Schedule IT-20PIC
State Form 53126
(R13 / 8-18)

Indiana Department of Revenue
Disclosure of Intangible Expense and Directly Related Interest Expense

For Tax Year Beginning ☐ ☐ ☐ and Ending ☐ ☐ ☐

Enter name of corporation as shown on return	FID of filing entity

Part 1 – Transactions Involving Intangible Property with a Related Party
List transactions made with every recipient for royalties, patents, copyrights, etc.

	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
	Paying Entity Name	Paying Entity FID	Recipient Name	Recipient FID	State or Country of Domicile	Relationship Code (P, S, or B)	Exception Code	Amount Paid	Addback Amount
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11. Total Column H									
12. Total Column I. Carry this amount to lines 4 through 10 on Form IT-20 and use code 140									

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Part 2 – Transactions Involving Interest with a Related Party
     List transactions made with every recipient for interest

	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
	Paying Entity Name	**Paying Entity FID**	**Recipient Name**	**Recipient FID**	**State or Country of Domicile**	**Relationship Code (P, S, or B)**	**Exception Code**	**Amount Paid**	**Addback Amount**
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11. Total Column H									
12. Total Column I. Carry this amount to lines 4 through 10 on Form IT-20 and use code 141									

Instructions for Completing Schedule IT-20PIC

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 in transactions with one or more members of the same affiliated group or one or more foreign corporations. Use Part 1 to report royalties, patent, copyright, or other intangible expenses. Use Part 2 to report interest expenses.

Enclose a copy of federal Form 851 (Affiliation Schedule) if filing a consolidated federal return.

Part 1 - 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.

Column A. Enter the name of the paying entity (This should be the filing entity or a member of the filer's consolidated or combined return)

Column B. Enter the Federal Identification Number (FID) of the paying entity

Column C. Enter the name of the recipient

Column D. Enter the FID of the recipient. If the recipient does not have an FID, leave blank

Column E. Enter the state or country of domicile of the recipient

Column F. Enter letter corresponding to the relationship of the recipient entity to the paying entity
    P) Parent
    S) Subsidiary
    B) Brother/Sister

Column G. Exception Code – Indiana statutes provide for exceptions to adding back intangible expenses deducted for federal tax purposes. Enter the letter corresponding to the appropriate exception:

    A) 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 in an Indiana financial institutions tax return.

    B) The intangible expense corresponded to an item of income for a recipient that:
        i)   was subject to financial institutions tax in Indiana;
        ii) filed an Indiana financial institutions tax return in Indiana; and
        iii) apportion the items of income that corresponds to the expense as required under Indiana law.

    C) The intangible expense corresponded to an item of income for a recipient that:
        i)   was subject to a net income tax, a franchise tax measured by net income, or a value added tax in a state or possession of the U.S or in a country other than the U.S. that is its commercial domicile;
        ii) included the corresponding items of income within the recipient's income that is subject to tax in that state or possession of the U.S or in a country other than the U.S.;
        iii) resulted from transactions made at a commercially reasonable rate that is comparable to an arm's length transaction; and
        iv) resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

D) The items of income corresponding to the expense:

    i) resulted from transactions with recipient's on terms substantially similar to transactions in which the recipient regularly engages in with one or more unrelated parties.

    ii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

E) The expense relates to an amount paid to the recipient that:

    i) was made on the behalf of an unrelated party;

    ii) was paid at an arm's length rate; and

    iii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

F) The expense related to an amount paid to the recipient that:

    i) was for an amount that was received by the taxpayer from an unrelated party and was paid to the recipient on behalf of that unrelated party;

    ii) resulted from transactions made at a commercially reasonable rate that is comparable to an arm's length transaction; and

    iii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

G) The expense related to an amount paid to the recipient that:

    i) was equal to or greater than an amount that the recipient paid, accrued, or incurred, to an unrelated party in connection with the same property giving rise to the expense; and

    ii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

H) The expense related to an amount paid to a recipient that:

    i) maintained a permanent office space with an adequate number of full-time experienced employees to engage in substantial business activities either from acquisition, use, or disposition of intangible property, or from other activities separate and apart from the intangible property;

    ii) resulted from transactions made at a commercially reasonable rate that is comparable to an arm's length transaction; and

    iii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose

I) An agreement is on file with the department allowing an alternative method of allocation or apportionment under the adjusted gross income tax statute; or

J) The department has determined, after the taxpayer's petition, that the adjustment is unnecessary.

Column H. Enter the amount paid, accrued, or incurred (expensed). Round all entries to the nearest whole dollar.

Column I. Enter the amount required to be added back. This is the amount in Column H that does not meet an exception. Round all entries to the nearest whole dollar.

Report the total from Column I on Form IT-20, lines 4-10, as add-back code 140.

Part 2- Transactions Involving Interest with a Related Party

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

Column A. Enter the name of the paying entity (This should be the filing entity or a member of the filer's consolidated or combined return)

Column B. Enter the Federal Identification Number (FID) of the paying entity

Column C. Enter the name of the recipient

Column D. Enter the FID of the recipient. If the recipient does not have an FID, leave blank

Column E. Enter the state or country of domicile of the recipient

Column F. Enter the relationship of the recipient entity to the paying entity
    P) Parent
    S) Subsidiary
    B) Brother/Sister

Column G. Exception Code – Indiana statutes provide for exceptions to adding back intangible expenses deducted for federal tax purposes. Enter the letter corresponding to the appropriate exception:
    A) The taxpayer and all interest 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 financial institutions tax return.

    B) The interest expense corresponded to an item of income for a recipient that:
        i)   was subject to financial institutions tax in Indiana;
        ii)   filed an Indiana financial institutions tax return in Indiana; and
        iii)   apportioned the items of income that corresponded to the expense as required under Indiana law.

    C) The interest expense corresponded to an item of income for a recipient that:
        i)   was subject to a net income tax, a franchise tax measured by net income, or a value added tax in a state or possession of the U.S or in a country other than the U.S. that is its commercial domicile

        ii)   included the corresponding items of income within the recipient's income that is subject to tax in that state or possession of the U.S or in a country other than the U.S.;
        iii)   resulted from transactions made at a commercially reasonable rate that is comparable to an arm's length transaction; and
        iv)   resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

D) The items of income corresponding to the interest expense:
    i)   resulted from transactions with recipient's on terms substantially similar to transactions in which the recipient regularly engages in with one or more unrelated parties.
    ii)   resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

E) The interest expense relates to an amount paid to the recipient that:
    i)   was made on the behalf of an unrelated party;
    ii)   was paid at an arm's length rate; and
    iii)   resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

F) The interest expense related to an amount paid to the recipient that:
    i)   was for an amount that was received by the taxpayer from an unrelated party and was paid to the recipient on behalf of that unrelated party;
    ii)   resulted from transactions made at a commercially reasonable rate that is comparable to an arm's length transaction; and
    iii)   resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

G) The interest expense related to an amount paid to the recipient that:

    i)   was equal to or greater than an amount that the recipient paid, accrued, or incurred, to an unrelated party in connection with the same property giving rise to the expense; and

    ii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose.

H) The interest expense related to an amount paid to a recipient that:

    i)   maintained a permanent office space with an adequate number of full-time experienced employees to engage in substantial business activities either from acquisition, use, or disposition of intangible property, or from other activities separate and apart from the intangible property;

    ii) resulted from transactions made at a commercially reasonable rate that is comparable to an arm's length transaction; and

    iii) resulted from transactions that did not have Indiana tax avoidance as a principal purpose

I) An agreement is on file with the department allowing an alternative method of allocation or apportionment under the adjusted gross income tax statute; or

J) The department has determined, after the taxpayer's petition, that the adjustment is unnecessary.

Column H. Enter the amount paid, accrued, or incurred (expensed). Round all entries to the nearest whole dollar.

Column I. Enter the amount required to be added back. This is the amount in Column H that does not meet an exception. Round all entries to the nearest whole dollar.

Report the total from Column I on Form IT-20, lines 4-10, as add-back code 141.