2007 Indiana Corporate Adjusted Gross Income Tax Booklet

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Departmental Web Reference Library

Internet Address - www.in.gov/dor/reference

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Tax Forms Order Line - (317) 615-2581

What's New for 2007?

Legislative Changes to Adjusted Gross Income Tax for 2007

References to the Internal Revenue Code

Public Law (PL) 234-2007, SEC. 41 amended Indiana Code (IC) 6-3-1-11.

- The definition of adjusted gross income is updated to correspond to the federal definition of adjusted gross income contained in the Internal Revenue Code (IRC).
- For tax year 2007, any reference to the IRC and subsequent regulations means the Internal Revenue Code of 1986, as amended and in effect on Jan. 1, 2007.

Modification to Add Back Deduction for Intangible Expenses

PL 162-2006 SECTIONS 24, 26 and 53 amended IC 6-3-1-3.5 and 6-3-2-20.

- 2006 legislation provided for adding back of intangible expenses and any directly related intangible interest expenses that reduced the corporation's taxable income for federal income tax purposes.
- This provision applied to taxable years beginning after June 30, 2006. It is applicable to all filers starting in 2007.

Phase-in of Single Factor Sales Formula for Apportionment of Income

PL 162-2006 SECTIONS 25 and 56 amended IC 6-3-2-2(b), effective Jan. 1, 2007. It transitions a single factor formula based on sales to apportion business income.

- The total value of the sales, property and payroll factors are gradually diminished for taxable years starting in 2007 and in each of the succeeding three taxable years.
- For 2007 factor apportionment, the numerator is the sum of the property factor plus the payroll factor plus the product of the sales factor multiplied by three (3); and the denominator is five (5).
- IC 6-3-2-2 also is amended to provide that regardless of the f.o.b. point or other conditions of the sale, sales of tangible personal property are in this state if the property is delivered or shipped to a purchaser that is within Indiana.
- Apportionment Schedule E is revised to apply the reduced factor values effective for taxable years beginning after Dec. 31, 2006 and before Jan. 1, 2008.

Petition to Discontinue Filing Combined Return

PL 162-2006 SECTIONS 25 and 56 also amended IC 6-3-2-2. The provision requiring a petition is effective for taxable years beginning after Dec. 31, 2006.

- A taxpayer filing a combined income tax return must petition the Department within 30 days after the end of the taxpayer's taxable year to discontinue filing a combined income tax return.

Interest on Refunds Accrues from the Filing Date of the Claim

PL 111-2006 SEC. 10 amended IC 6-8.1-9-2 regarding overpayments, effective Jan. 1, 2007.

- The Department will pay accrued interest on an excess tax payment (that is not refunded or credited against a current or future tax liability) on a claim for refund or an amended return if the Department does not issue the refund within 90 days of the date that the refund claim is filed.
- For more information get Income Tax information Bulletin 64

Rate of Interest on Overpayments

PL 211-2007 SEC. 43, effective July 1, 2007, requires that adjusted rate of interest on excess tax payments comply with IC 6-8.1-10-1 as amended.

- The change in law provides that the interest rate the Department charges on a tax deficiency and the interest rate the Department pays on an excess tax payment will be the same.
- The rate is based on the average investment yield of the state for the previous fiscal year. The rate for the remainder of 2007 was set at 5 percent as published in revised Departmental Notice 22. The rate is updated on or before November 1 to take effect on January 1 for the coming year.

Legislative Changes to Tax Liability Credits for 2007

New - Alternative Fuel Vehicle Manufacturer Credit

PL 223-2007 SEC. 4, effective Jan. 1, 2007, created the (Hoosier) alternative fuel vehicle manufacturer tax credit (IC 6-3.1-31.9). This new credit provides a nonrefundable state income tax credit of up to 15% for qualified investments made within Indiana that

foster job creation, reduce dependency on foreign oil, and reduce air pollution.

- A qualified investment includes the purchase of new equipment used for telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution equipment. The term also includes computer equipment, costs associated with modernization of equipment and facilities, onsite infrastructure improvements, construction of new manufacturing facilities, retooling existing machinery and equipment, and costs associated with the construction of special purpose buildings that are certified by the Indiana economic development corporation (IEDC) as being eligible for the credit.

- An alternative fuel vehicle is any vehicle designed to operate using methanol, denatured alcohol, E85, natural gas, liquefied petroleum gas, hydrogen, coal derived liquid fuels, non alcohol fuels derived from biological material, P-Series fuels or electricity.

