.htm) or by calling (317) 232-0129.

Line 17. Add lines 15 and 16.

Credits and Payment Computation

Line 18. Enter the total amount of estimated quarterly income tax payments made for the calendar year 2016 or for a fiscal tax year beginning in 2016 and ending in 2017. Itemize each payment in the spaces provided.

Line 19. Enter the total amount paid with valid extension.

Line 20. Enter the amount of prior-year overpayment credit.

Line 21. 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 22. 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 23. Claim any other allowable credit(s) by entering the name, credit ID code number, and amount. The total of nonrefundable credit(s) is limited to the amount of income tax on line 15, unless otherwise noted. If the claim exceeds the amount of the tax liability, adjust by recalculating the credit to the amount that may be applied. See the section "Other Credits" on page 12. Refer to Income Tax Information Bulletin #59 at www.in.gov/dor/3650.htm for more information about Indiana tax credits available to taxpayers.

A detailed explanation or supporting schedule must be enclosed with the return for any credits claimed on line 23, otherwise the credit will be denied. If there is state credit for withholding on Schedule IN K-1, claim Indiana credit by enclosing a copy with the return and using credit ID code 841 on this line.

Sales/Use Tax Worksheet		
List all purchases made during 2016 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-20NP, line 16. If the amount is negative, enter zero and put no entry on line 16 of the IT-20NP.....		4C

Line 24. If claiming any credits on IN-OCC including credits passed through from Schedule IN K-1 Part 2, enter the total of those credits here and enclose Schedule IN-OCC with the return. The credit codes reported on IN-OCC are 820, 839, 849, 857, 858, 860, 1820, 1849, 1858, 1860. Failure to enclose the IN-OCC with the return will result in the denial in any of the credits listed above.

Line 25. Add lines 18 through 24. Note that certain credits may not exceed the amount of tax liability on lines 15.

Line 26. If line 17 is greater than line 25, enter the difference here.

Line 27. Enter the amount of calculated penalty for the underpayment of income taxes from Schedule IT-2220. Enclose a completed Schedule IT-2220, which is available at www.in.gov/dor/5506.htm. Corporations required to make quarterly estimated payments are permitted to use the annualized income installment method calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's adjusted gross income tax liability. If using this method, please check the box on this line and enclose a copy of the calculations when filing the tax return. The department will review each request on a case-by-case basis.

Note: If a taxpayer's annual liability exceeds \$2,500, filing quarterly estimated payments to remit 25% of the estimated annual tax liability is required.

Line 28. For the current rate of interest charged see Departmental Notice #3 available at www.in.gov/dor/3618.htm.

Line 29. Enter the penalty amount that applies:

- A. If the return with payment is made after the original due date, a penalty that is the greater of \$5 or 10% of the balance of tax due on line 26 must be entered. The penalty for paying late is not imposed if all three of the following conditions are met:
- (1) A valid extension of time to file exists;
 - (2) At least 90% of the tax liability was paid by the original due date; and
 - (3) The remaining tax is paid by the extended due date.
- B. If the return showing no tax liability on line 17 is filed late, a penalty for failure to file by the due date will be \$10 per day that the return is past due, up to a maximum of \$250.

Line 30. Add lines 26 through 29. Make a separate payment for each return filed. Payments to the department must be made with U.S. funds.

Line 31. Enter the result of line 25 minus lines 17, 27, 28, and 29.

Line 32. Enter the portion of the overpayment to be refunded.

Line 33. If electing to credit all or a portion of the overpayment to next year's estimated adjusted gross income tax account, enter the amount of the overpayment to be applied. An election to apply an overpayment to the following year is irrevocable.

The sum of lines 32 and 33 must equal the amount of the total overpayment on line 31. If the overpayment is reduced due to an error on the return or an adjustment by the department, the amount to be refunded (line 32) will be corrected before any changes are made to the amount on line 33. Any refund due may be applied to other liabilities under IC 6-8.1-9-2(a) and IC 6-8.1-9-5.

