

Indiana Department of Revenue
Instructions for Schedule 8-D

Revised 9-03

Who May File a Consolidated Tax Return

An election must be made by an affiliated group wishing to file a consolidated income tax return. The filing of an annual return, including Schedule 8-D or an acceptable substitute schedule, is deemed an election to so file on the part of the corporations included in the return. Prior permission from the Department to file a consolidated return is not necessary. However, it is necessary for an affiliated group to obtain permission in writing from the Department to discontinue filing on a consolidated basis. In such a case, the group must make separate application showing good cause why the filing change should be permitted on or before the date the returns are filed. The request for permission to discontinue filing consolidated must include the reasons for desiring the discontinuance and should be addressed to the:

Indiana Department of Revenue
Tax Policy Division
100 North Senate Avenue, Room N248
Indianapolis, Indiana 46204-2253.

Adjusted Gross Income Tax Act

An affiliated group (as defined under I.R.C. Sec. 1504) has the privilege of filing a consolidated adjusted gross income tax return as provided in I.C. 6-3-4-14. The Indiana consolidated adjusted gross income tax return must include any member of the affiliated group having income or loss attributed to Indiana during the year.

Utility Receipts Tax Act

Corporations may file a consolidated **utility receipts tax** return if they are incorporated or qualified to do business in Indiana, are affiliated as defined in I.C. 6-2.3-6-5, and **elect** to file a consolidated return at the time the first annual return is filed. "Affiliated" for utility receipts tax purposes means one (1) corporation owns at least eighty percent (80%) of the voting stock of another corporation, exclusive of directors' qualifying shares. An "affiliated group" is a group of such corporations linked together by the eighty percent (80%) ownership of one with another. This definition does not include an S corporation.

Example: (1) Corporation A owns eighty percent (80%) of the voting stock of Corporation B. Corporation B owns eighty percent (80%) of Corporation C. Corporations A, B, and C are members of an affiliated group.

(2) Corporation A owns eighty percent (80%) of Corporation B. Corporation A also owns eighty percent of Corporation C. A, B, and C are an affiliated group.

Each member of an affiliated group is deemed affiliated with every other member. Brother-sister corporations (having a common owner which is not a parent corporation but themselves owning no stock in each other) do not satisfy the eighty percent (80%) ownership requirement and are therefore not permitted to file a consolidated return.

Note: Taxpayers filing consolidated returns are entitled up to one \$1,000 exemption per calendar year, regardless of the number of corporations included in the return. The exemption is claimed on Schedule A, Line 16 of Form IT-20.

Liability of Each Corporate Member for Returns and Tax

The fact that a certain member corporation is designated and approved to make the consolidated return for the group will not relieve any member of liability for filing the return and paying tax for the group. The group and each member thereof is jointly and severally liable. The corporation chosen to file the affiliated group's first consolidated return will continue to file the return and pay the tax due with the return unless permission is granted by the Department to change filing members.

Attach completed Schedule 8-D when filing a consolidated adjusted gross income tax return (Form IT-20) or a utility receipts tax return (Form URT).