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

www.in.gov/dor/

Compliance Division
Nonprofit Section
(317) 232-2188

SP 155
(R5/8-06)

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STATE OF INDIANA

Nonprofit Organization Unrelated Business Income Tax Booklet

2006 Form IT-20NP

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

Administrative and Legislative Tax Highlights

References to the Internal Revenue Code

Public Law (PL) 184-2006, SEC. 4 updates references to the Internal Revenue Code in certain Indiana tax statutes. For tax year 2006, any reference to the Internal Revenue Code and subsequent regulations means the Internal Revenue Code of 1986, as amended and in effect on Jan. 1, 2006.

Charity Gaming Responsibilities Transfers to Indiana Gaming Commission

PL 91-2006, effective July 1, 2006, repealed IC 4-32. This transfers the licensing, regulation and enforcement of charity gaming from the Department to the Indiana Gaming Commission.

If you have a question regarding charity gaming, please call (317) 232-4646 or visit the Indiana Gaming Commission's Web address at: www.in.gov/gaming

Termination of Three Enterprise Zones

PL 214-2005, SEC. 87 (effective upon passage) provided that the legislative body of each unit that contains an enterprise zone to adopt before Dec.1, 2005, and forward to the Enterprise Zone Board a resolution containing the legislative body's recommendation as to whether the zone should continue in existence or be terminated effective Dec. 31, 2005. If the legislative body did not adopt a continuing resolution, it shall be considered to be recommending the termination of the zone.

The following enterprise zones have terminated: Gary (Sept. 8, 2005), Portage and Terre Haute (Dec. 31, 2005).

The following enterprise zones remain active:

Bedford	Kokomo
Bloomington	Lafayette
Connersville	LaPorte
East Chicago	Marion
Elkhart	Michigan City
Evansville	Mitchell
Frankfort	New Albany
Ft. Harrison (Indianapolis)	Richmond
Ft. Wayne	*River Ridge Development
Grissom Aeroplex (Peru)	(Jeffersonville)
Hammond	Salem
Indianapolis	South Bend
Jeffersonville	Vincennes

*The Indiana Army Ammo EZ changed its name to River Ridge Development.

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue will conduct an annual public hearing on Monday, June 11, 2007. Please come and share your ideas on how the Department can better administer Indiana tax laws. The hearing will be held from 9 -10 a.m., in the Indiana Government Center South, Conference Center -Room 6, 402 W. Washington St., Indianapolis, Indiana. If you are unable to attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 N. Senate Ave., Indianapolis, IN 46204.

For a complete summary of new legislation regarding taxation, please see 2006 Summary of State Legislation Affecting the Department of Revenue at www.in.gov/dor/reference/legal/summary.html

General Instructions for 2006 Form IT-20NP

Please attach a copy of federal Form 990 or 990T, if required to be filed, to Form IT-20NP.

Who Must File Form IT-20NP

All nonprofit organizations must file Form IT-20NP to report any unrelated business income. Political organizations and homeowner's associations filing federal Form 1120POL or 1120H are not considered nonprofit 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 nonprofit organization, request Income Tax Information Bulletin 17 from the Compliance Division, Nonprofit Section, by calling (317) 232-2188.

Utility Receipts Tax

Effective Jan. 1, 2003, P.L. 192-2002(ss) created a utility receipts tax is imposed at the rate of one and four-tenths (1.4) percent of the taxable gross receipts of a utility. Gross receipts are defined as the value received for the retail sale of utility services The utility services subject to tax include: electrical energy, natural gas, water, steam, sewage and telecommunications.

If you have more than $1,000 in gross receipts from the sale of utility services, you might be required to file Form URT -1 (Utility Receipts Tax Return) in addition to Form IT-20NP. Refer to Commissioner's Directive 18.

Utility Services Use Tax

Effective July 1, 2006, an excise tax known as the utility services use tax is imposed on the retail consumption of utility services in Indiana at the rate of one and four-tenths (1.4) percent where the utility receipts tax is not paid by the utility providing the service.

You may be liable for this tax if you purchase utility services from outside Indiana (or anywhere if for resale) and become the end user in Indiana of any part of the purchase. The person who consumes the utility service is liable for the utility services use tax based on the price of the purchase. Unless the seller of the utility service is registered with the Department to collect the utility services use tax on your behalf, you are required to remit this tax on Form USU-103. For more information, refer to Commissioner's Directive 32 available at www.in.gov/dor/reference/comdir/pdfs/cd32.pdf

Accounting Methods

The accounting method for a nonprofit organization shall conform with the method used on the federal return.

Due Date for Filing Form IT-20NP

Form IT-20NP return is due on or before the 15 day of the fifth 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

A nonprofit organization with an exempt purpose must have on file Form NP-20A, Application to File as a Nonprofit Organization, to receive an exemption from sales tax and your Indiana nonprofit registration number. **Form IT-20NP is not required to be filed annually by a exempt organization unless the organization has unrelated business income over $1,000 during the tax year.** The unrelated business income of an exempt organization is subject to the Adjusted Gross Income Tax and must be reported on Form IT-20NP.

If any part of the gross income received by such organization 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.

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

Effective Jan. 1, 2003, all nonprofit organizations are required to file Form NP-20, Indiana Nonprofit Organization's Annual Report, with the Department by 15 day of the fifth month, following the close of the organization's tax year.

Charity Gaming Activities

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

All nonprofit organizations planning to conduct charity gaming activities must register with the Indiana Gaming Commission by filing Form CG-1, Charity Gaming Qualification Application. Activities such as auctions, midway style games and games of skill are not regulated by the charity gaming law.

To obtain revised Charity Gaming Publication 2, contact: Indiana Gaming Commission, Suite 950 South Tower, 115 W. Washington St., Indianapolis, IN 46204-3408. Web address: www.in.gov/gaming

For more information, call (317)23-BINGO (317-232-4646).

