INDIANA DEPARTMENT OF REVENUE
100 N. SENATE AVENUE
INDIANAPOLIS, IN 46204-2253

COMPLIANCE DIVISION
NOT-FOR-PROFIT SECTION
(317) 232-2188

SF 990155

STATE OF INDIANA

NOT-FOR-PROFIT ORGANIZATION INCOME TAX BOOKLET Form IT-20NP Tax Year 1996/97

Legislative and Administrative Highlights

Charity Game Activities

If your organization wishes to conduct bingo games, raffles, charity game nights, or other games of chance, you need to know about 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, or tip boards. Each of these activities require notification and/or licensing.

All Not-for-Profit organizations planning to conduct charity gaming activities must be registered with the Indiana Department of Revenue by filing Form CG-1, Indiana Charity Gaming Qualification Application. Not regulated by charity gaming law are activities such as auctions (silent or live), midway-style games, and games of skill.

Obtain CHARITY GAMING PUBLICATION #2 (revised June, 1996). For more information, call (317)23-BINGO (232-4646).

Internal Revenue Code Reference

The Indiana General Assembly did not update Indiana Code 6-3-1-11 in 1996. For tax years beginning in 1996, any reference to the Internal Revenue Code will mean the Internal Revenue Code of 1986 as amended and in effect on January 1, 1995.

Installment Due Dates for Quarterly Estimated Taxes

The installment due dates for paying estimated gross, adjusted gross and supplemental net income taxes specified in I.C. 6-2.1-5-1.1 and 6-3-4-4.1 currently applies only to tax years beginning after December 31, 1993 and ending before January 1, 1998.

For a taxpayer filing on a calendar year basis, the quarterly estimated tax returns for 1997 (Form IT-6 or electronic funds transfer) are due April 20, 1997; June 20, 1997; September 20, 1997; and December 20, 1997. For a taxpayer filing on a fiscal year basis or short year basis, the quarterly estimated tax returns (Form IT-6 or electronic funds transfer) are due on the 20th day of the 4th, 6th, 9th and 12th months of the taxable year.

Caution: The quarterly due dates may be different for tax years beginning in 1998.

Penalty for Returns Filed Late With No Tax Liability

I.C. 6-8.1-10-2.1 provides that penalty is due if a return that shows no tax liability for a taxable year is filed past its due date. The penalty is $10 for each day that the return is past due, up to a maximum of $250.

Generally, if a return with an income tax liability is filed late the imposed penalty is 10% of the unpaid tax.

Use Tax Worksheet

Not-for-profit organizations are subject to the use tax. Use tax is due on the storage, use or consumption of tangible personal property purchased in a transaction in Indiana or elsewhere, unless such transaction is exempted from the sales and use tax by law or the sales tax due and paid on the transaction equals the use tax due. See instructions for the Consumer's Use Tax Worksheet on page 7 and worksheet on page 8.

Disclosure of Information

The Department is required by I.C. 6-2.1-8-4 to make available for public inspection all applications for exemptions and all annual reports filed by not-for-profit organizations except for certain confidential information contained therein. To find out what information is available and the procedure to follow for inspecting these documents, request Commissioner's Directive #6, issued May, 1992, from the Department.

General Instructions

A copy of federal Form 990 or 990T must be attached to Form IT-20NP when filing. The terms "wholly exempt" and "partially exempt" refer to an organization's liability for gross income tax on related income.

Who Must File Form IT-20NP

Not-for-profit organizations which are partially exempt from Indiana gross income tax under I.C. 6-2.1-3-21 must file Form IT-20NP annually and complete Schedule A (and Schedules B, C and D if they have any unrelated business income).

Not-for-profit organizations which are wholly exempt from Indiana gross income tax under I.C. 6-2.1-3-19, 20 or 22 must file Form IT-20NP to report any unrelated business income by completing only Schedules B, C, and D. Political organizations and homeowner's associations are not considered not-for-profit organizations and, therefore, must file as regular corporations on Form IT-20.

For further information concerning filing requirements and how to obtain status as a not-for-profit organization, request Income Tax Information Bulletin #17, revised June, 1992, from the Compliance Division, Not-for-Profit Section, (317) 232-2188.

Accounting Methods

Under the Gross Income Tax Act, the accounting method for reporting gross receipts of a not-for-profit organization shall be limited to the cash or accrual method and should conform with the method used on the federal return. If the method used on the federal return is a method other than cash or accrual, the method for reporting gross receipts is limited to the cash method.

Due Date for Filing Form IT-20NP

Form IT-20NP is to be filed by the fifteenth (15th) day of the fifth (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.

Partially Exempt Organization

A partially exempt organization is defined as a group, organization, not-for-profit corporation organized and operated for fraternal or social purposes, or as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate. These organizations must have on file Form IT-35A, Application to File as a Not-for-Profit Organization, with the Department in order to obtain status as a not-for-profit organization and assignment of an Indiana not-for-profit registration number.

An exemption renewal, Form IT-35AR, Not-for-Profit Organization's Annual Gross Income Tax Exemption Report, will need to be filed in addition to the IT-20NP to maintain the tax exempt status. Form IT-20NP, also filed annually, is used to report gross receipts and unrelated business income subject to tax in Indiana.

When determining taxable receipts on related income under the Gross Income Tax Act, the following types of deductible receipts of a partially exempt organization which must be reported on Schedule A may be claimed on Schedule F as nontaxable receipts:

1. Contributions - (except those contributions or payments for which the payer or donor receives or expects to receive services or tangible personal property);
2. Tuition fees;
3. Membership fees (except that portion of payments for which the members receive specific services or tangible personal property);
4. Earnings on or receipts from sales of intangible property;
5. Dues;
6. Interest income;
7. Trade show receipts; and,
8. Gross receipts from sale of Indiana lottery tickets and prize money from winning lottery tickets authorized by I.C. 4-30.