Certification of Signatures and Authorization Section

Sign, date, and print the entity's 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 entity 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 entity'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 entity, about this tax return. After the return is filed, the department will communicate primarily with the designated personal representative.

Note: The authorization for the department to be in contact with the personal representative can be revoked at any time. To do so, submit a signed statement to the department. The statement must include a name, Federal Identification Number of the entity, and the year of the tax return. Mail the statement to Indiana Department of Revenue, P.O. Box 7206, Indianapolis, IN 46207-7206.

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

Please mail completed returns to:
Indiana Department of Revenue
P.O. Box 7228
Indianapolis, IN 46207-7228

Instructions for Indiana Apportionment of Adjusted Gross Income

Use of Apportionment Schedule E

If an organization has unrelated business (adjusted gross) income from both within and outside Indiana, the organization must apportion its income by means of the formula under IC 6-3-2-2.

The department will not accept returns filed for adjusted gross income tax purposes using the separate accounting method. IT-20 Schedule E (or Schedule E-7 for interstate transportation companies) must be used unless written permission is granted from the department. The term "everywhere" does not include sales of a foreign corporation in a place outside the United States.

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 January 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 9 on Form IT-20NP.

The department will not accept returns filed for AGI tax purposes using the separate accounting method. Form IT-20NP, 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-20NP.

Other Credits Available to Nonprofit Organizations

Each of the following credits is assigned a three-digit code number for identification. When claiming the credit on line 23, enter the name of the credit, the three-digit code, and the amount claimed.

If you are claiming more than one other credit, enter the other credit(s) name and 3-digit code number on the Additional Explanation or Adjustment area on page 2 of the return. Enter the total amount of other credits claimed on line 23.

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 taxpayer can choose the credit to be applied but is not permitted to change the credit selected or redirect the investment for a different credit in subsequent years. Refer to Commissioner's Directive #29 at www.in.gov/dor/3617.htm for more information. Nine 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.

Apply this restriction first when figuring credits.

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

For more information about Indiana tax credits, get Information Bulletin #59 at www.in.gov/dor/3650.htm.

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 get Information Bulletin #103 at www.in.gov/dor/3650.htm.

Note: See the section “Restriction for Certain Tax Credits - Limited to One per Project” on page 12 .

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.

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.

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. Complete Schedule CC-20 or enclose College Credit Schedule CC-40 with the return, otherwise the credit will be denied.

See Income Tax Information Bulletin #14 at www.in.gov/dor/3650.htm for eligibility requirements. Contact the department at www.in.gov/dor/ for more information.

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 the IEDC 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 12.

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 the return. Otherwise, the credit will not be allowed. A PIN also must be obtained from the IEDC.

Claim this credit on line 21 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/ for additional information.

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 22 of the return.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. Visit 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.

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. Enterprise zone maps are available at www.in.gov/dor/3622.htm.

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

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

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.

Get Information Bulletin #66 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.

Enclose Schedule LIC with the return, otherwise the 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), get Income Tax Information Bulletin #97 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 to the department a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year.

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 to the department a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year.

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

Enclose certification from the IEDC with the return, otherwise the credit will be denied.

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.

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).

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, which is available online at www.in.gov/dor/5507.htm. Enclose Schedule IT-20REC with the return, otherwise the credit will be denied.

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.

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.

Get additional information regarding procedures for obtaining this credit 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 12.

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..

Attach the approved maternity home application with the 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.

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

Neighborhood Assistance Credit 828
If the taxpayer 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.

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.

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).

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.

Enclose the certificate from the DOH with the 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. Get detailed information about the scholarship program, registration, and administration by calling 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.

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

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 12.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied

Additional Information

INtax

Free online program to manage Indiana business tax accounts.

Reduce the burden of managing sales and withholding tax obligations by using INtax, Indiana's free online business tax filing program. INtax puts the business owner in control of the tax accounts.