- A taxpayer may carry forward an unused credit for nine years. A person that proposes a project to manufacture or assemble alternative fuel vehicles may apply to the IEDC before the qualified investment is made.

- A taxpayer claiming the credit is required to submit a copy of the certificate of verification from the IEDC. If a taxpayer does not comply with the agreement, the Department after notification from the IEDC may make an assessment against the taxpayer up to the amount of previously allowed credits

- Limitation – This credit is added to the list of credits where the taxpayer cannot claim multiple tax credits for the same project. The IEDC may not award any credits for qualified investments made after Dec. 31, 2012. For more information get Income Tax information Bulletin 103 at www.in.gov/dor/reference/bulletins/income/pdf/ib103.pdf

New for 2007- Employer Health Benefit Plan Credit

PL 218-2007 SEC. 5, effective Jan. 1, 2007, created a tax credit for taxpayers offering health benefit plans (IC 6-3.1-31).

- An employer that did not provide health insurance to his employees prior to January 1, 2007 and makes health insurance available to the employees is entitled to a nonrefundable credit for the first two years in which the taxpayer makes the plan available the employee's election.

- The amount of the credit is the lesser of $2,500 or $50 multiplied by the number of employees enrolled in the health benefit plan. A taxpayer is required to make health insurance available to the employer's employees for at least two years after the taxable year the employer first offers the health benefit plan. For more information get Income Tax Information Bulletin 101 at: www.in.gov/dor/reference/bulletins/income/pdf/ib101.pdf

New for 2007 - Small Employer Qualified Wellness Program Credit

PL 218-2007 SECTIONS 6, 43 and 44, effective Jan. 1, 2007, created small employer qualified wellness program tax credit (IC 6-3.1-31.2).

- A small employer is entitled to a nonrefundable tax credit equal to 50% of the costs incurred by the taxpayer during the taxable year for providing a qualified wellness program for the employer's employees during the taxable year. A small employer is an employer that is actively engaged in business, and has at least two but not more than 100 eligible employees with a majority of them working in Indiana

- To receive the credit the employer must provide a copy of the certificate received from the State Department of Health and claim the credit on the taxpayer's state income tax return. For more information get Income Tax Information Bulletin 102 at: www.in.gov/dor/reference/bulletins/income/pdf/ib102.pdf

Credit for Assessments Paid to Indiana Comprehensive Health Insurance Association (ICHA)

PL 51-2004 SECTIONS 1 and 4 amended IC 27-8-10-2.4 to provide for an income tax credit for assessments paid by insurance companies to the ICHIA.

- For each tax year beginning after Dec. 31, 2006, an insurance company may annually claim a credit against adjusted gross income tax and premiums tax equal to 10 percent of the amount of the assessments paid before Jan. 1, 2005, against which a tax credit has not been taken before Jan. 1, 2005.

- If maximum amount of credit exceeds the tax liability for the year, the unused portion of the credit year may carry forward.

Amendments to Coal Gasification Technology Investment Credit

PL 175-2007 SECTIONS 4, 5 and 7 amended IC 6-3.1-29 by extending the coal gasification technology investment tax credit.

- Eligibility for credit now includes an Indiana facility that converts coal into synthesis gas that can be used as a substitute for natural gas.

- Credit may be awarded for the development of a facility that will serve gas utility consumers, in addition to electric utility consumers.

- All or part of the credit that a taxpayer is entitled to is assignable to one or more utilities when the assignment is approved by the utility regulatory commission for the purchase of electricity or substitute natural gas by the utility from the taxpayer. If the credit

is assigned, it must be taken in twenty annual installments multiplied by the percentage of Indiana coal used by the taxpayer's integrated coal gasification power plant or fluidized bed combustion technology during the taxable year. For more information get Income Tax Information Bulletin #99 at: www.in.gov/dor/reference/bulletins/income/pdf/ib 99.pdf

Rerefined Lubrication Oil Facility Credit Repealed

PL 1-2007 SEC. 248, effective March 20, 2007, repealed the rerefined lubrication oil facility tax credit (IC 6-3.1-22.2).

- Any unused credit carry forward was limited to two years and formerly could not be carried forward to a tax year beginning after Dec. 31, 2007.
- No carry forward of unused credit may be claimed for tax years beginning on or after March 20, 2007.

Venture Capital Investment Credit Extended

PL 211-2007 SEC. 28 amended IC 6-3.1-24-9.

- The extension provides that a person providing qualified investment capital may claim the venture capital investment tax credit for investments made before Jan. 1, 2013.
- The previous law required the investment to be made before Jan. 1, 2009.

Other Changes to Adjusted Gross Income Tax Starting in 2008

Second Year Phase-in of Single Factor Sales Formula for Apportionment of Income

PL 162-2006 amended IC 6-3-2-2 to transition to a single factor formula based on sales for apportioning business income of corporations and nonresident persons for taxable years beginning in 2007. The total value of sales, property and payroll factors shall be gradually diminish in each of the succeeding taxable years until 2011.

- For taxable years beginning in 2008, the numerator of the apportionment formula shall be the sum of the property factor plus the payroll factor plus the product of the sales factor multiplied by 4.67; and the denominator shall be 6.67.
- For more information get Income Tax Information Bull etin #12 at: www.in.gov/dor/reference/bulletins/income/pdf/ib 12.pdf

Changes to Estimated Tax Filing Requirements

PL 211-2007 SECTIONS. 24 and 53 amended IC 6-3-4-4.1, effective Dec. 16, 2007, changing a corporation's filing requirements for making estimated tax payments.

- For taxable years beginning after December 15, 2007, a corporation is not required to file quarterly estimated payments if its annual unpaid liability is less than $2,500. The previous limitation was $1,000.
- Corporations required to make quarterly estimated payments are permitted to use the annualized income installment method calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's adjusted gross income tax liability.
- The threshold for making electronic file transfer (EFT) payments for corporate estimated taxes is reduced from $10,000 to $5,000. For more information get Income Tax Information Bulletin #11 at: www.in.gov/dor/reference/bulletins/income/pdf/ib 11.pdf

Qualified Patents Income Exemption

PL 223-2007 SECTIONS 1, 2 and 11 amends IC 6-3-1-3.5 and adds IC 6-3-2-21, effective Jan. 1, 2008. Income from qualified patents included federal taxable income is exempt from the adjusted gross income of corporations and insurance companies for taxable years beginning after Dec. 31, 2007.

- A qualified patent is a utility patent or a plant patent issued after December 31, 2007 for an invention resulting from a development process conducted in Indiana. The term does not include a design patent.
- A qualified taxpayer is an individual or corporation with less than 500 employees, or a nonprofit organization, and is domiciled in Indiana. The exemption from income includes licensing fees or other income received for the use of the patent, royalties received for the infringement, receipts from the sale of a qualified patent, or income from the taxpayer's own use of the patent to produce the claimed invention.
- The total amount of exemptions claimed by a taxpayer in a taxable year may not exceed $5 million. The exemption may not be claimed for more than 10 years. For the first five years, 50% of the amount of income received from the patent is exempt, and the percentage declines by 10% each year starting in the sixth year that the exemption is claimed. For more information get Income Tax Information Bulletin #104 at: www.in.gov/dor/reference/bulletins/income/pdf/ib 104.pdf

Add Back Dividends from Captive Real Estate Investment Trust

PL 211-2007 SECTIONS 19, 20 and 55 amended IC 6-3-1-3.5 and added IC 6-3-1-34.5, effective Jan. 1, 2008. Corporations are required to add back any deduction for dividends paid to shareholders of a captive real estate investment trust for taxable years beginning after December 31, 2007.

- A captive real estate investment trust is defined as a corporation, trust or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code, that is not regularly traded on

an established securities market, and in which more than 50% of the voting power or shares are owned or controlled by a single entity.

Indiana Research Expense Tax Credit Increasing

PL 197-2005 SEC.1 amended IC 6-3.1-4-3 that provides a credit for increasing qualified research expenses in Indiana. The credit allowance increases from 10 percent to 15 percent on the first $1 million of qualified expense incurred after Dec. 31, 2007.

- The credit is equal to 15 percent of the taxpayer's increased qualified research expense or $150,000, whichever is less, plus 10 percent of any increased qualified expense that exceeds $1 million.

Ethanol Production Tax Credit to Include Credit for Cellulosic Ethanol

PL 175-2007 SECTION 3 and 23 amended IC 6-3.1-28-11, effective for tax years beginning after Dec. 31, 2007.

- It allows an additional ethanol production tax credit to taxpayers who produce at least 20 million gallons of cellulosic ethanol in a taxable year. The credit may only be applied against the state tax liability attributable to business activity taking place at the Indiana facility at which the cellulosic ethanol was produced. Get Income Tax Information Bulletin #93 at http://www.in.gov/dor/reference/bulletins/income/pdf/ib93.pdf for more information.

- Application for Ethanol Credit Certification is through the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at: www.in.gov/iedc/ for additional information.

New for 2008 - Energy Star Heating and Cooling Equipment Tax Credit

PL 175-2007 SEC. 8, and HEA 1722 SEC. 8 added IC 6-3.1-31.5, effective Jan. 1, 2008, creates a nonrefundable energy savings tax credit for expenditures on energy star equipment

- The credit is equal to the lesser of 20% of the amount of expenditures on energy star equipment incurred by the taxpayer in a taxable year, or $100.

- The total amount of tax credits may not exceed $1million in a state fiscal year.

PL 211-2007 SEC. 29 amended IC 6-3.1-31.5-13 to provide that the energy star heating and cooling equipment credit may not be awarded to a taxpayer for taxable years beginning after Dec. 31, 2010. For more information get Income Tax Information Bulletin #100 at:
www.in.gov/dor/reference/bulletins/income/pdf/ib 100.pdf

For a complete summary of new legislation regarding taxation, please see the **2007 Summary of State Legislation Affecting the Department of Revenue at www.in.gov/dor/reference/legal/summary.html**

Administrative Highlights

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Department will conduct an annual public hearing on Tuesday, June 13, 2008. Please come and share your ideas on how the Department of Revenue can better administer Indiana tax laws. The hearing will be held from 9 to 11 a.m. in the Indiana Government Center South, Conference Center Room 4, 402 W. Washington St., Indianapolis, Indiana. If you can't attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 N. Senate Ave., Indianapolis, IN 46204.

View Estimated Tax Payments Online and Make Payments by ePay

Corporate taxpayers may now verify their state estimated-tax payments and balances online. This new feature saves time, helps to avoid delayed refunds, and identifies estimated discrepancies prior to filing. To access your estimated tax information, visit www.in.gov/dor/epay

Please have the following information available:

- Name.
- Taxpayer Federal Tax ID or Employer Identification Number (EIN).
- Current street address.
- Last payment amount.

View by clicking on Begin using IN e-pay at:
https://secure.in.gov/apps/dor/dor epay/

If you have any questions please call the Department at (317) 233-4017.

Voluntary Compliance Program

If you discover that you have an unmeet filing requirement with Indiana and wish to know more about the Department's Voluntary Disclosure Program, contact us at:

Indiana Department of Revenue
IGCN Room 203 - VCP Office
100 N. Senate Ave.
Indianapolis, IN 46204

Revised Forms for 2007

- Form IT-20 Schedule E, Schedule E-7 and EZ Schedule 1, 2, 3 are revised to start the phase-in of the single factor apportionment.

- The Other Credits section for nonrefundable tax liability credits is reorganized with a specific identifying 3-digit code number for each credit.

- The Certification of Signatures and Authorization Section on annual forms is revised to identify your personal representative's name and address.

Introduction to Corporate Taxation

Indiana has three kinds of corporate income tax.

- A corporation doing business in Indiana is subject the adjusted gross income tax. Any corporation deriving income from Indiana sources is subject the adjusted gross tax.

- Indiana imposes a franchise tax on income of an entity transacting the business of a financial institution in this state. Taxpayers subject to the financial institution tax are exempt from the adjusted gross income tax.

- Any corporation providing utility services in Indiana is subject to the utility receipts tax. Tax is imposed on the gross receipts received from selling utility services.

Indiana recognizes a variety of business organizations. How you organize the business determines the type of tax return(s) the entity is to file. It is important to know the tax-related requirements before setting up operations in Indiana.

General Filing Requirements

All types of corporations, business corporations, professional corporations, C corporations, and subchapter S corporations have essentially the same filing requirements. They may have different tax responsibilities, but they are still corporations. Any corporation doing business and having gross income in Indiana is required to file a corporation income tax return. They must file an income tax return whether or not there is taxable income unless exempt under IRC section 501.

Nonprofit entities can be organized formally or informally. Contact the Internal Revenue Service for federal requirements to obtain nonprofit (commonly known as 501(c)(3)) status. The IRS publishes an information booklet entitled "Tax Exempt Status for Your Organization", Publication 557. Contact:

Internal Revenue Service: (800)-829-1040
Publications: (800)-829-3676
http://www.irs.ustreas.gov/

To register your nonprofit status with the state you must submit a Nonprofit Organization Application for Sales Tax Exemption (NP-20A). Contact:

Indiana Department of Revenue
Tax Administration
100 N. Senate Ave.
Indianapolis, IN 46204-2253
(317) 232-2045

Taxable Period

Indiana tax law requires all corporations to adopt their federal tax year for reporting income to Indiana. A federal entity election or default classification is recognized for state adjusted gross income tax.

Doing Business in Indiana

For Indiana adjusted gross income tax purposes, the term "doing business" generally means the operation of any business enterprise or activity in Indiana including but not limited to the following:

1. Maintenance of an office, warehouse, construction site or other place of business in Indiana.
2. Maintenance of an inventory of merchandise or material for sale, distribution, or manufacture.
3. The sale or distribution of merchandise to customers in Indiana directly from company owned or operated vehicles when the title of merchandise is transferred from the seller or distributor to the customer at the time of sale or distribution.
4. The rendering of a service to customers in Indiana.
5. The ownership, rental, or operation of business or property (real or personal) in Indiana.
6. Acceptance of orders in Indiana with no right of approval or rejection in another state.
7. Interstate transportation.
8. Maintenance of a public utility.

Doing business by a corporate entity that is transacting the business of a financial institution in Indiana is similarly defined under IC 6-5.5-3-1.

Deriving Income from Indiana Sources

If a corporation has business income from both within and outside Indiana, the entity, other than a financial institution or a domestic insurance company, must apportion its income by means of the three-factor formula under IC 6-3-2-2. Business income is all income which arises from the conduct of trade or business operations of the taxpayer. The non-business income of a corporation is specifically allocated under IC 6-3-2-2(g) through (k).

Starting a New Business Indiana

Formal business organizations require some filing with the Secretary of State, Corporations Division. It is strongly suggested that individuals consult an attorney before forming a formal business entity.

After a business entity has formed or been granted authority to do business in the state of Indiana, it has an ongoing responsibility to file regular business entity reports. These reports must be filed every year by nonprofit organizations and every two years by for-profit businesses. The filings are due during the anniversary month of the organization's formation.

All organizational filings and reports for formal business entities should be sent to:
Indiana Secretary of State, Business Services Division
302 W. Washington St., Room E018
Indianapolis, IN 46204
(317)-232-6576
http://www.in.gov/sos/business/corporations.html
Information Line and Front Desk Hours:
8:00 a.m. to 5:30 p.m., Monday through Friday (except state holidays)

Forms: Are available via FAX 24-hours a day.
Call (800)-726-8000 (in Indiana)

Need more detailed information pertaining to new businesses? Check out the general requirements for starting your own business in the Business Owner's Guide to State Government.

Registering with the Indiana Department of Revenue

If you are starting a new business in Indiana, you may need to register with the Indiana Department of Revenue (IDOR). Registration is required if you will have employees, intend to engage in selling (retail or wholesale) and/or renting/leasing tangible personal property, etc.

Companies registering for Indiana Withholding Tax must provide their Federal Employer Identification Number (EIN). Register for a Federal Identification Number (EIN) If you indicate on your Business Tax Application (BT-1), that you will be collecting Indiana Gross Retail Sales Tax you will be issued a Registered Retail Merchants Certificate (RRMC). A RRMC must be displayed at each location at which you are doing business.

A company providing a service and has no employees may not need to register. If you are unsure, please contact the Department at (317) 233-4015 for additional information.

Sales Tax Exemption Certificates

Registered retail merchants must assess Indiana sales tax on the sale of tangible personal property unless a valid exemption certificate is presented to you by your customer. The exemption certificate is kept by the seller as part of your business records and sales invoices. It must be legible, signed, and include the tax exempt number of your customer.

The business registered as a retail merchant may issue an exemption certificate and purchase tangible personal property exempt from sales tax when the property is:

- Purchased for resale;
- Made into property being resold;
- Directly used in the manufacturing of tangible personal property to be sold; or
- Is exempt by law.

How do I register?

A single application (Form BT-1) is used to register with the Department for alcohol & tobacco, sales tax, withholding tax, food & beverage tax, county innkeeper tax, motor vehicle rental excise tax, and prepaid sales tax on gasoline. A separate application is required for each business location.