However, any unrelated business income must be reported on Schedules B, C, and D, and tax must be computed under the Gross, Adjusted Gross, and Supplemental Net Income Tax Acts. If unrelated business income is reported, a copy of federal Form 990T must be attached to the IT-20NP return when it is filed. If federal Form 990T is not filed, a statement to that effect must be attached to the IT-20NP return.

Wholly Exempt Organization

A not-for-profit organization which has a wholly exempt purpose must file Form IT-35A, Application to File as a Not-For-Profit Organization, in order to obtain status as a not-for-profit organization and assignment of an Indiana not-for-profit registration number. **Form IT-20NP is not required to be filed annually by a wholly exempt organization unless the organization has unrelated business income of over $1,000 during the tax year.** The unrelated business income of a wholly exempt organization is subject to the Gross, Adjusted Gross, and Supplemental Net Income Tax Acts and must be reported on Schedules B, C, and D of Form IT-20NP.

(A) Definition of Wholly Exempt Purpose - All amounts received by institutions, trusts, groups, united funds and their affiliated agencies, organizations, not-for-profit corporations and associations organized and operated exclusively for one or more of the following purposes:

1. Religious;
2. Charitable;
3. Scientific;
4. Literary;
5. Educational;
6. Civic;
7. Cemetery association;

is exempt from gross, adjusted gross and supplemental net income tax. Also, fraternities, sororities, and student cooperative housing organizations which are associated with and under supervision of a college, university, or other educational institution are considered to be wholly exempt organizations.

If any part of the gross income received by such organizations is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate, such organization will not be granted an exemption. The term "private benefit or gain" shall not include reasonable compensation paid to employees for work or services actually performed.

(B) Certain Specific Wholly-Exempt Organizations:

1. Hospitals licensed by the Indiana State Board of Health;
2. Labor unions;
3. Churches;
4. Monasteries;
5. Convents;
6. Schools which are part of the public school system of Indiana;
7. Parochial schools regularly maintained by recognized religious denominations;
8. Any trusts created for the purpose of paying pensions to members of any particular profession or business who have created the trust for the purpose of paying pensions;
9. Fraternities, sororities, or student cooperative housing organizations which are associated with a college or university.

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

For additional filing requirements of not-for-profit organizations obtain Income Tax Information Bulletin #17 and Form IT-35AR by writing the Department, or by calling (317) 232-2188.

Extensions

The Department recognizes the Internal Revenue Service application for automatic extension of time to file, Form 2758 and/or Form 7004. **Please forward a copy of your federal extension to the Not-for-Profit Section to prevent revocation of your exemption. Indicate your not-for-profit registration number on your request for an extension of time to file.**

A copy of the federal extension must also be attached to the Indiana return. Returns postmarked within thirty (30) days after the last date indicated on the federal extension will be considered timely filed. In the event a federal extension is not needed, a taxpayer may request, in writing, an Indiana extension of time to file from the Indiana Department of Revenue, Compliance Division, Not-for-Profit Section, Indiana Government Center North, Room N203, 100 N. Senate Avenue, Indianapolis, Indiana 46204-2253.

Penalty for late payment will not be imposed if at least 90% of the tax reasonably expected to be due is paid by the original due date. The extension payment should be sent with Indiana Form IT-6 or E-6 as a fifth quarter estimated tax payment.

Amended Returns

To amend a previously filed Form IT-20NP, a corrected copy of the original form must be filed with "AMENDED" marked clearly at the top of the form. To claim a refund of an overpayment, the return must be filed within three years from the latter of the date of overpayment or the due date of the return.

Estimated and Quarterly Tax Payments

All not-for-profit organizations whose gross income tax liability exceeds $1,000 for a taxable year, or adjusted gross income tax exceeds the gross tax by $1,000 annually, or supplemental net income tax liability exceeds $1,000 annually, must file quarterly estimated tax payments.

The quarterly estimated tax payment is submitted with Indiana quarterly return, Form IT-6, or by electronic funds transfer when the average quarterly liability exceeds $20,000. If the organization has overpaid estimated payments, a credit must be claimed on the annual return, Form IT-20NP, to obtain a refund or to carryover the excess to the following 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.

For tax years beginning before January 1, 1998 the due dates for estimated tax payments for calendar year organizations are April 20, June 20, September 20 and December 20 of the taxable year. Fiscal year and short tax year filers must remit by the twentieth day of the fourth, sixth, ninth, and twelfth months of their tax period. For further instructions, refer to Income Tax Information Bulletin #11, revised April, 1994.

Penalty for Underpayment of Estimated Taxes

Organizations that are required to estimate their income taxes will be subject to a ten percent (10%) underpayment penalty if they fail to file estimated tax payments or fail to remit a sufficient amount. To avoid the penalty, the required quarterly estimate should include at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) of the organization's final income tax liability for the previous 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 twenty-five percent (25%) of its final income tax liability for the current tax year. Refer to the instructions for Schedule IT-2220, Penalty for the Underpayment of Corporate Taxes, which is available from the Department upon request.

Use Schedule IT-2220 to show an exception to the penalty if the not-for-profit 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.

Electronic Funds Transfer Requirements

I.C. 6-2.1-5-1.1 and I.C. 6-3-4-4.1 require that if a not-for-profit organization's:

1. Estimated quarterly gross income tax liability for the current year;
2. Average estimated quarterly gross income tax liability for the preceding year;

3. Estimated quarterly adjusted gross income tax liability for the current year; or
4. Average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds $20,000, the organization shall make its estimated quarterly payments by electronic funds transfer (as defined in I.C. 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or by money order to the Department. The transfer or payment shall be made on or before the date the tax is due. When the payment is made by electronic funds transfer (EFT), the payment is considered paid on the date the Department's account is credited with the payment. When the payment is made by a courier, the payment is considered paid on the date the Department actually receives the payment. Taxpayers making payments by electronic funds transfer do not need to file IT-6 returns.