INtax features include

- **File** and pay any time of day.
- **Schedule** future payments.
- **Check** account balances instantly.
- **Manage** multiple businesses under one profile.
- **Review** transaction history and receipt confirmation.
- **Establish** multiple users and set access rights by user.
- **Correspond** directly and confidentially with the department.

To take advantage of this free service, visit intax.in.gov.

Other Related Income Tax Filing Requirements of a Nonprofit Organization

Utility Receipts Tax Form URT-1

IC 6-2.3-2-1 imposes a utility receipts tax of 1.4% on the gross receipts from the retail sale of utility services. The utility services subject to tax include electrical energy, natural gas, water, steam, sewage, and telecommunications.

Gross receipts are defined as the value received for the retail sale of utility services. If a taxpayer has more than \$1,000 in gross receipts from the sale of utility services, Form URT-1 (Utility Receipts Tax Return) might be required in addition to the annual Form IT-20 and 20NP. Refer to Commissioner's Directive #18 at www.in.gov/dor/3617.htm for further information.

The URT-1 return is due on the 15th day of the 4th month following the close of the taxpayer's tax year.

Utility Services Use Tax Form USU-103

The organization might be subject to an excise tax of 1.4% on the consumption of utility services if the organization purchased utility services from outside Indiana and became the end user in Indiana. Utility services use tax (USUT) is due if the utility receipts tax is not payable by the seller. The person who consumes the utility service in Indiana is liable for the USUT tax based on the price of the purchase. Unless the seller of the utility service is registered with the department to collect the USUT on the organization's behalf, pay the tax on Form USU-103. For more information, refer to Commissioner's Directive #32, available at www.in.gov/dor/3617.htm.

The USU-103 return is due monthly by the 30th day following the end of each month.

View Estimated Tax Payments Online and Make Payments by ePay

Corporate taxpayers can now verify state estimated tax payments and balances online. This feature saves time, helps to avoid delayed refunds, and identifies estimated discrepancies prior to filing. Visit www.in.gov/dor/4340.htm to access estimated tax information.

Please have the following information available:

- Name;
- Taxpayer's federal tax ID or employer identification number (EIN);
- Current street address; and
- Last payment amount;

View it at www.in.gov/dor/4340.htm. If there are any questions, please call the department at (317) 232-0129.

Voluntary Compliance Program

A taxpayer may have an unmet filing requirement with Indiana. To learn more about the department's Voluntary Disclosure Program, contact the department at:

Voluntary Compliance Program-MS#104
Indiana Department of Revenue
100 N. Senate Ave., IGCN#241
Indianapolis, IN 46204

Formation of Nonprofit Corporation

Nonprofit entities can be organized formally or informally. Forming a corporation creates a specific legal entity. A nonprofit organization incorporated in this state (a domestic corporation) must have on file Articles of Incorporation 4162 with the Corporations Division of the Indiana Secretary of State. An organization incorporated in another state or foreign government must have on file an Application for Certificate of Authority 37035 with the Secretary of State. This allows a foreign (outside Indiana) corporation to do business in Indiana.

Application for Nonprofit Status and Registration

Contact the Internal Revenue Service for 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 6197
Indianapolis, IN 46206-6197
(317) 232-0129

After nonprofit status is granted, file the **Indiana Nonprofit Organization's Annual Report** NP-20 to maintain state recognition of the sales tax exemption. If the organization has unrelated business income over \$1,000 during the tax year, it must also file Form IT-20NP with the department. For more about nonprofit filing requirements, go to www.in.gov/dor/3650.htm and obtain Information Bulletin #17.

The Annual Report and income tax return are due on the 15th day of the 5th month following the close of the organization's tax year.

Charity Gaming Activities

If an organization conducts bingo games, raffles, charity game nights, or other games of chance, the organization needs to know the licensing, reporting, and withholding rules. Legal charity gaming is limited to bingo; raffles; door prizes; charity gaming nights; a festival event; and the sale of pull tabs, punchboards, and tip boards. Each of these activities requires notification and/or licensing.