Extensions for Filing Return

The Department normally recognizes the Internal Revenue Service application for automatic extension of time to file, Form 8868 and, if received, the electronic confirmation of the extension. **Do not file a separate copy of your federal extension with the Department to request an Indiana extension of time to file.**

A copy of the federal extension must be attached to the Indiana return when filed. Check **box L1** on front of return. Also enter your federal electronic confirmation number on the return. Returns postmarked within 30 days after the last date indicated on the federal extension will be considered timely filed. If a federal extension is not needed, a taxpayer may request in writing on or before the original due date, an Indiana extension of time to file from the Indiana Department of Revenue, Corporate Income Tax Section, Returns Processing Center, 100 N. Senate Ave., Indianapolis, IN 46204-2253.

Penalty for late payment will not be imposed if at least 90 percent of the tax due is paid by the original due date. The extension payment should be sent with your previous pre-printed Indiana Form IT-6, or Form E-6, as an extension 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 (3) years from the latter 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

six (6) months 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 $1,000 for a taxable year must file quarterly estimated tax payments.

The estimated tax payment is submitted with an Indiana estimated quarterly return, Form IT-6, or by Electronic Funds Transfer (EFT) if the average quarterly liability exceeds $10,000. If the organization's estimated payments exceed the tax liability, credit should be claimed on the annual return, Form IT20-NP, to request a refund or carryover 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.

Estimated tax payments for calendar year organizations are due on April 20, June 20, Sept. 20 and Dec. 20. Estimated tax payments for fiscal year and short tax year filers are due by the twentieth day of the fourth, sixth, ninth, and twelfth month of the taxable year. For further instructions, refer to Income Tax Information Bulletin 11.

Penalty for Underpayment of Estimated Taxes

Organizations estimating their income taxes will be subject to a 10 percent 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 percent of the total income tax liability for the current taxable year or 25 percent 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 25 percent 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 Income Taxes, which is available from the Department upon request.

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.

Electronic Funds Transfer Requirements

A nonprofit organization's quarterly estimated tax must be remitted by Electronic Funds Transfer (EFT) if the amount of tax on unrelated business income of an organization exceeds an average liability of $10,000 per quarter (or $40,000 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, it must:

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

Failure to comply will result in a 10 percent 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. One must be certain to claim any EFT payment as an extension or estimated payment credit. Do not file a return indicating an amount due if you have paid, or will pay, any remaining balance by EFT.

If the organization determines that it meets the requirements to remit by Electronic Funds Transfer (EFT), contact the Indiana Department of Revenue, EFT Section, by calling (317) 232-5500.

Instructions for Completing Form IT-20NP

File a 2006 Form IT-20NP return for a taxable year ending Dec. 31, 2006, a short tax year beginning in 2006 and ending in 2006, or a fiscal tax year beginning in 2006 and ending in 2007. For a short or fiscal tax year, fill in at the top of the form the beginning month and day and ending date of the taxable year.

Identification Section

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 current mailing address. For name change, check box at top of return and attach to return copies of amended Articles of Incorporation or Amended Certificate of Authority filed with the Indiana Secretary of State. The federal identification number shown in the box at the right hand corner of the return must be accurate and the same as used for federal purposes.

Note: For question K, check box 2 if the organization dissolved, liquidated or withdrew from the state. Enter the number of your business activity code in the designated box under the federal identification number. Use the 6 digit principal business activity code, derived from the North American Industry Classification System (NAICS), as reported on your federal (Form 990-T) income tax return. A listing of these codes may be found through the Department's Internet address: **www.in.gov/dor/business/forms.html**

Other **Unrelated Business Activity** numbers which may 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)

A condensed list is published as part of the Indiana Business Tax Application, Form BT-1. This form is available through our Tax Forms Order Line at (317) 615-2581, or at www.in.gov/dor/taxforms

You must indicate if a federal extension of time to file form is attached. Check **box L1** on front of return. Also enter your federal electronic confirmation number on the return.

How to Report Charity Gaming Receipts

Exempt nonprofit organizations do not pay income taxes on the proceeds from licensed charity gaming events. For further information, see Charity Gaming Publication 2, which is available from: Indiana Gaming Commission, Suite 950 South Tower, 115 W. Washington St., Indianapolis, IN 46204-3408. Web address: www.in.gov/gaming

All nonprofit organizations must report unrelated business income. The corporate adjusted gross income tax is computed on the nonprofit organization unrelated business income return.

Report of Unrelated Business Income

All organizations, exempt under IC 6-2.5-5-21 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, which are subject to the tax imposed by IRC 511 are also subject to Indiana adjusted gross income tax on their 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 will 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 for Indiana tax purposes. Income from bingo events, raffles, door prizes, charity game nights, festival events, the sale of pull tabs, punch boards and tip boards would be 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 which 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 which 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

Exceptions 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 less 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 exchange or rentals 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 will recognize 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 three factor apportionment formula must be used. Attach the completed IT-20 Apportionment of Income Schedule E to the return.

Line 1. Enter unrelated business taxable income (before net operating loss deduction and specific deduction) 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 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, province of a religious order, or a convention or 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 for a listing of eligible items.

Line 6. Enter all other adjustments and modifications to unrelated business income:

- **Bonus Depreciation** - Add or subtract an amount attributable 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 that own property for which additional first-year special depreciation for qualified property, including 50 percent bonus depreciation, was allowed in the current taxable year or in an earlier taxable year, must add or subtract an amount necessary to make their 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 explains this initial required modification on the allowance of depreciation for state tax purposes.

- **Excess Section 179 Deduction** - Enter IRC Section 179 adjustment claimed for federal tax purposes that exceeds the amount that is recognized for state tax purposes.