If an organization which is not currently using the electronic funds transfer or overnight courier method determines that it meets the statutory requirements to do so, the organization should contact the Indiana Department of Revenue, EFT Section: (317) 232-5500, to obtain the necessary instructions to remit its income tax payments in this manner. Failure to use the electronic funds method of payment when required will subject the taxpayer to an underpayment penalty on estimated gross, adjusted gross and supplemental net income taxes.

Instructions for Completing Form IT-20NP

File a 1996 return for a tax year that ends December 31, 1996 or for a fiscal or a short tax year that begins in 1996. For a fiscal or short tax year, fill in the beginning month and day of the tax year and the month, day and tax year end at the top of the form.

Identification Section

The identification section of the return must be completed regarding the tax year, name and address, county, date of organization, federal identification number, Indiana taxpayer identification number (see note), and not-for-profit registration number. (If the organization does not have a registration number, Form IT-35A must be filed in order to be granted status as an exempt organization. The Indiana Department of Revenue issues the registration number.)

Note: If registered as a collection agent for the State of Indiana for sales and/or withholding tax enter the assigned Indiana Taxpayer Identification (TID) number (less the last three digits). This number should always be referenced along with the not-for-profit registration number on the returns and correspondence with the Department.

How to Report Charity Gaming Receipts

Wholly exempt not-for-profit organizations do not pay any income taxes on the proceeds from licensed charity gaming events. Partially exempt not-for-profit organizations must pay high-rate gross income tax on the gross receipts (total proceeds less payouts, i.e. prizes and awards) from licensed events. The income derived from these events is considered related income. For further information see CHARITY GAMING PUBLICATION #2, available upon request.

All not-for-profit organizations must report, as unrelated gross income, total receipts from illegal gaming events and calculate high-rate gross tax on Schedule B without deductions of any kind. Adjusted gross (Schedule C) and supplemental net income (Schedule D) taxes must also be computed.

Schedule A
Related Gross Income Tax Computation

This schedule is for use by partially exempt organizations to report gross income other than gross unrelated business income. Gross unrelated business income is to be reported on Schedule B. Do not duplicate gross income entries on Schedules A and B.

Line Instructions

In Columns A and B, report total receipts before taking any deductions. If any of the receipts reported in Columns A and B are nontaxable under Indiana law, enter the amount claimed to be nontaxable in Schedule F and provide a complete explanation. Additional pages may be attached if necessary.

Lines 1 through 10. Enter amount of gross receipts actually or constructively received.

Line 11. Enter in column A other receipts that cannot be properly classified on lines 1 through 10. However, enter in column B those receipts subject to tax at the low rate such as advertising and the renting or furnishing for periods of less than thirty (30) days any rooms, lodgings, or other accommodations, including booths, display spaces, and banquet facilities that are regularly furnished for consideration.

Line 12. Enter sum of lines 1 through 11 for each column.

Line 13. The nontaxable receipts from lines 1 through 11 are to be entered in the appropriate columns and itemized in Schedule F, "Explanation of Nontaxable Receipts."

Line 14. Enter balance of line 12 minus line 13.

Line 15. All entities filing for a 12-month period (tax year) may use one $1,000 annual exemption. Entities filing for less than a 12-month period must prorate the exemption at the rate of $83.33 per month. In no case shall the total amount of the exemption (sum of all entries on Schedule A, line 15, and Schedule B, line 51, from both columns) exceed $1,000.

Line 16. Subtract the amount on line 15 from the amount on line 14.

Line 17. Multiply the amount on line 16, Column A, by 1.2% (.012) tax rate and enter the result for Column A. Multiply the amount entered on line 16, Column B, by .3% (.003) tax rate and enter the result for Column B.

Line 18. Add the amounts on line 17, Columns A and B and enter the total.

Caution: Do not report negative figures on Schedule A.

Schedule B, C and D
Report of Unrelated Business Income

All organizations, exempt under I.C. 6-2.1-3, sections 19, 20, 21, or 22, described in Internal Revenue Code 501(c) and I.R.C. 401(a) including churches, religious organizations, hospitals, social organizations, business leagues, pension trusts, and all other institutions, which are subject to the tax imposed by I.R.C. 511 are subject to Indiana gross, adjusted gross, and supplemental net income taxes on their unrelated business income.

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

I.C. 6-2.1-3-23 requires all not-for-profit organizations partially exempt and those wholly exempt from tax under I.C. 6-2.1-3-19, 20, 21, or 22 to calculate gross income tax on their unrelated business income as defined in I.R.C. 513.

Unrelated business income, as determined at the federal level, is income from a trade or business activity which is regularly carried on and which is not substantially related to the accomplishment of the purpose for which the organization was granted tax exempt status. A trade or business activity is regularly carried on when it manifests a frequency and continuity and is pursued in a manner generally similar to comparable commercial activities of non-exempt organizations. Unrelated business income is not substantially related to an organization's exempt purpose when it does not contribute significantly to the achievement of that purpose other than by mere production of income.

An exempt organization receiving unrelated business income will compute its taxable income in the same manner as that of any other taxpayer receiving business income, except that business deductions may be taken only insofar as they are directly related to the production of taxable unrelated adjusted gross income.

Schedule B
Unrelated Gross Income Tax

Schedule B is used to report gross unrelated business income only. A partially exempt organization will report its gross receipts from an unrelated business source on Schedule B of Form IT-20NP. A wholly exempt organization that is subject to gross income tax on unrelated business income reported on Schedule B will never complete Schedule A. **A copy of federal Form 990T is to be attached to the IT-20NP return whenever Schedules B, C, and D are completed.** If Form 990T is not being filed, attach a statement to that effect.

Report the total gross receipts on Schedule B without regard to cost of goods sold, expenses or any other deductions. If electing to claim any of the receipts reported as nontaxable under Indiana law, enter the amount claimed to be nontaxable on Line 49 and explain on Schedule F.

Caution: Do not report negative figures on Schedule B.

Column A: Lines 35 through 41

Line 35. Enter total amount of commissions and fees actually or constructively received for services performed.

Line 36. Enter amount of interest and dividends actually or constructively received.