All nonprofit organizations planning to conduct charity gaming activities must register with the Indiana Gaming Commission by filing Form CG-QA, Charity Gaming Qualification Application. Activities such as auctions, midway-style games, and games of skill are not regulated by the charity gaming law.

Contact:

Indiana Gaming Commission
101 W. Washington Street East Tower, Suite 1600
Indianapolis, IN 46204
(317) 23-BINGO ((317) 232-4646)
Web address: www.in.gov/igc/



Indiana Department of Revenue
Indiana Nonprofit Organization Unrelated Business Income Tax Return
Calendar Year Ending December 31, 2016 or

Fiscal Year Beginning **2016** and Ending

Check box if amended.

Check box if name changed.

Name of Organization			Federal Identification Number (FID)
Number and Street		Indiana County or O.O.S.	Principal Business Activity Code
City	State	ZIP Code	Telephone Number
<p>K Check all boxes that apply: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> In Bankruptcy <input type="checkbox"/> Schedule M</p> <p>L Do you have on file a valid extension of time to file your return (federal Form 7004 or an electronic extension of time)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Due Date: 15th day of the fifth month following close of the tax year.</p>			

Adjusted Gross Income Tax Calculation on Unrelated Business Income

1. Unrelated business taxable income (before NOL deduction and specific deduction) from federal return Form 990T (enclose Form 990T); use minus sign for negative amounts	1		00
2. Specific deduction (generally \$1,000; see instructions)	2		00
3. Interest on U.S. government obligations on the federal return less related expenses	3		00
4. Deduction for qualified patents income	4		00
5. Enter total from lines 2 through 4	5		00
6. Subtotal for unrelated business income (subtract line 5 from line 1).....	6		00
7. Indiana modifications (see instructions; use a minus sign to denote negative amounts)	7		00
8. Unrelated business income, as adjusted (add lines 6 and 7). (If not apportioning, enter same amount on line 10.).....	8		00
9. Enter Indiana apportionment percentage, if applicable, from line 9 of IT-20 Schedule E apportionment (enclose schedule)	9	%	00
10. Unrelated business apportioned to Indiana (multiply line 8 by line 9; otherwise, enter line 8 amount)	10		00
11. Enter Indiana NOL deduction without specific deduction (enclose Schedule IT-20NOL; see instructions)	11		00
12. Taxable Indiana unrelated business income (subtract line 11 from line 10)	12		00
13. Taxable income from other forms (Form 1120-POL)	13		00
14. Subtotal (add lines 12 and 13)	14		00
15. Indiana tax on unrelated business income (multiply line 14 by tax rate; see instructions for line 15)	15		00
16. Sales/use tax on purchases subject to use tax from Sales/Use Tax Worksheet	16		00
17. Total tax due (add lines 15 and 16).....	17		00

Credit for Estimated Tax and Other Payments

18. Quarterly estimated tax paid: Qtr. 1 _____ Qtr. 2 _____ Qtr. 3 _____ Qtr. 4 _____ Enter total	18		00
19. Amount paid with extension	19		00
20. Amount of overpayment credit (from tax year ending _____)	20		00
21. EDGE credit. Enter the total EDGE credit amount claimed (line 19 on Schedule IN-EDGE).....	21		00
22. EDGE-R credit. Enter the total EDGE-R credit amount claimed (line 19 on Schedule IN-EDGE-R) ..	22		00
23. Enter the amount of other credit _____ Code No. _____	23		00
24. Certified credits. Enter the total of certified credits claimed from Schedule IN-OCC and enclose this schedule with your return	24		00
25. Total credits (add lines 18-24)	25		00
26. Balance of tax due (line 17 minus line 25).....	26		00
27. Penalty for the underpayment of income tax. Attach Schedule IT-2220	27		00
<input type="checkbox"/> Check box if using annualization method			
28. Interest: If payment is made after the original due date, compute interest.....	28		00
29. Penalty: If paid late, enter 10% of line 26; see instructions. If line 17 is zero, enter \$10 per day filed past due date.....	29		00
30. Total payment due (add lines 26-29). (Payment must be made in U.S. funds) PAY THIS AMOUNT ..	30		00
31. Total overpayment (line 25 minus lines 17 and 27-29)	31		00
32. Amount of line 31 to be refunded	32		00
33. Amount of line 31 to be applied to the following year's estimated tax account	33		00