  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 percent 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 and has since specified an expensing cap of $25,000. The additional depreciation may be excluded in subsequent years from the amounts to be added back on line 6 when excess IRC Section 179 deduction or bonus depreciation was elected.

- **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 Lottery Prize Money** - A portion of prize money received from the purchase of a winning Indiana lottery game or ticket included in federal taxable income should be excluded. Beginning after June 30, 2002, the proceeds of up to $1,200 are deductible from each winning lottery game or ticket paid through the Hoosier State Lottery Commission.

Note: If net amount determined above for line 6 is a negative figure, because of a higher depreciation basis in subsequent years, enter the total amount in <brackets>. If unrelated business income is a loss, this adjustment when added back increases a loss.

Attach a statement to the return to explain any adjustment claimed on line 6.

Line 8. If apportioning income, enter Indiana percentage (rounded to two decimal places) from line 4(c) of IT-20 Schedule E, Apportionment of Adjusted Gross Income. Do not enter one hundred (100) percent. Attach completed return page 3. See instructions on page 12 for this schedule.

Line 9. Multiply line 7 by Indiana apportionment percentage on line 8. If line 8 is not applicable, enter amount from line 7.

Line 10. Enter as a positive figure, the full amount of your available Indiana net operating loss carryover deduction as calculated on revised Schedule IT-20NOL. If you are carrying a net operating loss deduction, Schedule IT-20NOL, as effective on or after January 1, 2004, must be attached. This corporate form is available from the Department at: www.in.gov/dor/taxforms/statetoc.html *Please review revised Schedule IT-20NOL and instructions before entering an amount on line 10.*

Line 11. Taxable Indiana unrelated business income - Subtract line 10 from line 9.

Line 12. Indiana adjusted gross income tax for taxable year: multiply the amount on line 11 by eight and one-half (8.5) percent if not otherwise qualified for a reduced rate of tax.

Effective Jan. 1, 2005, qualified taxable income derived from a designated Indiana Military Base Enhancement Area (MBEA) is subject to tax at the rate of five percent. If line 11 is a loss figure, enter zero.

If you qualify as an MBEA taxpayer under IC 6-3-2-1.5, complete and attach a copy of **Schedule M, Alternate Adjusted Gross Income Tax Calculation** and check question **box K4** (Schedule M) on front of Form IT-20NP. This form is available in the current year Indiana Corporate Income Tax Booklet. Enter the total computed adjusted gross income tax based on your Indiana taxable unrelated business income reported on line 11.

Summary of Calculations

Line 13. Sales/Use Tax: IC 6-2.5-3-2 imposes a use tax at the rate of six percent upon the use, storage or 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 will qualify for exemption from use tax under the following conditions: (1) the nonprofit organization is exempt from the gross retail sales tax under IC 6-2.5-5-22 through 26; (2) the property or service is used to further its nonprofit purpose; or (3) 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 over 50 percent of 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. **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.**
If you are a registered merchant 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 Sales/Use Tax Worksheet on page 2 of the enclosed of return 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 nonprofit organizations can be obtained by requesting Sales Tax Information Bulletin 10 or by calling (317) 233-4015.

Line 14. Enter the total use tax and unrelated business income tax from lines 12 and 13.

Credits and Payment Computation

Line 15. Enter total amount of estimated quarterly income tax payments made for calendar year 2006 or for a fiscal tax year beginning in 2006 and ending in 2007. Itemize each payment in the spaces provided.

Line 16. Enter the total amount paid with valid extension.

Line 17. Enter the amount of prior year overpayment credit.

Line 18. Claim other allowable tax liability credit by entering name, credit ID code number and amount. The total of nonrefundable tax liability credit is limited to the amount of income tax on line 12, unless otherwise noted. If your claim exceeds the amount of your tax liability you must adjust by recalculating the credit to the amount that you may apply. See listing of Other Tax Liability Credits beginning on page 8**.** Refer Income Tax Information Bulletin 59 for more information about Indiana tax credits available to taxpayers.

Also, this line may include a refundable Economic Development for a Growing Economy (EDGE) job retention credit. EDGE credit information, is listed under Other Tax Liability Credits on page 14.

A detailed explanation or supporting schedule must be attached the return for any credits claimed on line 18.

Line 19. Add total credits, but certain credits may not exceed amount of tax liability on line 12 and 13.

Line 20. Balance of net taxes due. If line 14 is greater than line 19, enter difference.

Line 21. 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 22. Enter any interest due. Contact the Indiana Department of Revenue at (317) 232-2165 for the current rate of interest charged on late payments.

Line 23. *Enter the penalty amount that applies:*

A. If the return with payment is made after the original due date, a penalty which is the greater of $5 or ten 10 percent of the balance of tax due, line 20 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 percent 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, line 14 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 24. Total amount owed. Add lines 20, 21, 22 and 23. Make separate payment for each return filed. Payment to the Department must be made with U.S. funds.

Line 25. Overpayment: Enter the sum of line 19 minus lines 14, 21 and 23.

Line 26. Enter the portion of the overpayment to be refunded.

Line 27. If electing to credit all or a portion of the overpayment to the following year's estimated adjusted gross income tax account, enter the amount of the overpayment to be applied.

The sum of lines 26 and 27 must equal the amount of the total overpayment on line 25. If the overpayment is reduced due to an error on the return or an adjustment by the Department, the amount to be refunded, line 26, will be corrected before any changes are made to the amount on line 27. Any refund due may be applied to other liabilities under IC 6-8.1-9-2(a) and IC 6-8.1-9-5.