Line 37. Enter total amount of gross receipts from the rental of real or personal property regardless of where the property may be located or used. The total proceeds from real estate sales ***before making any deductions*** must be entered on line 37. Deductions such as outstanding mortgages are to be itemized and explained on Schedule F.

Line 38. Enter the gross receipts from the sale of securities and other miscellaneous personal property. Indicate deductions for nontaxable receipts and the nature of such deductions on Schedule F.

Line 39. For certain security dealers, grain dealers and grocers reporting on the gross earnings basis, follow instructions found in Form IT-20 Booklet.

Line 40. Enter all receipts derived from the performance of contracts, excluding that income specifically identified as materials that become an integral part of the project(s) which are to be reported on line 42. For lump-sum and fixed price contracts refer to 45 I.A.C. 1-1-101.

Line 41. Enter all receipts derived from miscellaneous sources including receipts derived from the operation of coin-operated laundries and dry cleaning equipment. Enter total receipts from illegal gaming activities.

Column B: Lines 42 through 47

Line 42. Enter all receipts derived from the material used as an integral part in the completion of project(s) under contract. The contractor must be regularly and occupationally engaged in purchasing and providing the tangible personal property under contract to a final user from an established place of business. The sales value of the material used as an integral part of the project(s) in said contract(s) must be segregated from the other charges and substantiated by receipts on a per contract basis. The segregation must be maintained in a manner acceptable to this Department. Any portion of the receipts claimed as sales of materials provided under contract(s), which is not supported by proper segregation is subject to tax at the higher rate and reported on line 40. The right to segregate and compute tax at the lower rate does not apply to income from a transaction in which title to real estate is transferred.

Line 43. Enter all receipts derived from the sale of merchandise by a taxpayer regularly engaged in purchasing tangible personal property and selling the same to customers at a fixed and established place of business except those sales by contractors reported on line 42. If such sale is made for the purpose of resale, it is properly reportable as a wholesale sale and should be entered on line 46.

Line 44. Enter the receipts derived from laundering, dry cleaning, industrial processing, and commercial printing (excluding photocopying). The receipts from the operation of coin-operated equipment should be entered on line 41. The receipts derived by operators of self-service laundries and launderettes which are derived from laundering performed by the operator on laundry left in his possession by his customers are reported on line 44.
Line 45. Enter the receipts derived from the sales of farm products by organizations engaged in the business of agriculture.
Line 46. Enter the receipts derived from sales made by manufacturers to others for resale.
Line 47. Enter wholesale sales other than those reported on line 46.
Line 48. Add the amounts entered from each column (lines 35 through 47).
Line 49. The sum of nontaxable receipts listed on Schedule F should be entered in the appropriate columns on line 49.
Line 50. Subtract line 49 from line 48 for each column.
Line 51. All entities filing for a 12-month period (tax year) may use one $1,000 annual exemption. Entities filing for less than a 12-month period must prorate the exemption at the rate of $83.33 per month. In no case shall the total amount of the exemption (sum of all entries on Schedule A, line 15, and Schedule B, line 51, from both columns) exceed $1,000.
Line 52. Subtract line 51 from line 50.
Line 53. Multiply the amount on line 52, Column A, by 1.2% (.012) tax rate and enter the result for Column A. Multiply the amount on line 52, Column B, by .3% (.003) tax rate and enter the result for Column B.
Line 54. Enter the total of Columns A and B from line 53.

Schedule C
Adjusted Gross Income Tax
Computation for Unrelated Business Income

Under the Adjusted Gross Income Tax Act, the Department will recognize the method of accounting used for federal income tax purposes.

If income is received from activity outside Indiana which is subject to tax in another state, the three (3) factor apportionment formula must be used. Attach the apportionment worksheet from page 12 to your return.

Line 55. Enter unrelated business taxable income before net operating loss deduction and/or specific deductions from federal Form 990T.
Lines 56, 57, 58. Enter all taxes measured by income levied by any state, including Indiana gross income tax, and all local real estate and personal property taxes taken as deductions on the federal tax return. Enter all allowable charitable contributions, which were deducted when computing net taxable income on the federal tax return.
Line 59. 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 for a listing of eligible items.
Line 62. Enter other adjustments such as Indiana lottery prize income.
Line 64. If apportioning income, enter Indiana percentage from line 4(c) of the worksheet. Do not enter 100%.
Line 65. Multiply line 63 by Indiana apportionment percentage on line 64. If line 64 is not applicable, enter amount from line 63.
Line 66. Enter Indiana portion of a net operating loss deduction carryover. Schedule IT-20NOL (available upon request) must be attached anytime a deduction is reflected on line 66. *Please review Schedule IT-20NOL and instructions before entering an amount on line 66.*
Line 67. Taxable Indiana adjusted gross income **-** Subtract line 66 from line 65.
Line 68. Adjusted gross income tax **-** Multiply line 67 by 3.4% (.034). If line 67 is a loss, enter zero.

Schedule D
Supplemental Net Income Tax
Computation for Unrelated Business Income

Line 69. All taxpayers must compute their adjusted gross income on Schedule C, line 67 and enter that amount on line 69. If line 67 is a loss, enter zero and do not compute supplemental net income tax.
Line 70. Enter the gross income tax (Schedule A, line 18 plus Schedule B, line 54) or the adjusted gross income tax (Schedule C, line 68), whichever is greater.
Line 71. Subtract line 70 from line 69. Do not enter a figure less than zero.
Line 72. Supplemental net income tax **-** Multiply line 71 by 4.5%(.045).

Schedule E
Total Unrelated Business Income Tax Computation

Line 73. Enter the greater: gross income tax (Schedule B, line 54) or adjusted gross income tax (Schedule C, line 68).
Line 74. Enter supplemental net income tax from Schedule D, line 72.
Line 75. Add lines 73 and 74. Enter here and on line 20.

Vehicle Information Section

Indiana Code 6-8.1-6-5 requires the Department to request information concerning the number of motor vehicles owned and leased by a taxpayer and whether or not those vehicles are registered in Indiana. A motor vehicle for the purposes of this section is a car, a motorcycle, or a truck which has a declared gross weight of 11,000 pounds or less. These vehicles are subject to the motor vehicle excise tax. This information must be provided by completing the Vehicle Information Section on the reverse of Form IT-20NP. Also, an explanation must be given if any of the vehicles are not registered in Indiana.

Summary of Calculations

Other Taxes and Total Tax Computation

Line19. Sales/Use Tax: Under I.C. 6-2.5-3-2 use tax is imposed on the use, storage or consumption of tangible personal property in Indiana if the sales tax was not paid at the point of purchase and no exemption from tax exists. Not-for-profit organizations will qualify for exemption from the use tax under the following conditions: (1) the not-for-profit organization is exempt from the gross income tax under I.C. 6-2.1-3-19 through 22. These include both wholly and partially exempt organizations for Indiana tax purposes; (2) The property or service is used to further its not-for-profit purpose; and (3) The organization is not operated predominately for social purposes.

Purchases of tangible personal property to be used by organizations operated predominately for social purposes are subject to use tax. If over 50% of its 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 will be considered to be predominately operated for social purposes.

If you are a registered retail sales agent for Indiana you must report non-exempt purchases on Form ST-103, Indiana Sales/Use Tax Return. If you are not required to file Form ST-103, or have failed to properly include all taxable purchases on the ST-103 return, complete the Consumer's Use Tax Worksheet on page 8 and report the tax due on this line. **Caution:** Do not report the totals from the ST-103 on this worksheet or on Form IT-20NP.

Additional information regarding sales/use tax for not-for-profit organizations can be obtained by requesting Sales Tax Information Bulletin #10.

Line 20. Enter the total tax on unrelated business income from line 75 of schedule E.

Line 21. Total taxes due - Add lines 18, 19 and 20.

Credits and Payment Computation

Line 22. Enter total amount of estimated quarterly income tax payments. Itemize each payment in the spaces provided.

Line 23. Enter the total amount paid with an extension and the year and the amount of any prior year overpayment credit. Itemize each payment in the spaces provided.

Line 24. Enter sum of other income tax credits. The total of all credits are limited to the amount of income tax on line 18 and line 20, unless otherwise noted.

Available other credits allowed not-for-profit organizations include:

•**College and University Contribution Credit -** 50% of charitable contributions made to eligible Indiana colleges may be taken as a credit for an amount up to 10% of the organization's adjusted gross income tax, or $1,000, whichever is less. Schedule CC-40, available from the Department, must be completed and attached to Form IT-20NP;

•**Enterprise Zone Employment Expense Credit -** Calculate this credit on Schedule EZ, Part 2, and attach to Form IT-20NP. For further information on this credit and other enterprise zone tax benefits, refer to Income Tax Information Bulletin #66;

•**Enterprise Zone Loan Interest Credit -** This credit is calculated on Schedule **LIC**, and attached to Form IT-20NP;

•**Historic Rehabilitation Tax Credit -** I.C. 6-3.1-16-7 provides for a tax credit for rehabilitating historic properties. The credit is 20% of the total cost of certified rehabilitation expenses of at least $5,000 made to a registered Indiana historic structure that is at least 50 years old, 2000 square feet on the ground floor, and actively used in a trade or business. Contact the Division of Historic Preservation and Archaeology at (317) 232-1646 to obtain more information and instructions for approval of this credit;

•**Indiana Research Expense Tax Credit -** This credit remains available to eligible taxpayers for expenses incurred for qualified research activities conducted in Indiana through December 31, 1999. Schedule IT-20REC, revised 9-91, must be attached;

•**Industrial Recovery Tax Credit -** I.C. 6-3.1-11 provides for a credit based upon a taxpayer's qualified investment in a designated industrial recovery site. If the enterprise zone board approves the application and the plan for rehabilitation, the taxpayer is entitled to a credit based upon the "qualified investment." The credit may be used to offset a taxpayer's total state income tax liability but any excess credit must be carried forward to the immediately following tax year(s).

Effective March 31, 1996, a lessee may be assigned part of the credit. Additional information regarding the definitions, qualifications, and procedures for obtaining the credit may be requested from: The Indiana Department of Commerce, Enterprise Zone Board, One North Capitol, Suite 700, Indianapolis, Indiana 46204;

•**Maternity Home Tax Credit -** An income tax and unused carryover credit is allowed for maternity home owners who provide a temporary residence to at least one pregnant woman for at least 60 consecutive days during the pregnancy. If more than one entity has an ownership interest in a maternity home, each may claim the credit in proportion to its ownership interest. The maternity home owner must annually file an application with the State Department of Health in order to be eligible to claim this credit. A copy of the application approved by the State Department of Health must be attached to verify the credit claimed. Contact the Maternal and Child Health Division at (317) 633-8451 for the application and more information about this credit;

•**Neighborhood Assistance Credit -** Enter the allowable income tax credit from preapproved Form NC-20. For further information, refer to Income Tax Bulletin #22. Attach Form NC-20 if claiming this credit;

•Personal Computer Tax Credit - An income tax credit of $125 is available per unit of qualified personal computer equipment donated to a not-for-profit Educational Service Center in conjunction with the Buddy-Up with Education Program. Attach preapproved Form PC-20 to the return. Form PC-10/20, Personal Computer Tax Credit Application, is available from the Department.

For more information about this program call the Educational Service Center of Central Indiana at (317) 387-7100;

•Teacher Summer Employment Credit - I.C. 6-3.1-2-1 provides a credit to taxpayers who hire designated shortage certified teachers during school summer vacations. The credit for each teacher hired is the lesser of either $2,500 or 50%of the compensation paid. The Professional Standards Board will certify the qualified positions. Schedule TSE must be attached to the return. Contact the Department of Education at (317) 232-6675 for information about this credit.