Additional Explanation or Adjustment

Line (a)	Explanation (b)	Amount (c)	

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: _____

Personal Representative's Name (Print or Type)

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

Personal Representative's Email Address

PTIN

Signature of Corporate Officer Date

Telephone Number

Print or Type Name of Corporate Officer Title

Address

Signature of Paid Preparer Date

City

Print or Type Name of Paid Preparer

State

Zip Code + 4

**Please mail your forms to:
Indiana Department of Revenue
P.O. Box 7228
Indianapolis, IN 46207-7228**



2410000000

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	<input type="text"/> .00		
2. Shipped from outside Indiana	<input type="text"/> .00		
Sales shipped from Indiana to:			
3. The United States government	<input type="text"/> .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)	<input type="text"/> .00		
Other			
5. Interest & other receipts from extending credit attributed to Indiana	<input type="text"/> .00		
6. Other gross business receipts not previously apportioned	<input type="text"/> .00		
7. Direct premiums and annuities received for insurance upon property or risks in Indiana	<input type="text"/> .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 <input type="text"/> .00	8B <input type="text"/> .00	
Apportionment of income for Indiana:			
9. Apportionment Percentage: Divide line 8A by line 8B (insert as percent, not decimal)			<input type="text"/> %



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
<input type="text"/>	<input type="text"/>	<input type="text"/>
Accepts Orders? <input type="checkbox"/> Yes <input type="checkbox"/> No	Registered to Do Business? <input type="checkbox"/> Yes <input type="checkbox"/> No	Files Returns in State? <input type="checkbox"/> Yes <input type="checkbox"/> No
Property in State Leased? <input type="checkbox"/> Yes <input type="checkbox"/> No	Property in State Owned? <input type="checkbox"/> Yes <input type="checkbox"/> No	

City	State	Nature of Business Activity
<input type="text"/>	<input type="text"/>	<input type="text"/>
Accepts Orders? <input type="checkbox"/> Yes <input type="checkbox"/> No	Registered to Do Business? <input type="checkbox"/> Yes <input type="checkbox"/> No	Files Returns in State? <input type="checkbox"/> Yes <input type="checkbox"/> No
Property in State Leased? <input type="checkbox"/> Yes <input type="checkbox"/> No	Property in State Owned? <input type="checkbox"/> Yes <input type="checkbox"/> No	

City	State	Nature of Business Activity
<input type="text"/>	<input type="text"/>	<input type="text"/>
Accepts Orders? <input type="checkbox"/> Yes <input type="checkbox"/> No	Registered to Do Business? <input type="checkbox"/> Yes <input type="checkbox"/> No	Files Returns in State? <input type="checkbox"/> Yes <input type="checkbox"/> No
Property in State Leased? <input type="checkbox"/> Yes <input type="checkbox"/> No	Property in State Owned? <input type="checkbox"/> Yes <input type="checkbox"/> No	

City	State	Nature of Business Activity
<input type="text"/>	<input type="text"/>	<input type="text"/>
Accepts Orders? <input type="checkbox"/> Yes <input type="checkbox"/> No	Registered to Do Business? <input type="checkbox"/> Yes <input type="checkbox"/> No	Files Returns in State? <input type="checkbox"/> Yes <input type="checkbox"/> No
Property in State Leased? <input type="checkbox"/> Yes <input type="checkbox"/> No	Property in State Owned? <input type="checkbox"/> Yes <input type="checkbox"/> 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:

