

Indiana Department of Revenue
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Indianapolis, Indiana 46204-2253

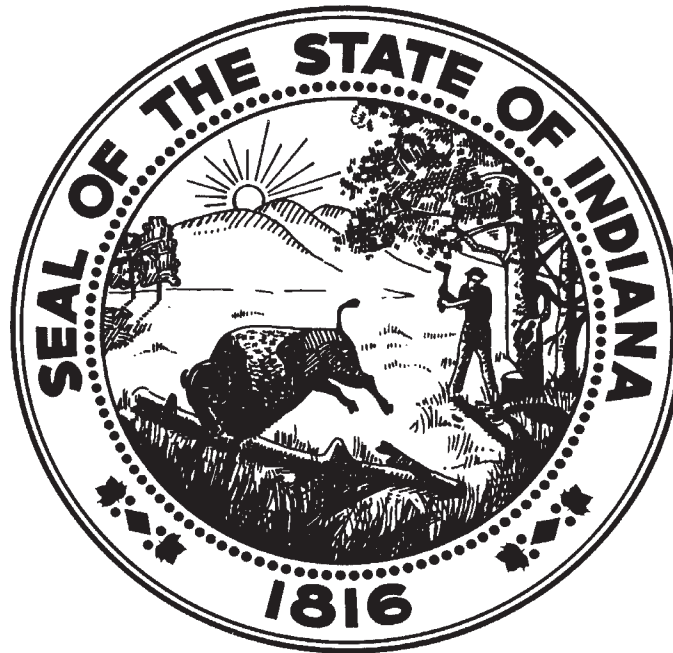
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State of Indiana
Financial Institution Tax Booklet
2004 Form FIT-20



NOTE: For corporations other than credit unions or investment companies, the additional first-year special depreciation (bonus depreciation) provided under **the Jobs Creation and Workers Assistance Act of 2002** which affects adjusted gross income is not allowed for state tax purposes. See instructions for line 11 on page 6 for required modification to eliminate bonus depreciation and excess IRC Section 179 adjustment.

This booklet contains forms and instructions for preparing Indiana financial institution returns for tax year 2004 and for fiscal years beginning in 2004 and ending in 2005.

Indiana Department of Revenue

2004 Financial Institution Tax Booklet

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For Other Indiana Department of Revenue Forms:

Internet Address - www.in.gov/dor/

Our homepage provides access to forms, information bulletins and directives, tax publications, e-mail, and various filing options.

Indiana TaxFax - (317) 233-2329

Call TaxFax using the telephone portion of your fax machine or computer to obtain the Department's catalog of available Indiana tax forms.

Tax Forms Order Line - (317) 615-2581

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue will conduct an annual public hearing on Tuesday, June 7, 2005. Please come and share your ideas on how the Department can better administer Indiana tax laws. The hearing will be held at 9 a.m. in the Indiana Government Center South, Conference Center - Room 1, 402 West Washington Street, Indianapolis, Indiana. If you are unable to attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 North Senate Avenue, Indianapolis, Indiana, 46204.

Form FIT-20 General Instructions

Paper copies of pages 1 through 4 of the corporation's federal income tax return must be attached to Form FIT-20 when filed. This requirement is made under the authority of Indiana Code (IC) 6-5.5-6-5.

References to the Internal Revenue Code

At time of this booklet's publication, the Indiana statute reference that coincides with the Internal Revenue Code (IRC) is PL 105-2003. For tax year 2004, any reference to the Internal Revenue Code and subsequent regulations means the Internal Revenue Code of 1986, as amended, and in effect on January 1, 2003. *Citation affected: IC 6-3-1-11. Effective: January 1, 2003 (retroactive). HE 1728, SECTION 2.*

Not included in the above reference to the Internal Revenue Code is any provision regarding allowances of depreciation as a result of Public Law 108-27, The Jobs and Growth Tax Relief Reconciliation Act, which was signed by the President on May 28, 2003.

Continuation of Modification to Eliminate Bonus Depreciation and Excess IRC Section 179 Deduction

- **Special (Bonus) Depreciation Allowance** - Add or subtract the 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 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 depreciation deduction is to be calculated in the same manner as calculated prior to 2001. Commissioner's Directive #19 explains this required modification that is not dependent on updating to the Internal Revenue Code (*HE 1728-2003 SECTIONS 4 and 5*).
- **Additional First-Year Capital Investment (Section 179) Adjustment** - Add back your share of the IRC Section 179 adjustment claimed for federal tax purposes that exceeds the amount that is allowed for state purposes. Indiana adopted the former expensing limit provided by The Jobs Creation and Workers Assistance Act of 2002.

This Act increased the federal Section 179 adjustment amount to \$25,000 (up from \$24,000) beginning with a \$200,000 write-off phase out limit. For businesses in an Enterprise Zone, renewal community, or New York Liberty Zone, up to \$35,000 may be expensed. The basis of the property and the depreciation allowances in the year of purchase and in later years must be adjusted to reflect the additional first-year depreciation deduction until the property is sold.

Caution: The increase to \$100,000 deduction and a beginning \$400,000 phase-out limitation allowed by 2003 federal legislation is not allowed for purposes of calculating Indiana adjusted gross income. Off-the-shelf computer software may not be expensed for state tax purposes by applying new Section 179 rules.

- **Reporting Adjustments** - On Form FIT-20, use the "other income line" (add back line 11 of Schedule A) to reflect certain federal provisions that may not be used to arrive at Indiana adjusted gross income. Refer to line 11 instructions on page 6. Attach a statement to the return to explain your bonus depreciation and IRC Section 179 adjustments. Identify any other changes affecting your Indiana tax liability for 2004 if you are applying other provisions of The Jobs and Growth Tax Relief Reconciliation Act that affect adjusted gross income. These deductions must be added back on the

Indiana return if deducted on the federal return. To the extent certain federal allowances mentioned above are not added back on a filed Indiana return and the state remains nonconforming in those provisions, the Indiana return must be corrected by filing an amended return.

Due Date of Return

The annual return is due on or before the fifteenth (15) day of the fourth (4) month following the close of the corporation's tax year.

Who Must File Form FIT-20

IC 6-5.5-2-1 imposes an eight and one-half (8.5) percent financial institution tax on the adjusted gross income of any corporation transacting the business of a financial institution including: a holding company; a regulated financial corporation; a subsidiary of a holding company or regulated financial corporation; or any other corporation carrying on the business of a financial institution. Any taxpayer who is subject to tax under IC 6-5.5 is exempt from Indiana's adjusted gross income tax.

A resident taxpayer is a taxpayer who is commercially domiciled in Indiana and transacts the business of a financial institution in this state.

A nonresident taxpayer is a taxpayer who is not commercially domiciled in Indiana, but transacts the business of a financial institution in this state.

The financial institution tax extends to both resident and nonresident financial institutions and to all other corporate entities when **eighty (80) percent or more of its gross income is derived from activities that constitute the business of a financial institution**. The business of a financial institution is defined as activities authorized by the federal reserve board; the making, acquiring, selling, or servicing of loans or extensions of credit; acting as an agent, broker or advisor in connection with leasing real and personal property that is the economic equivalent of an extension of credits; or operating a credit card, debit card, or charge card business.

Apportionment of Adjusted Gross Income

Resident financial institutions are treated the same as nonresident financial institutions for the purposes of the financial institution tax by providing that the tax is imposed upon the apportioned Indiana income of financial institutions.

The law employs a single factor receipts formula to determine the percentage of the taxpayer's income subject to the tax. The single factor formula is derived by dividing the gross receipts attributable to transacting business in Indiana by the total receipts from transacting business in all taxing jurisdictions.

Nexus Rules

The law is based on the ability of a corporation under modern technology to transact the business of a financial institution in Indiana, regardless of the principal location of its offices and employees.

Transacting Business

A taxpayer is transacting business in Indiana for purposes of the franchise tax when it satisfies any of the following eight tests:

- (1) Maintains an office in Indiana;
- (2) Has an employee, representative, or independent contractor conducting business in Indiana;
- (3) Regularly sells products or services of any kind or nature to customers in Indiana that receive the product or service in Indiana;
- (4) Regularly solicits business from potential customers in Indiana;
- (5) Regularly performs services outside Indiana that are consumed within Indiana;
- (6) Regularly engages in transactions with customers in Indiana involving intangible property, including loans, that result in receipts flowing to the taxpayer from within Indiana;
- (7) Owns or leases tangible personal or real property located in Indiana; or
- (8) Regularly solicits and receives deposits from customers in Indiana.

"Regularly," for purposes of the above listed tests, is defined as assets attributable in Indiana equal to at least five million dollars (\$5,000,000) or twenty (20) or more Indiana customers.

Exempt Entities

Four specific types of organizations are exempted from the franchise tax. They include insurance companies, international banking facilities, S corporations exempt from income tax under IRC Section 1363, and nonprofit corporations, with the exception of state chartered credit unions. Federal law prohibits state taxation of federally chartered credit unions.

Exempt Transactions

A taxpayer is not considered to be transacting business in Indiana if the ONLY activities of the taxpayer in Indiana are in connection with any of the following:

- (1) Maintaining or defending an action or suit;
- (2) Filing, modifying, renewing, extending, or transferring a mortgage, deed of trust, or security interest;
- (3) Acquiring, foreclosing, or otherwise conveying property in Indiana as a result of a default under the terms of a mortgage, deed of trust, or security interest relating to the property;
- (4) Selling tangible personal property, if taxation under this law is precluded because of federal law relating to interstate commerce;
- (5) Owning an interest in the following types of property even though activities are conducted in Indiana that are reasonably required to evaluate and complete the acquisition or disposition of the property, the servicing of the property, or the income from the property, or the acquisition or liquidation of collateral relating to the property:
 - (a) An interest in a real estate mortgage investment conduit, a real estate investment trust, or a regulated investment company.
 - (b) An interest in a loan backed security representing ownership or participation in a pool of promissory notes or certificates of interest providing for payments in relation to payments or reasonable projections of payments on the notes or certificates.
 - (c) An interest in a loan or other asset where the interest is attributed to a consumer loan, a commercial loan or a secured commercial loan, and the payment obligations were solicited and entered into by a person that is independent and not acting on behalf of the owner.
 - (d) An interest in the right to service or collect income from a loan or other asset where interest on the loan is attributed as a loan described above, and the payment obligations were solicited and entered into by a person that is independent and not acting on behalf of the owner.
 - (e) An amount held in an escrow or trust account with respect to the property described above.
- (6) Acting
 - (a) As an executor of an estate;
 - (b) As a trustee of a benefit plan;
 - (c) As a trustee of an employee's pension, profit sharing, or other retirement plan;
 - (d) As a trustee of a testamentary or inter vivos trust or corporate indenture; or
 - (e) In any other fiduciary capacity, including holding title to real property in Indiana.

Method of Reporting

The law permits a taxpayer to report separately if it is a single entity. A combined return must be filed if there are two or more taxpayers in a unitary group. Members of a unitary group must file collectively on one combined return. **No provision is made for filing consolidated returns.**

If the taxpayer is a member of a group, combined reporting is mandatory. However, if the taxpayer determines that its Indiana income is not fairly reflected by the filing of a combined return, the taxpayer may petition the Department for an alternative method. The petition is subject to approval

by the Department. The petition must include the name and federal identification number for each member of the group petitioning for an alternative method. Each member must include its justification for an alternative method. The approved petition from the Department must be attached to the FIT-20. Petitions should be sent to: Indiana Department of Revenue, Tax Policy Division, Indiana Government Center North, Room N248, Indianapolis, Indiana 46204.

Unitary Groups

The taxpayer designated as the reporting member of a unitary group shall file a combined return. Unity is presumed if there is unity of ownership, operation, or unity of use as evidenced by centralized purchasing, advertising, accounting, or other controlled interaction among entities that are members of the unitary group. Unity of ownership exists for a corporation if it is a member of a group of two or more business entities, and more than fifty (50) percent of the voting stock is owned by a common owner or owners or by one or more of the member corporations of the group. The term "unitary group" includes those entities engaged in a unitary business that are transacting business in Indiana (PL 129-2001, SECTION 8). See page 10, Instructions for Filing a Combined Return.

Partnerships

Partnerships and trusts as entities are not subject to the franchise tax. However, partnerships and trusts having corporate partners or corporate grantors and beneficiaries where the entity is conducting the business of a financial institution are required to file a *partnership return*, Form IT-65.

The following guidelines should be considered when preparing an informational return for a financial institution which is a partnership:

- (1) If the entity is a partnership and has nonresident corporate partners, the partnership is required to withhold and remit the nonresident corporation's tax liability on its apportioned income if the nonresident corporation is not otherwise a taxpayer for purposes of the tax. The apportioned income attributable to the partner is the same percentage as its distributive share. If the corporate partner is otherwise subject to the franchise tax, the corporate partner is responsible for the tax in accordance with its percentage share of the partnership's adjusted gross income or apportioned income.
- (2) If a resident corporate partner is not otherwise subject to the tax, the corporate partner must pay the tax liability attributable to its partnership income. The income attributed to the corporate partner's share which has been subject to the franchise tax, would not be included in the income calculation for purposes of the Indiana adjusted gross income tax.
- (3) If a corporation is a financial institution that is also a partner in a partnership, and the partnership is transacting the business of a financial institution in Indiana, the partner is a taxpayer for purposes of the financial institution franchise tax.

Example: A bank in Maine is a partner with a bank in Indiana to make loans to Indiana borrowers. The only activity of the Maine bank is its involvement with the partnership. The partnership is required to withhold the Maine bank's share of the financial institution tax.

United States Government Obligations

Although interest earned on United States obligations is not subject to income taxation, it is not preempted by federal law from being included in the tax base of a franchise tax. Therefore, interest from United States obligations is not to be subtracted from federal taxable income in determining the tax base of the franchise tax.

Extensions for Filing

The Department recognizes the Internal Revenue Service's application for automatic extension of time to file (Form 7004). **Do not** file a separate copy of Form 7004 with the Department to request an Indiana extension. Attach a copy of the federal extension form when the Indiana return is filed. Returns received within thirty (30) days after the last date indicated on the

extension form will be considered timely filed. If a federal extension is not needed, a separate Indiana extension may be requested by writing to the Indiana Department of Revenue, Returns Processing Center, Corporate Income Tax Section, 100 N. Senate Avenue, Indianapolis, Indiana 46204-2253.

Penalty for late payment will not be imposed if at least ninety (90) percent of the tax is paid by the original due date. The extension payment should be sent with Indiana Form FT-QP as an estimated payment. Use the preprinted extension form included with your previous estimated coupon packet or the blank FT-EXT form at the end of the booklet. Any tax paid after the original due date must include interest. Contact the Department for the current rate of interest charged.

Amended Returns

IC 6-5.5-6-6 requires a taxpayer to notify the Department within 120 days of alterations or modifications to its federal income tax return (federal adjustment, RAR, etc.) as finally determined, by amended Form FIT-20.

To amend a previously filed Form FIT-20, you must file a corrected copy of the original form with "Amended" marked clearly at the top of the form. To claim a refund of an overpayment, file the return within three (3) years from the latter of the date of overpayment or the due date of the return.

A taxpayer entitled to claim a refund because of a reduction in tax liability resulting from a federal modification is allowed six (6) months from the date of modification to file a claim for refund. 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 also extended.

Estimated Quarterly Payments

Quarterly payments of estimated financial institution tax are required under IC 6-5.5-6-3. The quarterly due dates for estimated quarterly payments of a calendar year filer are April 20, June 20, September 20 and December 20 of the taxable year.

If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing the estimated quarterly financial institution tax return and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The payments must be made with the financial institution estimated quarterly vouchers, Form FT-QP. **The Department mails preprinted FT-QP vouchers to current FIT estimated account holders.** A copy of a blank estimated quarterly voucher, Form FT-ES, is located in the back of this publication.

If the annual tax liability is less than one thousand dollars (\$1,000), estimated payments are not required to be made. If the average estimated quarterly tax liability exceeds ten thousand dollars (\$10,000), or forty thousand dollars (\$40,000) annually, payments must be made by electronic funds transfer (EFT). Because there is no minimum payment amount, the Department encourages all corporate taxpayers not required to remit by EFT to participate voluntarily in our EFT program.

Note: Taxpayers remitting by EFT should not file quarterly FT-QP or FT-ES coupons. The amounts are reconciled when the annual financial institution tax return is filed.

If the Department notifies a corporation of the requirement to remit by EFT, the corporation must do the following:

- 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 ten (10) percent penalty on each quarterly estimated tax payment 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 tax return to be made 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 a corporation determines that it meets the requirements to remit by

EFT or has any questions, contact the EFT Section at (317) 615-2695.

Penalty for Underpayment of Estimated Taxes (IC 6-5.5-7-1)

Corporations required to estimate their financial institution tax liability will be subject to a ten (10) percent 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 (20) percent of the final financial institution tax liability for the current taxable year or twenty-five (25) percent of the corporation's final financial institution 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 corporation for each quarter and twenty-five (25) percent of the corporation's final tax liability for the current tax year. Refer to Schedule FIT-2220, Underpayment of Estimated Tax by Financial Institutions, on return page 4 of Form FIT-20.

Identification Section of Return

Questions A through L of the FIT-20 must be completed in order for the return to be accepted by the Department. Please use the correct legal name of the corporation and present mailing address. The federal identification number shown in the box must be correct.

List the Indiana county for your primary business location within the state. Place "O.O.S." in the county box for addresses outside Indiana.

Enter your principal business activity code, derived from the North American Industry Classification System (NAICS), in the designated block of the return. Use the six-digit activity code as reported on the federal corporation return.

Enter your Indiana Taxpayer Identification (TID) number. This is the same number used if one is registered as a collection agent for the State of Indiana for sales and/or withholding tax. Enter the TID as a ten (10) digit number by dropping the trailing three digit location numbers. This number should always be referenced on all returns and correspondence filed with the Department.

If you are a state chartered credit union or an investment company, check the box indicated and go to line 18 for instructions on completing the form.

Schedule A Line by Line Instructions

Line 1. Enter federal taxable income from Federal Form 1120 before the net operating loss deduction or the special federal deduction.

Note: If a state chartered credit union or an investment company registered under the Investment Company Act of 1940, go to line 18. Enter adjusted gross income as defined in IC 6-5.5-1-2(b) and(c).

Line 2. Enter the qualifying dividend deduction.

Line 3. Subtotal: Subtract line 2 from line 1.

Addbacks: Lines 4 through 11 deducted at the federal level.

Line 4. Enter the amount deducted for bad debt (IRC Sec. 166).

See also line 15 to report recovery of a debt that becomes worthless to the extent a deduction was allowed from gross income in a prior tax year under IRC Sec. 166(a).

Line 5. Enter the amount deducted for bad debt reserves of banks (IRC Sec. 585).

Line 6. Enter the amount deducted for bad debt reserves (IRC Sec. 593).

Line 7. Enter the amount deducted for charitable contributions (IRC Sec. 170).

Line 8. Enter the amount deducted on the federal return for all state and local income taxes paid.

Line 10. Enter the amount of interest on state and local obligations excluded under IRC Section 103, or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under IRC Section 265.

Line 11. Other Income Adjustments - Attach complete explanation for any other adjustments.

Modification to Eliminate Bonus Depreciation and Excess IRC Section 179 Adjustment

Adjustment is required for any provision claimed under the Jobs and Growth Tax Relief Reconciliation Act of 2003 in addition to the limits imposed on the amount of IRC Section 179 adjustment and any bonus depreciation that affects adjusted gross income. See general instructions on page 3.

- Add or subtract an amount necessary to make the adjusted gross income of any taxpayer that owns property for which additional first-year special depreciation allowance (bonus depreciation) for qualified property was allowed 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 under Section 168(k) of the Internal Revenue Code to apply bonus depreciation. See *Commissioner's Directive #19, issued August, 2003 for information on the allowance of depreciation for state tax purposes*.
- Add back your share of the IRC Section 179 adjustment claimed for federal tax purposes that exceeds the amount that is recognized for state tax purposes.

Line 12. Total Addbacks: Add lines 4 through 11.

Line 13. Subtotal Income: Add line 3 and line 12.

Deductions from Income:

Line 14. Subtract income derived from sources outside the United States as defined in the Internal Revenue Code and included in federal taxable income.

Line 15. Subtract an amount equal to a debt or portion of a debt becoming worthless (IRC Sec. 166). This will include a reduction in the amount for the recovery of a bad debt deducted from gross income in a prior taxable year (applicable to taxpayers not defined as a large bank under IRC Section 585 (c) (2) or Savings Association under IRC Section 593.)

Line 16. Subtract an amount equal to any bad debt reserves included in federal income because of accounting method changes required by IRC Sec. 585(c)(3)(A), or IRC Section 593.

Line 17. Total Deductions: Add lines 14 through 16.

Line 18. Total Income Prior to Apportionment: Subtract line 17 from line 13.

State chartered credit unions must begin on line 18 by entering their "adjusted gross income." For state chartered credit unions "adjusted gross income" equals the total transfers to undivided earnings, minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24. In other words, "adjusted gross income" can be defined as net transfers to undivided earnings. No other deductions are permitted. The above definition also applies to a nonresident credit union doing business in Indiana.

Investment companies, defined under IC 6-5.5-1-2(d), must begin on line 18 by reporting federal taxable income computed according to the Internal Revenue Code as in effect on January 1, 2003, before any net operating loss deduction. An investment company must also complete line 12 of FIT-20 Schedule E-U.

Line 19. Total Income Prior to Apportionment: Enter amount carried from line 18.

Line 20. Apportionment Percentage: (See instructions for Schedule E-U). **This line should be used by all taxpayers and Unitary Groups.** Enter figure from line 15 of Schedule E-U.

Line 21. Apportioned Income for Taxpayers and Unitary Groups: The taxpayer or unitary group must multiply line 19, total income subject to apportionment by line 20, apportionment percentage from Schedule E-U.

Line 23. Total Adjusted Gross Income: All taxpayers and unitary groups enter the amount from line 21.

Line 24. Indiana Net Operating Loss Deduction: Only those unused net operating losses incurred for taxable years beginning after December 31, 1989, may be deducted. The amount to report on this line is the Indiana portion of the net operating loss, and cannot exceed the amount reported on line 23. Net operating losses can be carried forward for fifteen (15) years; however, there is no provision for loss carry backs. *You must complete and attach Schedule FIT-20 NOL to the return.* (See page 16 for instructions).

Line 25. Indiana Adjusted Gross Income: Subtract line 24 from line 23.

Line 26. Indiana Financial Institution Tax Due: Multiply the amount on line 25 by eight and one-half (8.5) percent. If line 25 is a loss amount, enter zero on this line.

Line 28. Nonresident Taxpayer Credit: To claim this credit, you must attach a copy of your domiciliary state's tax return. Nonresident taxpayers may be able to claim a credit for taxes paid to their domiciliary state. To be eligible to claim the credit, several conditions must be met: (1) the receipt of interest or other income from the loan is attributed to both the domiciliary state and also to Indiana, and (2) the principal amount of the loan is at least two million dollars (\$2,000,000).

To determine the amount of tax attributable to the loan transaction, divide the total receipts from qualified loans by total receipts attributable to Indiana. Multiply that quotient expressed as a percentage by the total amount of tax due to determine the amount of tax attributable to the loan. This is the amount of credit that may be available. The actual credit is equal to the lesser of the actual taxes paid to the domiciliary state for the loan transaction, or the amount due to Indiana on the loan transaction. If the taxpayer's domiciliary state grants a credit for taxes paid to other states, the credit available for purposes of Indiana's tax must be reduced by the amount of the credit granted by the taxpayer's domiciliary state. (See the instructions for completing Schedule FIT-NRTC on page 10.)

Nonresident credits are determined for each taxpayer member of a unitary group on an individual basis, notwithstanding that the adjusted gross income is reported on a combined basis for all members of a unitary group.

Line 29. Net Financial Institution Tax Due: Subtract the amount on line 28 from the amount on line 26.

Line 30. Use Tax Due: Taxpayers are required to report and pay six (6) percent use tax as a part of their financial institution tax return on purchases where sales tax was not charged. Purchases subject to use tax include (but are not limited to) subscriptions to magazines and periodicals, and property purchased exempt from tax by utilizing an exemption certificate, and later converted to a non exempt use by the business. To calculate the amount of purchases subject to the use tax, please see FIT-20 Schedule SUT, on return page 4, and enter the amount on line 30.

For more information regarding use tax, call (317) 233-4015.

Line 31. Subtotal Due: Add line 29 and line 30.

Line 32. Neighborhood Assistance Tax Credit: A preapproved neighborhood assistance credit form NC-20 must be attached and the credit claimed on line 32. For further information, refer to Income Tax Information Bulletin #22.

Line 33. Enterprise Zone Employment Expense Tax Credit: Enter the amount calculated on Schedule EZ, or the amount received from a pass-through entity. For further information on enterprise zone tax benefits, refer to Income Tax Information Bulletin # 66.

Line 34. Enterprise Zone Loan Interest Tax Credit: Enter the amount calculated on Schedule LIC, or amount received from a pass-through entity. For further information about this credit, refer to Income Tax Information Bulletin #66.

Note: Claimants must be in good standing to remain eligible for the Enterprise Zone Loan Interest Credit. The term "zone business" includes an entity that claims certain tax benefits available to businesses located in an enterprise zone. A taxpayer may claim the enterprise zone loan interest credit only if that taxpayer pays a registration fee, provides additional assistance to urban enterprise associations required of zone businesses, and complies with requirements adopted by the enterprise zone board.

Line 35. Teacher Summer Employment Tax Credit: This credit is available to taxpayers hiring math or science teachers during summer school vacation. The credit for each teacher hired is the lesser of \$2,500 or fifty (50) percent of the compensation paid. Certification from the Professional Standards Board must be attached to the return. Contact the Department of Education at (317) 232-6676 for more information on this credit.

Line 36. Industrial Recovery Tax Credit: The credit is based upon the taxpayer's qualified investment in a vacant industrial facility within a designated industrial recovery site. A copy of the approved certification entered by the enterprise zone board must be attached to the return.

A lessee of property in an industrial recovery site may be assigned tax credit(s) based upon the owner's or developer's qualified investment within the designated industrial recovery site. Additional information, 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 600, Indianapolis, IN 46204.

Line 37. Other Credits Enter the amount and specify the type of other credit. Also see Income Tax Information Bulletin #59 for listing of available credits.

For information regarding the definitions, procedures, and qualifications for obtaining certain credits mentioned below, contact: Indiana Department of Commerce, One North Capitol, Suite 600, Indianapolis, Indiana, 46204, or call (317) 232-8911; Internet address: www.in.gov/doc

•**Capital Investment Tax Credit** - Effective January 1, 2001, I.C. 6-3.1-13.5 provides that a taxpayer or pass-through entity may be eligible for a credit against financial institution tax based on certain qualified capital investments made in Shelby County. The credit, if certified by the Indiana Department of Commerce, is equal to fourteen (14) percent of the amount of the approved qualified investment and is ratable over a seven (7) year period. Contact: Development Finance Division, (317) 232-5297.

•**Community Revitalization Enhancement District Credit** - A state and local income tax credit is available for a qualified investment for redevelopment or rehabilitation of property within a community revitalization enhancement district. The expenditure must be approved by the Indiana Department of Commerce before it is made. The credit is equal to twenty-five (25) percent of the qualified investment made by the taxpayer during the taxable year.

The taxpayer 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.

The Department 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.

•**Individual Development Account Tax Credit** - A tax credit is available equal to fifty (50) percent of the contribution, if not less than \$100 and not more than \$50,000, which is made to a community development corporation participating in an Individual Account Development program.

The amount of total credits allowed per fiscal year is limited to \$200,000. Applications for the credit are filed through the community development corporation using Form IDA-10/20.

•**Military Base Recovery Tax Credit** - A state tax credit is available for rehabilitation of real property located in military base facilities designated by the state Enterprise Zone Board. 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.

•**Rerefined Lubricated Oil Facility Tax Credit** - A taxpayer or pass-through entity may be eligible, as determined by the Indiana Department of Commerce, for a state tax offset credit against its financial institution, 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. Contact: Development Finance Division, (317) 232-5297.

Other New Tax Credits for 2004

•**Blended Biodiesel Tax Credits (Form BD-100)** - PL 224-2003 created a tax credit for a taxpayer that produces biodiesel at a facility located in Indiana. The credit is equal to one dollar (\$1) per gallon of biodiesel produced in Indiana and used to produce blended biodiesel.

A second credit is provided for a producer of blended biodiesel at a facility located in Indiana. The credit is equal to two cents (\$.02) per gallon of blended biodiesel produced in Indiana. The credit shall be reduced by the amount of any federal subsidy or credit that the taxpayer receives from the federal government.

•**EDGE Program Job Retention Credit** - PL 178-2002 provides that the Economic Development for a Growing Economy (EDGE) program includes projects that are for job retention and not just job creation in Indiana. The job retention criteria require that the applicant employ at least 200 employees. The average compensation must exceed the county average by five (5) percent, and the local communities affected must contribute \$1.50 of incentives for every \$3 of tax credit provided. The job retention credit is capped at \$5,000,000 per year in fiscal years 2004 and 2005. An agreement for awarding job retention credits must be approved by the State Budget Agency.

Approved EDGE Credit is claimed as a refundable credit on line 42.

•**Ethanol Production Tax Credit** - PL 224-2003 created an Ethanol Production Tax Credit for a facility located in Indiana, with a capacity to produce forty million (40,000,000) gallons of ethanol per year, and the facility increases its capacity by at least forty million (40,000,000) gallons per year.

To receive the credit, the taxpayer must submit to the Department proof of information for credit calculation and a copy of Certificate of Qualified Facility issued by the Indiana Recycling and Energy Development Board under IC 4-23-5.5-17.

• **Hoosier Business Investment Tax Credit** - PL 105-2003 created the Hoosier Business Investment Tax Credit administered by the EDGE Board. The credit is for qualified investments, which include the purchase of new telecommunications, production, manufacturing, fabrication, processing, refining, or finishing equipment. It also includes costs associated with the modernization of the above equipment. Qualified investments include onsite infrastructure improvements, construction costs, retooling existing machinery and equipment, and costs associated with special purpose buildings and foundations. The term does not include property that can be readily moved out of Indiana.

The credit is the lesser of thirty (30) percent of the amount of the qualified investment made by the taxpayer in Indiana, or the taxpayer's state tax liability growth. The taxpayer must carry a credit forward for nine (9) years.

• **Venture Capital Investment Tax Credit** - PL 192-2002(ss), SECTION 119, created a Venture Capital Investment Tax Credit. A taxpayer that provides qualified investment capital to a qualified Indiana business is entitled to a credit. The Department of Commerce must certify that the Indiana business is qualified to receive the investment based on six different criteria established in the statute. The Department of Commerce may impose an application fee of \$200.

The maximum amount of credit is equal to the lesser of twenty (20) percent of the qualified investment or \$500,000. The total amount of credits that may be allowed in a calendar year may not exceed \$10,000,000.

For a taxpayer to receive the credit, the investment capital must be provided to the qualified business within two (2) years after the certification of the investment plan.

A copy of the certificate issued by the Department of Commerce for the Venture Capital Investment Tax Credit must be submitted to the Department of Revenue when filing taxpayer's tax return.

• **Voluntary Remediation Tax Credit** - PL 109-2001 provides a credit for qualified investments involving the remediation of a brownfield.

Form VRTC-10/20 is used to file an application for approval of this credit following certification of the project by the Indiana Department of Environmental Management.

Line 38. Total Credits: Add the amounts included on lines 32 through 37.

Line 39. Total Tax Due: Subtract the amount on line 38 from the amount on line 31.

Line 40. Total Estimated Tax Paid: Enter the total amount of estimated tax paid for the taxable year. Itemize each quarterly payment in the spaces provided. If the annual financial institution tax liability is less than one thousand dollars (\$1,000), estimated payments are not required to be made.

Line 41. Extension Payment and Prior Year Overpayment: Enter any payment that was made with an extension of time to file request, and any prior year overpayment. This provision is applicable to prior year overpayment of the financial institution tax only. Indiana will accept the federal extension date, plus an additional thirty (30) days. However, an extension of time to file is not an extension of time to pay. You must pay at least ninety (90) percent of the current year liability by the original due date of the franchise tax return.

Line 42. Other Payments/Credits: Enter any other payments that are allowable and attach an explanation. Claim approved EDGE credits available against financial institution tax here.

Line 43. Total Payments: Subtract the amount on line 43 from line 39.

Line 44. Balance of Tax Due: Subtract line 43 from line 39.

Line 45. Penalty for Underpayment: Enter the penalty, if any, for underpayment of estimated tax as calculated on Schedule FIT-2220.

Line 46. Interest: If payment is made after the original due date, interest must be included with the payment. Interest is calculated from the original due date of the return until the date of payment. Contact the Department for the current rate of interest charged. **An extension of time to file does not grant an extension of time to pay any tax due; therefore, interest must be calculated.**

Line 47. Late Penalty: *Enter the computed penalty amount that applies:*

A. If a payment is made after the original due date, a penalty which is the greater of five dollars (\$5) or ten (10) percent of the remaining tax due must be entered. The penalty for late payment or late filing 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 ninety (90) percent of the tax 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 31) is filed late, the penalty for failure to file by the due date will be \$10 for each day that the return is past due, up to a maximum of \$250.

Line 48. Total Due: If a payment is due, enter the total tax due plus any applicable penalty and interest. Make checks payable to the Department for each Form FIT-20 filed. All payments must be made in U.S. funds.

Lines 49, 50 & 51. Total Overpayment: If the taxpayer has an overpayment determined by subtracting the amount on line 39 and line 45 from the amount on line 43, the corporation may elect to have a portion or all of its overpayment credited to next year's estimated tax account. The portion to be refunded should be entered on line 50. The portion to be applied to next year's account should be entered on line 51. The total of line 50 and line 51 must equal the amount on line 49.

If your overpayment is reduced due to an error on the return or an adjustment by the Department, the amount to be refunded will be corrected before any changes are made to the estimated account for next year. A refund may be set-off and applied to other liabilities under IC 6-8.1-9-2(a) and 6-8.1-9.5.

Certification of Signatures and Authorization Section

Be sure to sign, date, and print your name on the return. If a paid preparer completed the return, you may authorize the Department to discuss your tax return with the preparer by checking the [yes] 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.**

Instructions for FIT-20 Schedule E-U Apportionment of Receipts to Indiana

The following information must be completed by all taxpayers including those taxpayers filing combined unitary returns. Investment companies must complete line 12. Credit unions report adjusted gross income for a taxable year based on total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

The Indiana Financial Institutions Tax is imposed on apportioned income. Taxpayers and unitary groups must file using an apportionment percentage, based on a one factor formula. Indiana employs a single factor receipts formula to determine the percentage of the taxpayer's income subject to tax.

The single factor formula is derived by dividing the gross receipts attributable to transacting business in Indiana by total receipts from transacting business in all taxing jurisdictions. This fraction is expressed as a percentage carried to two decimal places (e.g., 67.63). Total income is then multiplied by this percentage to arrive at Indiana financial institution adjusted gross income.

The Following Types of Receipts are Attributable to Indiana

(1) Receipts from the lease or rental of real or tangible personal property if the property is located in Indiana.

(2) Interest income and other receipts from assets in the nature of loans or installment sales that are primarily secured by or deal with real or tangible personal property, and the property is located in Indiana.

(3) Interest income and other receipts from consumer loans not secured by real or tangible personal property if the loan is made to a resident of Indiana.

(4) Interest income and other receipts from commercial loans not secured by real or tangible personal property must be attributed to Indiana if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the loan proceeds will be applied, the income and receipts are attributed to the state where the borrower applied for the loan.

(5) Fee income and other receipts from letters of credit, acceptance of drafts, and other devices for guaranteeing loans must be attributed in the same manner as commercial loans are attributed.

(6) Interest income, merchant discounts, and other receipts including service charges from financial institution credit card and travel and entertainment card receivables will be attributed to the state where the card charges are regularly billed.

(7) Receipts from the sale of a tangible or intangible asset must be attributed to the same state where the income from the tangible or intangible asset was attributed.

Receipts attributed to Indiana may include receipts of dividend and interest from stocks, bonds, and other securities issued by an Indiana resident taxpayer. Income from intangible property which is located in Indiana and is controlled from an Indiana business situs may be attributed to Indiana.

(8) Receipts from the performance of fiduciary and other services must be attributed to the state where the benefits of the services are consumed.

(9) Receipts from the issuance of traveler's checks, money orders or United States savings bonds must be attributed to the state where the item was purchased.

(10) Receipts from investments of a financial institution in securities of this state and its political subdivisions, agencies, and instrumentalities must be attributed to Indiana.

(11) Interest income and receipts from a participation loan must be attributed in the same manner as the loan is attributed. A participation loan is a loan in which more than one lender is a creditor to a common borrower.

(12) The aggregate of gross payments collected by an investment company from the business upon investment contracts issued by the company and held by Indiana residents is attributed to Indiana.

(13) Other receipts from non-municipal investment income are to be reported in the denominator of the apportionment factor to the extent they are included as gross income for federal tax purposes. Non-municipal investments mean income from U.S. Treasuries, Federal Agencies (e.g. GNMA, FNMA, Freddie Mac, other loan-backed securities, etc.), and corporate securities. Any non-municipal investment receipts which are for the disposition of assets such as securities and money market transactions are limited to the gain that is recognized upon the disposition in accordance with IC 6-5.5-4-2(1).

Instructions for Filing a Combined Return: Attributing Receipts of a Taxpayer Filing a Combined Return

In calculating adjusted gross income, the taxpayer shall eliminate all income and deductions from transactions between entities that are included in the unitary filing.

A. A taxpayer filing a combined return for a unitary group shall determine the income for a taxable year attributable to Indiana by use of the following formula:

- (1) The aggregate adjusted gross income, from whatever source derived, of the members of the unitary group; multiplied by
- (2) The quotient of:
 - (a) all the receipts of the taxpayer members of the unitary group attributable to transacting business in Indiana; divided by
 - (b) the receipts of all members of the unitary group from transacting business in all taxing jurisdictions.

Identify the members of the unitary group and determine which members are taxpayers under the Indiana Financial Institution Tax Act. To file a combined return under the Act, effective January 1, 2002, all members must be transacting the business of a financial institution in Indiana as defined in the IC 6-5.5-1-18.

If the unitary group has receipts not attributable to Indiana, the group will file FIT-20 Schedule E-U to apportion its receipts within and outside of Indiana.

B. Percent of Ownership by Parent(s): In order to qualify as a member of a unitary group more than fifty (50) percent of the voting stock of each member of the group must be directly or indirectly owned by a common owner or common owners, or owned by one or more of the

member corporations of the group, regardless of where such owners are located and/or where such owners conduct business. The unitary group is comprised of **all** members of the group qualifying as unitary affiliates and are conducting the business of a financial institution in Indiana.

C. Regular Financial Institutions: A regulated financial corporation, a holding company, or a subsidiary of a regulated financial corporation or holding company, as defined in I.C. 6-5.5-1-17, is required to file a combined return for all members of the unitary group.

D. Other Corporations: To be a member of the unitary group for purposes of the financial institution franchise tax, and to be a part of this combined filing, the corporation (other than subsidiaries of an entity described in part C above) must derive at least eighty (80) percent of its gross receipts from the extension of credit, leasing that is the economic equivalent of the extension of credit, or charge card operations. If a member does not meet the eighty (80) percent test, it is not a member and cannot file as a member for purposes of the financial institution franchise tax.

E. Federal Identification Number: Identify each corporate member of the unitary group by listing their federal identification numbers.

F. Federal Business Activity Code: Indicate the applicable federal business activity code for each member of the group.

G. Quarterly Payments of Estimated Tax: Indicate for each member if quarterly estimated payments of the financial institution tax were made by the member under its own federal identification number. If estimates were paid, indicate whether payments were made to a Form IT-6 or Form FT-QP estimated account.

Instructions for Schedule FIT-NRTC - Nonresident Tax Credit

The following schedule is to be used for nonresident taxpayers claiming the nonresident taxpayer credit for taxes paid to their state of commercial domicile and attributable to Indiana.

A taxpayer filing on a unitary basis must compute this credit on an individual taxpayer basis.

The principal amount of the loan must exceed two million dollars (\$2,000,000) to qualify for this credit.

PART I - Identification Section: In this section, identify the borrower, the principal amount of the loan, and the receipts less principal attributed to the loan during the tax year. Attach additional sheets if necessary.

PART II - Calculation Section: In this section you will calculate the amount of eligible credit. The credit is equal to the lesser of the actual taxes paid to the domiciliary state for the loan transaction, or the amount due Indiana for the loan transaction.

Line 1. Enter the total from PART I (Receipts attributable to the loan transaction).

Line 2. Enter the total receipts attributable to the nonresident.

Line 3. Divide the amount on line 1 by the amount on line 2. This is the apportionment percentage used to attribute receipts from qualified loans to the amount of tax due.

Line 4. Enter the amount of Indiana financial institution tax due from a pro forma schedule. Schedule must be attached.

Line 5. Multiply the percentage on line 3 by the amount on line 4. This is the amount of credit available to be applied against the taxpayer's domiciliary state for the qualified loans.

Line 6. Enter the amount of tax paid to the domiciliary state for the qualified loans, less any credit that the domiciliary state grants for taxes paid to other states.

Line 7. Enter the lesser of the amount on line 5 or line 6. Enter this amount on line 28 of the FIT-20.

Attach a copy of your domiciliary state's tax return to Form FIT-20.

Indiana Department of Revenue
Indiana Financial Institution Tax Return

For Calendar Year Ending December 31, 2004

Form FIT-20 or Fiscal Year Beginning AA / / 2004 and Ending BB / /

State Form 44623 (8-04)

Name of Corporation <u>B</u>		Federal Identification Number <u>A</u>
Number and Street <u>C</u>		Principal Business Activity Code <u>H</u> <u> </u> <u> </u> <u> </u> <u> </u> <u> </u>
City <u>E</u>	State <u>F</u>	Indiana Taxpayer Identification Number <u>I</u>
Zip Code <u>G</u>	Corporation Telephone Number (<u>J</u>) <u> </u> - <u> </u> <u> </u> <u> </u>	

Check box if this is a state chartered credit union or an investment company registered under the Investment Company Act of 1940. ☐ **K**
(Also see instructions for line 18 and FIT-20 Schedule E-U)

L. Date of incorporation 1 in the State of 2
M. State of Commercial Domicile
N. Year of initial Indiana return
O. Location of accounting records if different from above address:

☐ **S.** Check:
1 ☐ **Initial Return** 2 ☐ **Final Return** 3 ☐ **In Bankruptcy**

☐ **T.** Is this return filed on a combined basis under the unitary concept? 1 ☐ **Yes** 2 ☐ **No**

P. Accounting method: 1 ☐ **Cash** 2 ☐ **Accrual**
Q. Did the corporation make estimated tax payments using a different Federal Identification Number? 1 ☐ **Yes** 2 ☐ **No**
List any other Federal Identification Numbers on Schedule H.
R. Is 80% or more of your gross income derived from making, acquiring, selling, or servicing loans or extensions of credit? 1 ☐ **Yes** 2 ☐ **No** *If you answer no, do not file this return; file Form IT-20.*

☐ **U.** Is this a separate return by a member of a unitary group? (See instructions pages 4 and 10) 1 ☐ **Yes** 2 ☐ **No**

☐ **V.** Is an extension of time to file attached? ... 1 ☐ **Yes** 2 ☐ **No**

W. Are you a member of a partnership? 1 ☐ **Yes** 2 ☐ **No**
If you answer yes, see instructions page 4.

Schedule A

Income:

1. Federal taxable income (before net operating loss deduction and special federal deduction) .
2. Qualifying dividend deduction
3. Subtotal (Subtract line 2 from line 1)

Addback: Enter an amount equal to the deduction taken for:

4. Bad debts (IRC Sec. 166) (see instructions)
5. Bad debt reserves for banks (IRC Sec. 585)
6. Bad debt reserves (IRC Sec. 593)
7. Charitable contributions (IRC Sec. 170)
8. All state and local income taxes
9. Do not use
10. Amount of interest excluded for state and local obligations (IRC Sec. 103) minus the associated expenses (IRC Sec. 265). ..
11. Other income: Add net **bonus depreciation** plus excess IRC Section 179 adjustment Attach explanation. If amount is negative enter in <brackets>

12. Total Addbacks: (Add lines 4 through 11)

13. Subtotal (Add line 3 and line 12)

Deductions:

14. Subtract income that is derived from sources outside the United States and was included in federal taxable income
15. Subtract an amount equal to a debt or portion of a debt that becomes worthless - **net of all recoveries** (IRC Sec. 166)
16. Subtract an amount equal to any bad debt reserves that are included in federal income because of accounting method changes (IRC Sec. 585(c)(3)(a) or Sec. 593)

17. Total Deductions: (Add lines 14 through 16)

18. Total Income Prior to Apportionment: (Subtract line 17 from line 13)

1		
2		
3		
2004 FIT-20		
12		
13		
14		
15		
16		
17		
18		

19. Total Income Prior to Apportionment(Amount from line 18)	19	
20. Apportionment Percentage (Box number 97 of Schedule E-U)	20	. . . %
21. Apportioned income attributable to Indiana (Multiply line 19 by line 20)	21	
22. Department use only. Do not write in this space		
23. Total as Apportioned Adjusted Gross Income: Amount from line 21. See instructions		
24. Indiana Net Operating Loss Deduction from Schedule FIT-20 NOL	24	
25. Indiana Adjusted Gross Income (Subtract line 24 from line 23)	25	
26. Financial Institution Tax (Multiply line 25 by .085)	26	
28. Less: Nonresident Taxpayer Credit (Attach Schedule FIT-NRTC)	28	
29. Net Financial Institution Tax Due (Subtract line 28 from line 26)	29	
30. Sales/Use Tax Due (See instructions)	30	
31. Subtotal Due (Add lines 29 and 30)	31	
Credits (Attach schedules):		
32. Neighborhood Assistance Tax Credit (NC-20)	32	
33. Enterprise Zone Employment Expense Credit (EZ 2)	33	
34. Enterprise Zone Loan Interest Tax Credit (LIC)	34	
35. Teacher Summer Employment Tax Credit (Attach Certification)	35	
36. Industrial Recovery Tax Credit	36	
37. Other <u>a</u>	37	
38. Total Credits: (Add lines 32 through 37)	38	
39. Net Tax Due: (Subtract line 38 from line 31)	39	
Estimated Tax and Other Payments		
40. Total estimated financial institution tax paid (Itemize quarterly FT-QP payments below)		
1. _____ 2. _____ 3. _____ 4. _____	40	
41. Extension payment <u>a</u> and prior year overpayment credit <u>b</u> Enter combined total	41	
42. Other payments/EDGE credit (Attach supporting documentation)	42	
43. Total Payments (Add lines 40 through 42)	43	
44. Balance of Tax Due (Subtract line 43 from line 39. If line 43 exceeds line 39 - Enter -0-)	44	
45. Penalty for the Underpayment of Tax from Schedule FIT-2220 (Form page 4)	45	
46. If payment is made after the original due date, add interest (See instructions)	46	
47. Late penalty: If paying late enter 10% of line 44: see instructions. If line 31 is zero, enter \$10 per day filed past due date	47	
48. Total Due (Add lines 44 through 47) Payable in U.S. funds to: Indiana Department of Revenue	48	
49. Total Overpayment (Subtract lines 39 and 45 from line 43)	49	
50. Refund (Enter portion of line 49)	50	
51. Overpayment Credit (Amount of line 49 to be applied to next year's estimated tax account)	51	

Certification of Signatures and Authorization Section

Do not write in box below

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

DD

Taxpayer's E-mail address EE

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

Signature of Officer

Date

Print or Type Name of Officer

Title

LL

MM

Paid Preparer's Name

Preparer's FID, SSN, or PTIN Number

Check One:

FF

NN

- ☐ 1 Federal I.D. Number
☐ 2 Social Security Number
☐ 3 PTIN Number

Street Address

Preparer's Daytime Telephone Number

GG

PP

City

State

Zip+4

Preparer's Signature

HH

II

JJ

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

Name of Corporation			Federal Identification Number		
B			A		
The following information must be completed by all taxpayers and taxpayers filing combined unitary returns. This will include all state (non-federal) chartered credit unions, and investment companies carrying on the business of a financial institution in Indiana.					
		A Total Receipts Attributed to Indiana		B Total Receipts Everywhere	
1. Lease or rental of real or tangible personal property.....	70			83	
2. Interest income and other receipts from assets in the nature of loans or installment sales contracts secured by real or tangible personal property.....	71			84	
3. Interest income and other receipts from unsecured consumer loans.....	72			85	
4. Interest income and other receipts from commercial loans and installment obligations not secured by real or tangible personal property	73			86	
5. Fee income and other receipts from letters of credit, acceptance of drafts, and other devices for guaranteeing loans or letters of credit	74			87	
6. Interest income, merchant discounts, and other receipts including service charges from credit cards and travel and entertainment credit cards, and credit card holder's fees	75			88	
7. Receipts from the sale of a tangible or intangible asset must be attributed to the same state in which the income from the tangible or intangible asset was attributed.....	76			89	
8. Receipts from the performance of fiduciary and other services, based on where the benefits are consumed.....	77			90	
9. Receipts from the issuance of traveler's checks, money orders or United States Savings Bonds	78			91	
10. Receipts from investments in municipal securities of all states, their political subdivisions, and instrumentalities.....	79			92	
11. Interest income and other receipts from participation loans.....	80			93	
12. Gross payments collected on investment contracts issued by an investment company.....	81			94	
13. Other receipts from non-municipal investment income.....				95	
14. Total Receipts: (Add lines 1 through 12 in column A and lines 1 through 13 of column B).....	82			96	
15. Divide the sum of line 14 column A by the sum of line 14 column B. Multiply the quotient by 100 to express the amount as a percentage (e.g., .6789 = 67.89%). Enter the percentage here and on line 20 of the FIT-20. (Round percent to two decimal places).....				97	— — — . — — %

FIT-20 Schedule H**Other Corporations that made Estimated Payments**

State Form 44626(8-04)

List below the federal identification number for any corporations that made estimated tax payments during the year, and are included in this filing if it is for a unitary group. Attach additional sheets if necessary.

Column A Name of Corporation	Column B Federal Identification Number	Column C Total Payments	

FIT-20 Schedule SUT**Sales/Use Tax Worksheet**

State Form 44627

List all purchases made during 2004 from out-of-state companies.



(8-04)

Column A**Column B****Column C**

Description of personal property purchased from out-of-state	Date of Purchase(s)	Purchase Price of Property(ies)	
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 FIT-20, line 30. If the amount is negative, enter zero and put no entry on line 30 of the FIT-20	4		

Schedule FIT-2220**Underpayment of Estimated Tax by Financial Institutions**

State Form 44628(8-04)

Name	Federal Identification Number
B	A

Calculate Minimum Quarterly Payment

1. Net tax due (line 39 of Form FIT-20)	1		
2. Use tax due (line 30 of Form FIT-20)	2		
3. Subtract line 2 from line 1: Net Financial Institution Tax Due	3		
4. Multiply line 3 by 80% (.80)	4		
5. Enter 25% (.25) of line 4 (Enter here and on line 8)	5		

Calculate Quarterly Underpayment Penalty

	(a) 1st Quarter	(b) 2nd Quarter	(c) 3rd Quarter	(d) 4th Quarter
6. Enter in (a) through (d) the quarterly installment dates corresponding to the 20th day of the 4th, 6th, 9th and 12th months of the tax year				
7. Enter the amount paid for each quarter				
8. Enter the lesser of the amount from line 5 above or 25% of the previous year financial institution tax liability				
9. Subtract line 8 from line 7. Overpayments will be a positive figure. Underpayments will be a negative figure				
10. Enter overpayment, if any, from line 11 of the preceding column in excess of any prior underpayments				
11. Add net amount on line 10 to entry on line 9 and enter total (If result is a negative, this is your underpayment)				
12. Compute 10% penalty on the underpayment amount on line 11 (Enter as positive numbers)				
13. Add line 12, columns A through D and enter total here and on line 45 of Form FIT-20.				

Instructions for Schedule FIT-20NOL

Computation of Indiana Member's Net Operating Loss Deduction

All taxpayers must complete and attach this schedule to the Financial Institution Tax Return if they are claiming a Net Operating Loss (NOL) deduction. The net operating loss that will be recognized for Financial Institution Tax purposes will be the net operating loss apportioned to Indiana for the taxable year of the loss.

An Indiana net operating loss incurred under the Financial Institution Tax Act may be carried forward for fifteen (15) years following the loss year and applied in any year in which there is Indiana taxable income. There is no provision under the Financial Institution Tax Act for the carry back of a net operating loss or capital loss.

Use basic federal Separate Return Limitation Year (SRLY) rules when one or more members of the unitary group in which the taxpayer incurred a loss in the year where they were not part of the unitary group, into a year when they were part of the unitary group as follows:

If the taxpayer is filing a combined return, any net capital loss or net operating loss attributable to Indiana in the combined return shall be prorated between each member of the unitary group having nexus in Indiana by the quotient of:

(A) the Indiana receipts of those taxpayer members attributable to Indiana; divided by:

(B) the total receipts of all taxpayer members attributed to Indiana.

A separate FIT-20NOL worksheet will be completed by each member to calculate their share of the loss and amount available to be applied for the combined return.

Completing FIT-20NOL

Tax Year: Determine the years to which the net operating loss applies across the top of the schedule. The first year that a loss can be carried forward under the act is for taxable years beginning after December 31, 1989.

Example NOL Worksheet for Unitary Group - A worksheet is to be completed by each member of a combined return filing FIT-20NOL.

Members A and B are taxpayers under IC 6-5.5-1-17. Member C is not a taxpayer but is required to be included in the combined return (IC 6-5.5-1-18).

Loss Year 2001	Member A	Member B	Member C	Combined Total
AGI or (Loss)	(\$300,000)	\$300,000	(\$400,000)	Line 1. (\$400,000)
IN Apportionment				Line 2. 50%
Combined IN AGI (Loss)				Line 3. (\$200,000)
IN Receipts for A & B	\$2,000,000	\$8,000,000		Total IN Receipts \$10,000,000
Line 4. Ratio of IN Receipts	20%	80%		[Receipts of A and B divided by total IN receipts]
Line 5. Available share of NOL [Line 3 X line 4 of A & B]	(\$40,000)	(\$160,000)		Line 5. (\$200,000)

Carryover Year 2002 (Effective January 1, 2002 member C is no longer required to be included in the combined return (IC 6-5.5-1-18(a).))

AGI or (Loss)	\$500,000	(\$100,000)	N/A	Line 1. \$400,000
IN Apportionment				Line 2. 20%
Combined IN AGI (Loss)				Line 3. \$80,000
IN Receipts for A & B	\$6,000,000	\$4,000,000		Total IN Receipts \$10,000,000
Line 4. Ratio of IN Receipts	60%	40%		[Receipts of A and B divided by total IN receipts]
Line 5. IN AGI [Line 3 X line 4 of A & B]	\$48,000	\$32,000		
Applied share of 2001 NOL	(\$40,000)	(\$32,000) [\$160,000 available]		Return Line 24. \$72,000
Taxable Income	\$8,000	\$ 0		Return Line 25. \$8,000
and NOL to carry forward	\$ 0	(\$128,000)		

Example FIT-20NOL for Combined Unitary Group

Tax Year	1998	1999	2000	2001	2002	2003	2004
1. Total AGI or (Loss)	(200,000)	200,000	300,000	(400,000)	400,000	400,000	400,000
2. Combined Apportionment %	70%	50%	80%	50%	20%	25%	40%
3. Combined Indiana AGI or (Loss)	(140,000)	100,000	240,000	(200,000)	80,000	100,000	160,000
4. Member's Share of IN Receipts %	(Used for worksheet purposes only - see unitary 2001 & 2002 examples above)						
5. Member's Share of IN AGI or (Loss)	(140,000)	100,000	240,000	(200,000)	80,000	100,000	160,000
Loss Year	Indiana NOL						
1990-1997							
1998	140,000	100,000	40,000				
1999							
2000							
2001	200,000				72,000	100,000	28,000
2002							
2003							
2004							
Adjusted Gross Income After NOL Deduction		0	200,000		8,000	0	132,000

Indiana Department of Revenue

Schedule FIT-20 NOL - Computation of Indiana Member's Net Operating Loss Deduction

State Form 44624 (8-04)

Name of Corporation		Federal Identification Number										
Tax Year		1990	1991	1992	1993	1994	1995	1996	1997			
1. Total AGI or (Loss)												
2. Combined Apportionment %												
3. Combined Indiana AGI or (Loss)												
4. Member's Share of IN Receipts %												
5. Member's Share of IN AGI or (Loss)												
Loss Year Indiana NOL												
1990												
1991												
1992												
1993												
1994												
1995												
1996												
Adjusted Gross Income After NOL Deduction												

Tax Year		1998	1999	2000	2001	2002	2003	2004	2005		
1. Total AGI or (Loss)											
2. Combined Apportionment %											
3. Combined Indiana AGI or (Loss)											
4. Member's Share of IN Receipts %											
5. Member's Share of IN AGI or (Loss)											
Loss Year Indiana NOL											
1990											
1991											
1992											
1993											
1994											
1995											
1996											
1997											
1998											
1999											
2000											
2001											
2002											
2003											
2004											
Adjusted Gross Income After NOL Deduction											

Instructions for Form FT-ES

Quarterly payments of estimated financial institution tax for calendar year taxpayers 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 20th day of the 4th, 6th, 9th and 12th month of their tax period.

Form FT-QP must be used when making these quarterly payments. (Do not use Form IT-6.) Please note the voucher number on the form when making the payment for that quarter. Payments made after the quarterly due date will be reported in the following quarter when paid.

If the annual tax liability is less than one thousand dollars (\$1,000), estimated payments are not required to be made. If the quarterly payment exceeds ten thousand dollars (\$10,000), payments must be made by electronic funds transfer. Contact the EFT Section at (317) 615-2695 for further information.

Use preprinted Form FT-QP estimated payment vouchers mailed to you at the beginning of your tax year. If paying by using the EFT method, the filing of FT-QP forms is not necessary. If you do not have preprinted forms and need coupon vouchers, fill out the appropriate FT-ES voucher for the tax period on the form provided at the end of this booklet. Enter total financial institution tax due for the quarter.

Any penalty and interest paid as a result of a late payment assessment **cannot** be claimed as a credit on the annual return.

Claims for refund are processed on an annual basis only. If errors are discovered on a quarterly filing, these errors should either be adjusted on the next quarterly return or on the annual return. Adjustments of quarterly returns must be made during the taxable year of such quarterly returns and a complete explanation should accompany that return.

Each return must be signed by an authorized officer.

Special Reminders

1. Financial Institutions filing on a fiscal year basis must enter their tax year beginning and ending dates.
2. Net operating loss deductions must be supported by the completed Schedule FIT-20NOL attached to the return.
3. The FIT-2220, Underpayment of Estimated Tax by Financial Institutions, must be completed to reflect the applicable penalty. See return page 4.
4. Questions L through W on the front of the return must be answered
5. A copy of the first four (4) pages of the corporation's federal tax return must be attached to the Form FIT-20 when filed if it is not otherwise filed electronically.
6. If an extension of time to file exists, the corporation must prepay at least ninety (90) percent of the tax due by the original due date. Failure to do so will result in a ten (10) percent penalty on the amount paid after the original due date of the return. Interest will be due on any payment made after the original due date.
7. If applicable, check the box indicating you are either a state chartered credit union or an investment company.

If you have any questions refer to Commissioner's Directive #14, or contact the Corporate Income Tax Section at (317) 615-2662.



Form FT-ES
State Form 49410
(8-04)

Indiana Department of Revenue
Indiana Financial Institution Tax Return - Estimated Quarterly Payment

Due the 20th day of the 4th, 6th, 9th and 12th month of the tax year.

Name _____

(Do Not Write Above)

Address _____

Federal Identification Number

Signature of Officer

Title

Voucher Number
(Enter 1,2,3, or 4)

Calendar or Fiscal Year Ending
(Enter MM-YYYY)

Due Date
(Enter MM-DD-YYYY)

Date

Daytime Phone #

No.

Financial Institution Tax Due for the Quarter

Indiana Taxpayer Identification Number _____

Enter Total Tax Below:

INDIANA DEPARTMENT OF REVENUE
100 NORTH SENATE AVENUE
INDIANAPOLIS IN 46204-2253

Pay this amount, with U. S. funds.
Do not send cash.

Please make check payable to the **Indiana Department of Revenue.**

Instructions for Form FT-EXT

The extension return, Form FT-EXT, is to be used when a payment is due and additional time is necessary for filing the annual Indiana Financial Institution Tax Return (FIT-20). A penalty for late payment will not be imposed if at least ninety (90) percent of the tax is paid by the original due date and the remaining balance, plus interest, is paid in full by the extended due date.



Form FT-EXT
State Form 49171
(8-04)

Indiana Department of Revenue
Indiana Financial Institution Tax Return - Extension Payment

Due 15th day of the 4th month following close of your tax year.

Name _____

(Do Not Write Above)

Address _____

Federal Identification Number

Signature of Officer

Title

Date

Daytime Phone #

Extension
Payment

Calendar or Fiscal Year Ending
(Enter MM-YYYY)

Due Date
(Enter MM-DD-YYYY)

Enter Financial Institution Tax Return Extension
Payment Below:

Indiana Taxpayer Identification Number _____

Pay this amount, with U. S. funds.
Do not send cash.

INDIANA DEPARTMENT OF REVENUE
100 NORTH SENATE AVENUE
INDIANAPOLIS IN 46204-2253

Please make check payable to the **Indiana Department of Revenue.**