Line 25. Add lines 22, 23 and 24.
Line 26. Enter net tax due (subtract line 25 from line 21).
Line 27. Enter amount of calculated penalty for the underpayment of income taxes from Schedule IT-2220. Attach a completed Schedule IT-2220. This schedule is available from the Department upon request.

Line 29. *Enter the penalty amount which applies:*

A. If the return with payment is made after the original due date, a penalty which is the greater of $5.00 or 10% of the balance of tax due (line 26), must be entered. The penalty for paying late will not be 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 expected 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 21) is filed late, 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 31. Enter the sum of line 25 minus lines 21, 27 and 29.
Line 32. Enter the portion of the overpayment to be refunded.
Line 33. If timely electing to credit a portion of the overpayment to the following year's estimated tax account, enter the amount of the overpayment to be applied.

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.

If you have any questions you may call the Compliance Division, Not-for-Profit Section: (317) 232-2188.

Tax forms may be requested by calling: (317) 486-5103. If you would like forms faxed to you, use the phone from your fax machine to call Indiana Tax Fax at (317) 233-2FAX (2329). By calling this number and reviewing the list of available forms, you will have immediate access to most of our tax forms and information bulletins.

Many of the tax forms are also available on the internet at the following address: http://www.ai.org/dor

Consumer's Use Tax Worksheet for Line 19, Form IT-20NP

List all taxable purchases of property on which Indiana sales tax was not paid.
Read instructions on page 7. (If more space is needed to list puchases, use an additional sheet.)

Vendor	Description of tangible personal property purchased or rented	Date of purchase or rental	Purchase/rental price of property	

Note: Do not include the following items on the worksheet: automobiles, watercraft, aircraft, and trailers. A credit for taxes previously paid is not allowed for these items that are required to be titled, registered, or licensed in Indiana. For more information regarding use tax, call (317) 233-4015.

1. Total purchase/rental price of property subject to the sales/use tax	1.		
2. Use tax (5% of line 1)	2.		
3. Sales tax previously paid on the above items up to 5% credit per item.	3.		
4. Use tax due (line 2 minus line 3). Carry this amount to line 19 of Form IT-20NP. If the amount is negative, enter zero.	4.		

Indiana Department of Revenue

1996/97 NOT-FOR-PROFIT ORGANIZATION INCOME TAX RETURN

For Calendar Year Ending December 31, 1996

or Other Tax Year Beginning __________, 1996 and Ending __________, 19 ____

FORM IT-20NP (Rev. 8-96) SF148

(Do not write above)

Name of Organization			Federal Identification Number
Street Address		Indiana County	Taxpayer Identification Number
City	State	Zip Code	0 0 0
Date Incorporated or Organized	Not-For-Profit Number (Enter Eight Digits)		Not-For-Profit Organization Telephone Number ( )

Schedule A — Related Gross Income Tax Computation of Partially Exempt Organization

(Attach Federal Form 990)

	Gross Receipts Received Column A. 1.2% High Rate	Column B. .3% Low Rate
1. Membership fees and dues		
2. Admission charges		
3. Interest income		
4. Commissions		
5. Sale of capital assets (including real estate)		
6. Receipts for services		
7. Rents and leases		
8. Contributions		
9. Bingo games, raffles, and other gaming receipts (explain on Schedule G)		
10. Sale of all tangible personal property from selling at retail including food, beverages, sundries, etc.		
11. Miscellaneous receipts (explain on Schedule G)		
12. Total (add lines 1 through 11)	01	02
13. Nontaxable receipts (explain on Schedule F)	03	04
14. Balance (line 12 less line 13)		
15. Exemption ($83.33 per month, total from both columns and line 51 of Schedule B may not exceed $1,000)	05	06
16. Amounts subject to tax (line 14 less line 15). If less than zero, enter zero		
17. Enter the amounts from line 16 multiplied by the respective tax rates for each column	07	08
18. Total related gross income tax (add amounts on line 17 columns A and B)		18

SUMMARY OF CALCULATIONS

Other Taxes and Total Tax Computation

19. Sales/use tax on purchases subject to use tax from Consumer's Use Tax Worksheet (from page 8)		19
20. Tax on unrelated business income (from Schedule E, line 75)		20
21. Total tax due (add lines 18, 19 and 20)		

Credits and Payment Computation

22. Quarterly estimated income tax payments: 1 ________ 2 ________ 3 ________ 4 ________ Enter total		22
23. Total amount paid with extension $________, and prior year overpayment credit $_______ from tax year ending ______. Enter total		23
24. Other credits that offset income tax: (Attach proper schedules and complete explanation)		24
25. Total credits (add lines 22, 23 and 24)		
26. Balance of tax due (line 21 minus 25; if line 25 is greater than line 21, proceed to lines 27, 29 and 31)		
27. Penalty for the underpayment of income taxes (attach Schedule IT-2220)		27
28. Interest (if payment is made after the original due date, compute interest). Contact the Department for current interest rate		28
29. Penalty: If paid late, enter 10% of line 26; see instructions. If line 21 is zero enter $10 per day filed past due date		29
30. Total payment due (add lines 26, 27, 28 and 29) Make separate payment for each return filed. PAY THIS AMOUNT		30
31. Total overpayment (line 25 minus lines 21, 27, and 29)	31	
32. Amount of line 31 to be refunded	32	
33. Amount of line 31 to be applied to the following year's estimated tax account		33

Make check payable to the **Indiana Department of Revenue** and mail to: **100 N. Senate Avenue, Indianapolis, Indiana 46204-2253.**

Do not write below

34	
35	

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

Signature of Officer ____________ Date ____________

Signature of Preparer other than Taxpayer ____________ Date ____________

Title of Officer/Print Name ____________

Identifying Number ____________ Telephone Number ( ) ____________

Not-for-Profit Organization Unrelated Business Income Tax Computation Schedules B, C, D, and E (Attach Federal Form 990T)

Schedule B — Unrelated Gross Income Tax Computation (Do not duplicate entries from Schedule A)

	Gross Receipts Received	
High Rate Items	Column A. 1.2% High Rate	Column B. 0.3% Low Rate
35. Commissions and fees		
36. Interest and dividends		
37. Rents, leases, and sale of real estate		
38. Sale of securities and personal property (without deductions)		
39. Gross earnings		
40. Contractor receipts and other service receipts		
41. Illegal gaming gross receipts **(Explain on Schedule G)**		
Low Rate Items		
42. Contractor's sale of materials		
43. Selling at retail		
44. Laundering, drycleaning, industrial processing (excluding receipts from coin-operated equipment), and commercial printing (excluding photocopying)		
45. Sales of agricultural products		
46. Manufacturer's sales at wholesale		
47. Other sales at wholesale		
48. Totals (add lines 35 through 47 columns A and B)	48	48
49. Nontaxable receipts **(Explain on Schedule F)**	49	49
50. Balance (line 48 minus line 49 of each column)	50	50
51. Exemptions ($83.33 per month, total from both columns and line 15 of Schedule A may not exceed $1,000)	51	51
52. Amount subject to tax (line 50 minus line 51). If less than zero, enter zero	52	52
53. Enter the amounts from line 52 multiplied by the respective tax rates for each column	53	53
54. Total unrelated gross income tax (Column A plus Column B from line 53)		54

Schedule C — Adjusted Gross Income Tax Computation on Unrelated Income

55. Unrelated business taxable income (before net operating loss deduction and specific deduction) from federal return Form 990T		55
56. Add back: All state income taxes (taxes based on income)	56	
57. Add back: All real estate taxes and personal property taxes	57	
58. Add back: All charitable contributions	58	
59. Deduct: Interest on U.S. Government obligations included on federal return	59	
60. Total modifications (add lines 56, 57 and 58, subtract line 59)	60	
61. Subtotal (add lines 55 and 60)		61
62. Other adjustments **(explain on Schedule G)** enter deductions in <brackets>	62	
63. Net adjusted gross income (add lines 61 and line 62) (If not apportioning, proceed to line 65. If apportioning, continue to line 64)		63
64. Enter Indiana apportionment percentage, if applicable, from line 4(c) of apportionment worksheet (Attach worksheet)		64 %
65. Unrelated business income apportioned to Indiana (Multiply line 63 by line 64, see line 65 instructions)		65
66. Enter Indiana portion of net operating loss deduction (Attach Schedule IT-20NOL, see instructions)		66
67. Taxable Indiana adjusted gross income (line 65 less line 66) also see line 69 instructions		67
68. Indiana adjusted gross income tax (Multiply line 67 by 3.4%)		68

Schedule D — Supplemental Net Income Tax Computation on Unrelated Income

69. Enter Indiana taxable adjusted gross income from line 67 (If a loss is shown on line 67 enter zero)	69
70. Enter the **greater** of gross income tax (Schedule A, line 18 plus Schedule B, line 54) or adjusted gross income tax (Schedule C, line 68)	70
71. Supplemental net income (line 69 minus line 70) If less than zero, enter zero here and on line 72	71
72. Supplemental net income tax (Multiply line 71 by 4.5%)	72

Schedule E — Total Unrelated Business Income Tax Computation

73. Enter the greater of gross income tax (Schedule B, line 54) or adjusted gross income tax (Schedule C, line 68)	73
74. Enter supplemental net income tax from Schedule D, line 72 (cannot be less than zero)	74
75. Total unrelated business income tax (Add lines 73 and 74 and carry to line 20 on front of return)	75

Vehicle Information Section

Enter number of motor vehicles operated by the organization in the State of Indiana on the last day of the tax year ______________________________

Are these vehicles registered in the State of Indiana? Yes ______________ No ______________

If no, attach an explanation and the reason(s) why these vehicles are not registered in Indiana.

(Attach Schedules F and G to Form IT-20NP)

Name of Organization	Identification Number

Schedule F — Explanation of Nontaxable Receipts From Schedule A or B (Attach additional pages if necessary).

Schedule	Line	Items Deducted	Deducted from Gross Receipts Column A	Column B

Schedule G — Additional Explanation or Adjustment of Items from lines 9 and 11 of Schedule A, line 41 of Schedule B, and line 62 of Schedule C (Attach additional pages if necessary).

Schedule	Line	Explanation	Amount

Instructions for Apportionment of Income Worksheet

Use of Apportionment Worksheet

If adjusted gross income is derived from sources both within and outside of Indiana, the adjusted gross income attributed to Indiana must be determined by use of an apportionment formula. The Department will not accept returns filed for adjusted gross income tax purposes on which the separate accounting method has been used.

Detailed Instructions:

Note: Interstate transportation corporations should consult Schedule E-7 for details concerning apportionment of income. Contact the Department to get this schedule.

1. Property Factor: The property factor is a fraction. The numerator is the average value during the tax year of real and tangible personal property used in the business within this state (including rental property), and the denominator is the average value during the tax year of such property used in the business everywhere. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. The average value of property shall be determined by averaging the values of the beginning and the end of the income period.

Complete appropriate lines for both within Indiana and everywhere. Add lines (a) through (e) in columns A and B. Divide sum in box S1, column A by the sum from box S2, column B. Enter the percent in box S3, column C.

2. Payroll Factor: The payroll factor is a fraction. The numerator is the total wages, salaries, and other compensation paid to employees in this state for services rendered for the business, and the denominator is the total of such compensation for services rendered for the business everywhere. Normally, the Indiana payroll will match the unemployment compensation reports filed with the state as determined under the Model Unemployment Compensation Act. Compensation is paid in this state if (a) the individual's service is performed entirely within the state; (b) the individual's service is performed both within and outside the state, but the service performed outside the state is incidental to the individual's service within the state; (c) some of the service is performed in the state and (1) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state; or (2) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state. Payments to independent contractors and others not classified as employees are not to be included in the factor.

Enter payroll values in boxes T1 and T2. Divide the total in box T1, column A by the total from box T2, column B. Enter the percent in box T3, column C.

3. Receipts Factor: The receipts factor is a fraction. The numerator is the total receipts of the taxpayer in this state during the tax year, and the denominator is the total receipts of the taxpayer everywhere during the tax year. **This factor is double-weighted in the apportionment of income formula.** All gross receipts of the taxpayer which are not subject to allocation, as nonbusiness income, are to be included in this factor.

The numerator of the receipts factor must include all sales made in Indiana, sales made from this state to the U.S. Government, and sales made from this state to a state which does not have jurisdiction to tax the activities of the seller. The numerator will also contain intangible income attributed to Indiana including interest from consumer and commercial loans, installment sales contracts, and credit and debit cards as prescribed under I.C. 6-3-3-2.2.

Total receipts include gross sales of real and tangible personal property less returns and allowances. Sales of tangible personal property are in this state if the property is delivered or shipped to a purchaser within this state regardless of the f.o.b. point or other conditions of sale, or the property is shipped from an office, store, warehouse, factory, or other place of storage in this state, and the taxpayer is not subject to tax in the state of the purchaser.

Sales or receipts not specially assigned above shall be assigned as follows: (1) gross receipts from the sale, rental, or lease of real property are in this state if the real property is located in this state; (2) gross receipts from the rental, lease, or licensing the use of tangible personal property are in this state if the property is in this state. If the property was both within and outside Indiana during the tax year, the gross receipts are considered in this state to the extent the property was used in this state; (3) gross receipts from intangible personal property are in this state if the taxpayer has economic presence in this state and such property has not acquired a 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 attributable to Indiana if the security or sale property is located in Indiana; consumer loans not secured by real or tangible personal property are attributable to this state if the loan is made to an Indiana resident; and commercial loans and installment obligations not secured by real or tangible personal property are attributable to Indiana if the proceeds of the loan are to be applied in Indiana. Interest income, merchant discounts, travel and entertainment credit card receivables and credit card holder's fee are attributable to the state to which the card charges and fees are regularly billed. Receipts from the performance of fiduciary and other services are attributable to the state in which 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 in which those items are purchased. Receipts in the form of dividends from investments are attributable to Indiana if the taxpayer's commercial domicile is in Indiana; and, (4) gross receipts from the performance of services are in this state if the services are performed in this state. If such services are performed partly within and partly outside this state, a portion of the gross receipts from performance of the services shall be attributed to this state based upon the ratio that the direct costs incurred in this state bear to the total direct costs of the services, unless the services are otherwise directly attributed to Indiana according to I.C. 6-3-2-2.2.

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 this state if it is shipped from an office, store, warehouse, or other place of storage in this state.

Complete all lines as indicated. Add receipt factor lines (a) through (d) in column A. Also enter total receipts everywhere in box U2. See line 4(a) for calculation of the percentage.

4. Summary: Apportionment of Income for Indiana

(a) Divide sum in box U1, column A by the sum from box U2, column B. Enter the quotient in the space provided and multiply by 200%. Enter product in box U3, column C.

(b) Add entries in boxes S3, T3 and U3 of column C. Enter the sum of the percentages in box V.

(c) Divide the total percentage entered in box V by 4 and carry out two decimals, e.g. 89.54%. Enter the average Indiana apportionment percentage in box W and carry to line 64, Schedule C of Form IT-20NP.

The property and payroll factors are each valued as a factor of 1 in the apportionment of income formula. The receipts factor is valued as a factor of 2. The combined three-factor denominator equals 4. In cases where there is a total absence of one of these factors in column B, you must divide the sum of the percentages by the number of the remaining factor values present in the apportionment formula.

Apportionment of Income Worksheet (For tax years beginning in 1996)

(Attach to return, if apportioning income)

The following information must be submitted by all organizations having income from sources both within and outside the state, regardless of method of apportionment used. (Interstate transportation entities must use Schedule E-7).	**Column A Total Within Indiana**	**Column B Total Within and Outside Indiana**	**Column C Indiana Percentage**
1. **Property Factor -** Average yearly value of real and tangible personal property used in the business whether owned or rented. (Owned property at original cost, see instructions. Exclude property not connected with the business and value of construction in process).			
(a) Property reported on federal return at original cost..			
(b) Fully depreciated assets still in use at cost..			
(c) Inventories (including work in progress)..			
(d) Other tangible personal property...			
(e) Rented property (8 times the annual net rental)..			
Total Property Values: Add lines 1(a) through 1(e).................................	S1	S2	S3 . %
2. **Payroll Factor -** Wages, salaries, commissions, and other compensation of employees related to business income included in the return. If the amount reported in column A does not agree with the total compensation reported for unemployment insurance purposes, attach a detailed explanation.			
Total Payroll Value:	T1	T2	T3 . %
3. **Receipts Factor** (less returns and allowances)			
(a) Sales delivered or shipped to Indiana:			
(1) Shipped from within Indiana...			
(2) Shipped from outside Indiana..			
(b) Sales shipped from Indiana to:			
(1) The United States Government...			
(2) Purchasers in a state where the taxpayer is not subject to income tax (under P.L. 86-272)...			
(c) Interest income and other receipts from extending credit attributed to Indiana...			
(d) Other gross business receipts..			
Total Receipts: Add column A lines 3(a) through 3(d); enter all receipts everywhere in box U2..	U1	U2	

4. **Summary - Apportionment of Income for Indiana** (Percentage should be two decimal places, e.g. 98.76%)

(a) **Receipts Percentage** for factor 3 above: Divide U1 by U2, enter result here: . % **X 200% (2.0) double-weighted adjustment** ..... **U3** . %

(b) **Total Percents:** Add percentages entered in boxes S3, T3 and U3 of column C. Enter sum.. **V** . %

(c) **Indiana Apportionment Percentage: Divide box V by 4 if all three factors are present.** Enter here and on Schedule C, line 64....................... **W** . %

Note: If either property or payroll factor for column B is absent, divide box V by 3. If the receipts factor (U2) is absent, you must divide box V by 2.