

Part 1

Name of Corporation, Nonprofit Organization, or Individual	Check one ☐ SSN ☐ FEIN ☐ PTIN
Enter NAICS Code*	Enter ID Number

*Visit www.naics.com for a complete listing of business codes.

Part 2

Name of Patent	Patent Filing Date
Description of Patent	Number of Employees on Patent Filing Date

Part 3

Column 1 Claiming Exemption for (List Tax Period Ending)		Column 2 Amount of Income from a Qualified Patent	Column 3 Multiply by Percentage Allowed	Column 4 Amount of Exemption Claimed
1st year			0.50	
2nd year			0.50	
3rd year			0.50	
4th year			0.50	
5th year			0.50	
6th year			0.40	
7th year			0.30	
8th year			0.20	
9th year			0.10	
10th year			0.10	

Enclose this schedule with Form IT-20, IT-20NP, IT-40, or IT-40PNR.



Instructions for Completing Schedule IN-PAT

Qualified Patents Exemption

Public Law 223-2007 SECTIONS 1, 2, and 11 amended Indiana Code (IC) 6-3-1-3.5 and adds IC 6-3-2-21.7, effective Jan. 1, 2008. Income from qualified patents included in federal taxable income is exempt from the adjusted gross income of individuals, corporations, and insurance companies for taxable years beginning after Dec. 31, 2007.

- A qualified patent is a utility patent or a plant patent issued after Dec. 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent.
- The exemption from income includes licensing fees or other income received for the use of the patent, royalties received for the infringement, receipts from the sale of a qualified patent, or income from the taxpayer's own use of the patent to produce the claimed invention.

Who Should File Schedule IN-PAT?

Any individual Indiana resident, any corporation (including affiliates) that has fewer than 500 employees and is domiciled in Indiana, and any nonprofit organization that is domiciled in Indiana should complete Schedule IN-PAT if they are subject to the adjusted gross income tax and they have income from a qualified patent. Schedule IN-PAT should be enclosed with your Indiana tax return (Form IT-40, Form IT-20, or Form IT-20NP).

Carryforward Years

The exemption may not be claimed for more than 10 years. For the first 5 years, 50% of the amount of income received from the patent is exempt; the percentage declines by 10% each year starting in the sixth year that the exemption is claimed. The total amount of exemptions a taxpayer can claim in a taxable year may not exceed \$5 million.

For more information, get Income Tax Information Bulletin #104 at www.in.gov/dor/files/ib104.pdf.

Part 1

Enter the name of the individual, corporation, or nonprofit organization claiming the exemption.

Enter the Social Security number, Federal Employer Identification Number, or Individual Taxpayer identification number.

Enter the North American Industry Classification System (NAICS) business code for the patent. You can find a listing of all the NAICS codes at www.naics.com.

This exemption applies only to utility patents issued under 35 U.S.C. 101 and plant patents issued under 35 U.S.C. 161 for inventions resulting from development processes conducted in Indiana. The exemption does not include design patents issued under 35 U.S.C. 171.

Part 2

Enter the name and filing date of the patent. Enter a description of the patent. Enter the number of employees the entity had on the patent filing date. To qualify for this exemption, the entity must have fewer than 500 employees.

Part 3

Column 1. Fill in the tax years for which you are taking the qualified patents income exemption. The exemption can be claimed for up to 10 years.

Column 2. Enter the amount of income earned from the patent.

Column 3. Multiply the amount of income earned from the patent by the corresponding percentage. For the first 5 years, 50% of the amount of income received from the patent is exempt; the percentage declines by 10% each year starting in the sixth year that the exemption is claimed.

Column 4. Enter the amount of the exemption you are claiming (Column 2 multiplied by Column 3). Enter this amount on Form IT-20 (line 10), Form IT-20NP (line 4), Form IT-40 Schedule 2 (under line 11), or Form IT-40PNR Schedule C (under line 11). The total amount of exemptions claimed in a taxable year may not exceed \$5 million.

Enclose this schedule with your Indiana tax return.