Be sure to sign, date and print your name on the return. If a paid preparer completed your return, you may authorize the Department to discuss your return with the preparer by checking the authorization box above the signature line. Please mail completed returns with a filled-in 2-D bar code to:

Indiana Department of Revenue
P.O. Box 7231
Indianapolis, IN 46207-7231

All other prepared returns must be mailed to:

Indiana Department of Revenue
100 N. Senate Ave.
Indianapolis, IN 46204-2253

Other Tax Liability 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 18, enter the name of the credit, the three-digit code number and the amount claimed.

Caution: Within a certain group of credits a taxpayer may not be granted more than one credit for the same project. The credits that are included for this group are the capital investment credit, community revitalization enhancement district credit, enterprise zone investment cost credit, hoosier business investment credit, industrial recovery credit, military base recovery credit, military base investment cost credit and the venture capital investment credit. Apply this restriction first when figuring allowable credits. Refer Income Tax Information Bulletin 59 for more information about Indiana tax credits available to taxpayers who file income tax returns.

Coal Combustion Product Tax Credit (805)

A manufacturer who uses coal combustion products (byproduct resulting from the combustion of coal in an Indiana facility) for the manufacturing of recycled components and is a new business may be eligible for this credit. An existing business that manufactures recycled components, and increases the acquisitions of coal combustion products by ten 10 percent over the average amount obtained in the previous three years is also eligible for the credit. Note: A taxpayer that obtains a property tax deduction for investment property purchased by the manufacturer of coal combustion products is not eligible for this credit.

To obtain the credit, the taxpayer must file with the Department information that the Department determines is necessary for the calculation of the credit. An approved Form CCP-100 must be attached to verify the claimed credit. For more information, contact the Indiana Department of Revenue, Coal Combustion Credit, Room N203, 100 N. Senate Ave., Indianapolis, IN 46204.

College and University Contribution Credit (807)

Organizations subject to Indiana adjusted gross income tax may compute a credit against their income tax liability for 50 percent of charitable contributions made to Indiana colleges and universities up to 10 percent of the organization's unrelated business taxable income tax or $1,000, whichever is less. Refer to Income Tax Information Bulletin 14 for listing of eligible institutions.

Schedule CC-40, available separately from the Department, must be completed and attached to Form IT20NP.

Historic Building Rehabilitation Tax Credit (819)

A historic building rehabilitation tax credit is available for the rehabilitation and preservation of historic properties. The credit is 20 percent of the total cost of certified rehabilitation expenses of at least $10,000 made to a registered Indiana historic site or structure that is at least 50 years old, owned by the taxpayer and actively used in a trade or business. The credit may be used to offset a taxpayer's total state income tax liability but any excess credit may be carried forward for up to 15 tax years.

Indiana Department of Revenue

Indiana Nonprofit Organization Unrelated Business Income Tax Return

Calendar Year Ending December 31, 2006 or

Fiscal Year Beginning AA_____/_____ 2006
and Ending BB_____/_____/_____

Form IT-20NP
State Form 148 (R5/8-06)

(Do not write above)

Check box if name changed. B1☐

Name of Organization B			Federal Identification Number A
Number and Street C		Indiana County or O.O.S. D	Principal Business Activity Code H
City E	State F	ZIP Code G	Telephone Number I ( )

K Check all boxes that apply: 1 Initial Return 2 Final Return 3 In Bankruptcy 4 Schedule M

L Have you filed an extension of time to file the return? 1 Yes 2 No *(If yes, a copy of the extension form must be attached.)*
Enter federal electronic confirmation number: 3 _____ Due Date: 15th day of the 5th month following close of the tax year.

Adjusted Gross Income Tax Calculation on Unrelated Business Income

2006 IT-20NP

1. Unrelated business taxable income (before net operating loss deduction and specific deduction) from federal return Form 990T (attach Form 990T)		1	
2. Specific deduction (generally $1,000, see instructions)	2		
3. Interest on U.S. government obligations on the federal return less related expenses..	3		
4. Enter total from lines 2 & 3	4		
5. Subtotal for unrelated business income (subtract line 4 from line 1)		5	
6. Net bonus depreciation, for excess IRC Section 179, and IRC Section 199 deductions, enter other adjustments in <brackets>		6	
7. Unrelated business income, as adjusted (add lines 5 and 6) (If not apportioning, enter same amount on line 9)		7	
8. Enter Indiana apportionment percentage, if applicable, from line 4(c) of IT-20 Schedule E apportionment (attach schedule)		8	___ ___ . ___ ___ %
9. Unrelated business apportioned to Indiana (multiply line 7 by line 8; otherwise enter line 7 amount)		9	
10. Enter Indiana net operating loss deduction without specific deduction (attach Schedule IT-20NOL, see instructions)		10	
11. Taxable Indiana unrelated business income (line 9 less line 10)		11	
12. Indiana tax on unrelated business income (multiply line 11 by 8.5% (.085). **See instructions for line 12**		12	
13. Sales/use tax on purchases subject to use tax from Sales/Use Tax Worksheet		13	
14. Total tax due (add lines 12 and 13) Total Tax		14	

Credit for Estimated Tax and Other Payments

15. Quarterly estimated tax paid: Qrt. 1_____ Qrt. 2_____ Qtr. 3_____ Qtr. 4_____ Enter total ▶		15	
16. Amount paid with extension		16	
17. Amount of overpayment credit (from tax year ending a_____)		17	
18. Enter name of other credit _____ Code No. 18a __ __ __		18b	
19. Total credits (add lines 15, 16, 17 and 18b) Total Credits		19	
20. Balance of tax due (line 14 minus 19; if line 19 is greater than line 14, proceed to lines 21, 23 and 25)		20	
21. Penalty for the underpayment of income tax. Attach Schedule IT-2220		21	
22. Interest: If payment is made after the original due date, compute interest. Contact the Department for current interest rate(s)...		22	
23. Penalty: If paid late, enter 10% of line 20; see instructions. If line 14 is zero enter $10 per day filed past due date..		23	
24. Total payment due (add lines 20, 21, 22 and 23). Make check payable to the **Indiana Department of Revenue.** (payment must be made in U.S. funds) PAY THIS AMOUNT ▶		24	
25. Total overpayment (line 19 minus lines 14, 21, and 23)	25		
26. Amount of line 25 to be refunded	26		
27. Amount of line 25 to be applied to the following year's estimated tax account		27	

I authorize the Department to discuss my return with my tax preparer. CC ☐ **Yes**

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.

For Dept. use only DD

Organization's e-mail Address EE

Signature of Officer	Date	Print or Type Name LL	Title MM
Paid Preparer's Name FF		Preparer's FID, PTIN, or SSN Number NN	Check box: OO 1 Federal I.D. Number 2 Social Security Number 3 PTIN Number
Street Address GG		Daytime Telephone Number PP	
City HH	State II / ZIP+4 JJ	Preparer's Signature	

VN

Please mail forms to: **Indiana Department of Revenue, 100 N. Senate Ave., Indianapolis, IN 46204-2253.**

Additional Explanation or Adjustment

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

Sales/Use Tax Worksheet for Line 13, Form IT-20NP

List all purchases made during 2006 from out-of-state companies.

Column A Description of tangible personal property purchased from out-of-state	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	1		
2. Sales/use tax: Multiply line 1 by .06 (6%)	2		
3. Sales tax previously paid on the above items (up to 6% per item) plus other tax credits that off-set use tax, attach explanation	3		
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-20NP, line 13. If the amount is negative, enter zero and put no entry on line 13 of the IT-20NP	4		

Indiana Department of Revenue

Apportionment of Adjusted Gross Income

For Tax Year Beginning AA_____/_____/_____ **and Ending** BB_____/_____/_____

Name as shown on return	Federal Identification Number
B	A

Each filing entity having income from sources both within and outside Indiana must complete a three-factor apportionment schedule except financial institutions and certain insurance companies that use a single factor. Interstate transportation entities must use Schedule E-7, Apportionment for Interstate Transportation. Combined unitary filers must use the apportioning method (relative formula percentage) as outlined in Tax Policy Directive #6. Omit cents - percents should be rounded two decimal places - read apportionment instructions.

Part I - Indiana Apportionment of Adjusted Gross Income

	Column A TOTAL WITHIN INDIANA	Column B TOTAL WITHIN and OUTSIDE INDIANA	Column C INDIANA PERCENTAGE
1. Property Factor - Average value of owned property from the beginning and the end of the tax year. (Value of and pro rata share of real and tangible personal property at original cost.)			
(a) Property reported on federal return (average value for tax year)			
(b) Fully depreciated assets still in use at cost (average value for tax year)			
(c) Inventories, including work in progress (average value for tax year)			
(d) Other tangible personal property (average value for tax year)			
(e) Rented property (8 times the annual net rental)			
Total Property Values: Add lines 1(a) through 1(e)	1A	1B	1C ___ ___ ___ . ___ ___ %
2. Payroll Factor - Wages, salaries, commissions and other compensation of employees and pro rata share of payroll reportable on the return.			
Total Payroll Value:	2A	2B	2C ___ ___ ___ . ___ ___ %
3. Sales/Receipts Factor - Include all non-exempt apportioned gross business income. Do not use non-unitary partnership income or previously apportioned income that must be separately reported as allocated income.			
Sales delivered or shipped to Indiana:			
(a) Shipped from within Indiana			
(b) Shipped from outside Indiana			
Sales shipped from Indiana to:			
(c) The United States government			
(d) Purchasers in a state where the taxpayer is not subject to income tax (under P.L. 86-272)			
(e) Interest and other receipts from extending credit attributed to Indiana			
(f) Other gross business receipts not previously apportioned			
Total Receipts: Add column A receipts lines 3(a) through 3(f) and enter in line 3A. Enter all receipts in line 3B, of column B	3A	3B	

4. Summary - Apportionment of Income for Indiana

(a) **Receipts Percentage** for factor 3 above: Divide 3A by 3B, enter result here: 4(a)1 ___ ___ ___ . ___ ___% X 200% (2.0) double-weighted adjustment ... **4a** ___ ___ ___ . ___ ___ %

(b) **Total Percents:** Add percentages entered in boxes 1C, 2C and 4a of column C. Enter sum ... **4b** ___ ___ ___ . ___ ___ %

(c) **Indiana Apportionment Percentage:** Divide line 4b by 4 if all three factors are present. Enter here and carry to apportionment line on the tax return..... **4c** ___ ___ . ___ ___ %

NOTE: If either property or payroll factor for column B is absent, divide line 4b by 3. If the receipts factor (3B) is absent, you must divide line 4b by 2.

Part II - Business/Other Income Questionnaire

1. List all business locations where the taxpayer has operations/other partnership interests and indicate type of activities. This section must be completed - attach additional sheets if necessary.

(a) Location City and State	(b) Nature of Business Activity at Location	(c) Accepts Orders?		(d) Registered to do Business?		(e) Files Returns in State?		Property in State (f) Leased?		(g) Owned?	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No

2. Briefly describe the nature of Indiana business activities, including the exact title and principal business activity of any partnership in which the corporation has an interest:

3. Indicate any other 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? 1 Yes 2 No If no, please explain:
(a)

6. List source of any directly allocated income from other partnerships, estates and trusts not in taxpayer's apportioned tax base:

Instructions for Indiana Apportionment of Adjusted Gross Income (8-06)

Use of Apportionment Schedule E: If the adjusted gross income of a corporation is derived from sources both within and outside Indiana, the amount attributed to Indiana must be determined by use of a three-factor apportionment formula. The Department will not accept returns filed for adjusted gross income tax purposes using the separate accounting method. 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 property, payroll or sales of a foreign corporation in a place outside the United States.

Note: *Domestic insurance companies must be a single factor for adjusted gross income and should consult Form IT-20 instruction booklet for details concerning apportionment of income.*

Part I - Indiana Apportionment of Adjusted Gross Income

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 within Indiana (plus value of rented property), and the denominator is the average value during the tax year of such property everywhere.

The average value of property shall be determined by averaging the values of the beginning and the end of the tax period. If the values have fluctuated, the averaging of monthly values may be necessary to reflect the average value of the property for the tax period. If, in the calculation of the property factor, the average values of properties are composed of a combination of values, attach a schedule showing how these average values were calculated. For example, the use of original cost for owned properties plus the value of rental or leased facilities based upon a capitalization of rents paid, which cannot be checked against the balance sheet or the profit and loss statement, must be supported. 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.

Complete appropriate lines for both within Indiana and everywhere. Add lines a through e in columns A and B. Divide the sum on line 1A, by the sum from line 1B. Multiply by 100 and enter the percent on line 1C. Round the percentage to the nearest second decimal place (e.g., 16.02%).

2. Payroll Factor: The payroll factor is a fraction. The numerator is the total wages, salaries and other compensation paid to employees in Indiana, 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 Indiana as determined under the Model Unemployment Compensation Act. Compensation is paid in Indiana if: (a) the individual's service is performed entirely within Indiana; (b) the individual's service is performed both within and outside Indiana, but the service performed outside Indiana is incidental to the individual's service within Indiana; or (c) some of the service is performed in Indiana <u>and</u> (1) the base of operations, or if there is no base of operations, the place where the service is directed or controlled is in Indiana; or (2) the base of operations or the place where 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 Indiana. Payments to independent contractors and others not classified as employees are not included in the factor. The portion of an employee's salary directly contributed to a IRC Section 401K plan should be included in the factor; however, the employer's matching contribution should not be included.

Enter payroll values in lines 2A and 2B. Divide the total on line 2A by the total from line 2B. Multiply by 100 and enter the percent on line 2C.

3. Sales/Receipts Factor: 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 everywhere during the tax year. The receipts factor is double-weighted in the apportionment of income formula.

All gross receipts of the taxpayer which are not subject to allocation are to be included in this factor. Do not include any previously apportioned income or any partnership distribution. Do not include the portion of dividends excluded for federal taxable business income, or the percentage of foreign source dividends deducted (under IC 6-3-2-12). Sales between members of an affiliated group filing a consolidated return under IC 6-3-4-14 shall be excluded. The numerator of the receipts factor must include all sales made in Indiana, sales made from Indiana to the U.S. government, and sales made from Indiana to a state not having 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 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, or the property is shipped from an office, store, warehouse, factory or other place of storage in Indiana, and the taxpayer is not subject to tax in the state of the purchaser.

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 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 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 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 in the form of dividends from investments are attributed to Indiana if the taxpayer's commercial domicile is in Indiana; and (4) gross receipts from the performance of services are in Indiana if the services are performed in Indiana. If such services are performed partly within and partly outside Indiana, a portion of the gross receipts from performance of the services shall be attributed to Indiana based upon the ratio the direct costs incurred in Indiana bear to the total direct costs of the services, unless the services are otherwise directly attributed to Indiana according to IC 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 Indiana if it is shipped from an office, store, warehouse or other place of storage in Indiana. See above rules for sales other than tangible personal property if such sales are made to the United States government.

Other gross receipts: Under f other, report other gross business receipts not included elsewhere, and pro rata gross receipts from all unitary-partnership(s), excluding from the factors the portion of distributive share income derived from a previously apportioned partnership source [45 IAC 3.1-1-153(b)].

Complete all lines as indicated. Add receipt factor lines 3(a) through 3(f) in column A. Enter total on line 3A. Also enter total receipts everywhere on line 3B. See line 4a for calculation of the percentage.

4. Summary: Apportionment of Income for Indiana

(a) Divide sum on line 3A by the total from line 3B. (Multiply by 100 to arrive at a percentage rounded to the nearest second decimal place.) Enter the quotient in the 4(a)1 space provided and multiply by the 200% double weight adjustment. Enter the product on line 4a of column C.

(b) Add entries on lines 1C, 2C and 4a of column C. Enter the sum of the percentages on line 4b.

(c) Divide the total percentage entered on line 4b by 4. Enter the average Indiana apportionment percentage (rounded to the nearest second decimal place) on line 4c and carry to the apportionment entry line on the return..

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. When there is a total absence of one of these factors for column B, you must divide the sum of the percentages by the number of the remaining factor values present in the apportionment formula.

To qualify for the credit, you must obtain certification from the Division of Historic Preservation and Archaeology, Indiana Department of Natural Resources. Refer to Income Tax Information Bulletin 87. For additional information, you may call the Department of Natural Resources at (317) 232-1646, or visit their website at www.in.gov/dnr/historic

Indiana Research Expense Tax Credit (822)

Compute credit using Schedule IT-20REC for increased Indiana research expenses that are very similar to the federal credit for research and experimental expenses paid in carrying on a trade or business in Indiana. Use the schedule revised July 1, 2005 or after, for qualified expenses.

Attach Schedule IT-20REC to the return. For more information about this credit, contact the Department at (317) 615-2662.

Individual Development Account Tax Credit (823)

A tax credit is available for 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 to accumulate savings and build personal finance skills. The organization must have an approved program number from the Indiana Housing Finance Authority before a contribution qualifies for pre-approval.

Applications for the credit are filed through the Community Development Corporation using Form IDA-10/20.
The credit is equal to 50 percent of the contribution, which must not be less than $100 and not more than $50,000. An approved Form IDA 20 must be attached to the return if claiming this credit. To request additional information about the definitions, procedures and qualifications for obtaining this credit, contact: Housing Finance Authority, 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204, or call (317) 232-7777.

Maternity Home Tax Credit (825)

A credit is allowed for maternity home owners who provide a temporary residence to at least one unrelated pregnant woman for at least 60 consecutive days during her 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 file annually an application with the State Department of Health in order to be eligible to claim this credit.

A copy of the approved application must be attached to the return. Contact the Maternal and Child Health Division at (317) 233-1253 to obtain an application and more information about this credit.

Neighborhood Assistance Tax Credit (828)

If you made a contribution to the Neighborhood Assistance Program (NAP) or engaged in activities to upgrade areas in Indiana, you may be able to claim a credit for this assistance. Contact the Indiana Housing & Community Development Authority. Neighborhood Assistance Program, 30 S. Meridian, Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777, for more information.

Form NC-20 must be attached to the return to claim this credit. For more information about this credit, contact the Department at and request Form NC-10/20 and Income Tax Information Bulletin 22 or visit our Web site at www.dor.in.gov

Prison Investment Tax Credit (829)

A credit is allowed for amounts invested in Indiana prisons to create jobs for prisoners. The amount is limited to 50 percent of the investment in a qualified project approved by the Department of Corrections, plus 25 percent of the wages paid to inmates. The maximum credit a taxpayer may claim is $100,000 per year. Contact the Indiana Department of Correction, Office of the Commissioner, Indiana Government Center South, Room E334, Indianapolis, IN 46204, for additional information.

Teacher Summer Employment Credit (833)

If you hire designated shortage certified teachers during school summer vacation you may be able to take a tax credit. The credit for each teacher hired is the lesser of either $2,500 or 50 percent of the compensation paid. The qualified positions are certified by the Department of Education, and the certificate must be attached to the employer's tax return. Contact the Department of Education at (317) 232-6676 for information about this credit. For additional information visit the Department of Education's Web site at www.doe.state.in.us/legal

Voluntary Remediation Tax Credit (836)

A voluntary remediation state tax credit is available for qualified investments involving the redevelopment of a brownfield and environmental remediation. The Indiana Department of Environmental Management and the Indiana Development Finance Authority must determine and certify that the costs incurred in a voluntary remediation are qualified investments.

The total amount of credits that may be granted in each state fiscal year is limited to $2 million and must be claimed in a taxable year that begins before Dec. 31, 2007, excluding carry-forwards. Carryover of prior unused credit may be carried back only one year or carry forward up to five years. Contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, Indianapolis, IN 46204, or visit their Web site at www.in.gov/idem for additional information.

Other Tax Credits under the Purview of the Indiana Economic Development Corporation

For information regarding the definitions, procedures and qualifications for the following credits, contact: Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or call (317) 232-8800; Web address: www.in.gov/iedc

Blended Biodiesel Tax Credits (803)

Credits are available for taxpayers who produce biodiesel and/or blended biodiesel at an Indiana facility (certi ed by the IEDC) and for dealers who sell at retail to end users blended biodiesel. Refer to Income Tax Information Bulletin 91 for further information.

An approved Department of Revenue Form BD-100, must be attached to verify the claimed credit. Contact the Indiana Economic Development Corporation, Biodiesel Credit Certi cation, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc/ for more information.

Capital Investment Credit (804)

A capital investment cost credit is available for on certain quali ed capital investments made in Shelby County. The credit must be certi ed by the Indiana Economic Development Corporation. It is equal to fourteen (14) percent of the amount of the approved quali ed investment and is ratable over a seven (7) year period. For information regarding the de nitions, procedures and quali cations for obtaining this credit, contact the Indiana Economic Development Corporation, Enterprise Zone Board, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc/

Coal Gasi cation Technology Investment Tax Credit (806)

A credit is available for a quali ed investment in an integrated coal gasi cation power plant or a uidized bed combustion technology. A copy of taxpayer's certi cate of compliance issued by the Indiana Economic Development Corporation must be attached.

For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc

Community Revitalization Enhancement District Credit (808)

A state and local income tax liability credit is available for a quali ed investment for redevelopment or rehabilitation of property within a community revitalization enhancement district. The expenditure must be approved by the Indiana Economic Development Corporation before it is made. The credit is equal to 25 percent of the quali ed investment made by the taxpayer during the taxable year. The Indiana Department of Revenue has the authority to disallow any credit if the taxpayer ceases existing operations or substantially reduces its operations within the district or elsewhere in Indiana, or reduces other Indiana operations to relocate them into the district.

The entity can assign the credit to a lessee who remains subject to the same requirements. The assignment must be in writing and any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on their state income tax return for the year of assignment.

EDGE Program and Job Retention Credits

The Economic Development for a Growing Economy (EDGE) credit for job retention is a state refundable tax liability credit. This credit is for businesses who conduct certain activities which are designed to foster job creation or job retention in Indiana. The job retention criteria require that the applicant employ at least 75 (35-effective April 1, 2006) employees. The aggregate amount of credits awarded for projects to retain existing jobs in Indiana is capped at $10 million per year.

Contact the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis., IN 46204, for eligibility requirements, or visit www.in.gov/iedc/incentives/edge.html for additional information.

A taxpayer claiming this credit must include all information that the Department determines necessary for the calculation of the credit on the annual state tax return. The letter of approval of credit from the IEDC must be attached or this credit will not be allowed.

EDGE credit that is quali ed for direct refund at the entity level is claimed as a refundable credit on line 18 and 18b.

Enterprise Zone Employment Expense Tax Credit (812)

This credit is available for employers based on quali ed investments made within Indiana. It is the lesser of 10 percent of qualifying wages, or $1,500 per quali ed employee, up to the amount of tax liability on income derived from an active enterprise zone. Contact the Department to get Income Tax Information Bulletin 66 at www.in.gov/dor/reference/bulletins/income/pdf/ib66.pdf and Indiana Schedule EZ, Parts 1, 2 and 3 for information on how to calculate this credit.

Attach the completed Schedule EZ 2 to the Form IT-20NP return.

Enterprise Zone Loan Interest Tax Credit (814)

This credit can be for up to ve percent of the interest received from all quali ed loans made during a tax year for use in an active Indiana enterprise zone. Obtain Income Tax Information Bulletin 66 and Indiana Schedule LIC for more information and how to calculate this credit.

Attach completed enterprise zone Schedule LIC to the IT-20NP return.

Ethanol Production Tax Credit (815)

An ethanol production tax credit may be available to a taxpayer having an Indiana facility with a capacity to produce forty million gallons of ethanol per year. Proof of information for the credit calculation plus a copy of the Certi cate of Quali ed Facility issued by the Indiana Recycling and Energy Development Board must be attached to the return to verify this credit. Refer to Income Tax Information Bulletin 93 for further information.

Tax Information Bulletin 93 for further information. File Application for Ethanol Credit Certification, State Form 52302, with the Indiana Economic Development Corporation, Ethanol Credit Certification, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc for additional information.

Headquarters Relocation Tax Credit (818)

A business with annual worldwide revenue of $100 million and at least 75 employees that relocates its corporate headquarters to Indiana may be eligible for a credit. The credit may be as much as 50 percent of the cost incurred in relocating the headquarters. For more information, refer to Income Tax Information Bulletin 97 at: www.in.gov/dor/reference/bulletins/income/pdf/ib97.pdf

Hoosier Business Investment Tax Credit (820)

A state income tax credit is available for qualified investments, which include the purchase of new telecommunications, production, manufacturing, fabrication, processing, refining or finishing equipment that is directly related to expanding the workforce in Indiana. Qualified investments include onsite infrastructure improvements, construction costs, retooling existing machinery and equipment and costs associated with special purpose buildings and foundations. It does not property that can be readily moved out of Indiana.

This credit is administered by the Indiana Economic Development Corporation. Visit their Web site at www.in.gov/iedc/incentives/hbitc.html for additional information. Also, refer to Income Tax Information Bulletin 95 at:www.in.gov/dor/reference/bulletins/income/pdf/ib95.pdf for more information. The taxpayer is required to submit to the Department a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year.

Industrial Recovery Tax Credit (824)

A state tax liability credit is available based upon a taxpayer's qualified investment in a vacant industrial facility located 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." A lessee of property in an industrial recovery site may be assigned tax credits based upon the owner's or developer's qualified investment within the designated industrial recovery site.

Request additional information regarding procedures for obtaining this credit from the Indiana Economic Development Corporation, telephone number (317) 232-8800, or visit their Web site at www.in.gov/iedc/incentives/dinosaur.html

Military Base Investment Cost Tax Credit (826)

An income tax credit is available to taxpayers for a qualified investment in a business located in a current or former military base, a military base reuse area, an economic development area, a military base recovery site or a military base enhancement area. The amount of the credit depends on the type of business, the number of jobs created, and the amount of the investment.

An entity making a qualified investment in a business located in a county where the Crane military base is located is also eligible for the military base investment cost tax credit. The tax military base enhancement area is extended to comprise portions of three counties: Greene, Lawrence and Martin that are outside of the certified technology park adjoining the crane military base. The taxpayer's qualified investment must be in a business that meets one of the following criteria: (1) the business must be a participant in the technology transfer program conducted by the qualified military base or (2) the business and the qualified military base have a mutual beneficial relationship evidence by a memorandum of understanding.

To receive credit, the taxpayer must submit to the Department documentation of qualified investment and certification of the percentage credit allowed by the Indiana Economic Development Corporation.

Military Base Recovery Tax Credit (827)

A state tax credit is available for rehabilitation of real property located in military base facilities designated by the state Enterprise Zone Board. A maximum credit of 25 percent of the qualified investment in the facility depends on when the property was initially placed in service.

A claimant may also be a lessee of property in a military base recovery site and assigned part of the tax credit based upon the owner's or developer's qualified investment within a military recovery site. The assignment must be in writing and any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on their state income tax return for the year of assignment. The lessee may use the credit to offset its total state income tax liability, but any excess credit must be carried forward to the immediately following tax year(s).

An entity that would be entitled to this credit is not entitled to the credit if the entity ceases or drastically reduces operations at the military base recovery site.

Rerefined Lubricated Oil Facility Tax Credit (830)

An entity may be eligible, as determined by the Indiana Economic Development Corporation, for a state tax credit against its income and sales and use tax liabilities. The credit is based on a percentage of the real and personal property taxes paid by an entity that processes rerefined lubrication oil as defined in IC 6-3.1-22.2. Refer to Income Tax Information Bulletin #94 for further information.

Venture Capital Investment Tax Credit (835)

An entity that provides qualified investment capital to a qualified Indiana business may be eligible for this credit. The maximum amount of credit is equal to the lesser of 20 percent of the qualified investment or $500,000. The credit is limited to investments that occur before Dec. 31, 2008. The carry forward provision for the partners is limited to the immediate five (5)-succeeding taxable years.

Certification for this credit is to be obtained from the Indiana Economic Development Corporation Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204, telephone number (317) 232-8800, or visit their Web site at www.in.gov/iedc/incentives/venture.html

A copy of the certificate and proof of that the investment capital was provided to the qualified business within two years after the certification of the investment plan must be submitted to the Department of Revenue when filing taxpayer's tax return.

Tax forms may be requested by calling: (317) 615-2581. Many of the tax forms are also available on the Internet at the following address: www.in.gov/dor

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