Internet:

If you need to register your business with the Department, you may register online using the Department's Online BT-1 Application.

INtax:

Use Indiana's free online business tax filing program to directly manage your sales and withholding tax accounts. Once your business is registered, you may use INtax to complete the registration process. With INtax, you can file and pay your business taxes and much more. At this time you can manage your obligations for Indiana retail sales, out-of-state sales, prepaid and metered pump sales, tire fee sales, and payroll withholding taxes.

Paper:

You may fill-in the Form BT-1 application online. Print and sign your registration.
You may mail the completed application to:
Indiana Department of Revenue
Systems Services
P.O. Box 6197
Indianapolis, IN 46206-6197

If you elect to mail in Form BT-1, it will take approximately 4-6 weeks to complete the registration process.
Request Form BT-1 to receive a blank application through the mail.

In Person:

Visit our Taxpayer Service Center in the Indiana Government Complex or any of the IDOR District Offices. Simply bring in your completed BT-1 application for same day service.

Register Multiple Locations:

You must complete a separate BT-1 for each location you need to register. If you wish to consolidate tax filings for all or some of your locations you may choose to complete Form BT-1C (Authorization for Consolidated Sales Tax Filing Number) within the BT-1 Packet.

Important Reminders:

- To avoid delays in processing applications, please make sure all the applicable information is complete and the form is signed.
- Please note that the application will be delayed if the business itself has any outstanding tax liabilities.
- When you close your business, you will be responsible for contacting the Department to notify us of the closure. Failure to do this may result in billings being issued for failure to file returns.

Business Entities (in General)

Which Indiana Income Tax Form(s) to File?

The type of form to file will vary depending on how the corporation is organized and what type of income it earns. An organization filing a federal return and doing business in this state must also file the comparable Indiana return. The name of the corporation (which must include "Corporation," "Company," "Incorporated," "Limited," or an abbreviation thereof is to be included all the returns. When filing your Indiana corporate forms use your Federal Employer Identification Number (EIN) to identify your return. The IRS assigns this number to business entities at: Register for a Federal Identification Number (EIN)

For Indiana tax purposes a corporation tax filing includes other less formal organizations and unincorporated entities such as general partnerships and nonprofit associations. To find which return to file, use the following list that describes

your organization. File the specified state form(s) to report the income, gains, losses, deductions, credits and to figure the corporate income tax liability of the entity.

The state returns are due 30 days after the due date for the filing of the federal return. Unless otherwise specified, the state tax returns are due on the fifteenth day of the fourth month following the close of the corporation's taxable year.

A corporation or entity doing business in Indiana is subject to the *corporate* adjusted gross income tax (AGIT). The corporate AGIT rate of tax is eight and one-half percent. Certain entities are exempt from the tax. See IC 6-3-2-2.8 and 6-3-2-3.1. A brief explanation of the tax treatment for each type follows.

TYPES OF CORPORATE ENTITIES AND RETURNS TO FILE

For-Profit Corporations (Domestic and Foreign)

A corporation can be formed for profit or nonprofit purposes. Forming a corporation creates a specific legal entity. An organization incorporated in this state (a domestic corporation) must have on file *Articles of Incorporation 4159* with the Corporations Division of the Secretary of State.

An organization incorporated in another state or foreign government must have on file an *Application for Certificate of Authority 38784* with the Indiana Secretary of State. This allows a foreign (outside Indiana) corporation to do business in Indiana.

General or Regular Corporations	State Return(s) to File
• Filing federal Form 1120, file:	**Form IT-20, *or***
• If meeting 80% income test as a financial institution:	**Form FIT-20;**
• If a utility service provider, also file:	**Form URT-1**

80 Percent Income Test: Is the corporation primarily in the business of extending credit? If so, it may be subject to the financial institution franchise tax (FIT) in Indiana. If 80 percent or more of the taxpayer's gross income comes from extending credit, servicing loans or a credit card operation, the FIT applies. See 45 IAC 17-2-4. You may also refer to Commissioner's Directive 14 for more information.

The FIT rate of tax is the same as the AGIT rate of eight and one-half percent. If the taxpayer is subject to the FIT it will be exempt from the AGIT (IC 6-5.5-9-4). *It must instead file on Form FIT-20.*

Utility Service Provider: Are you in the business as a utility service? If so, you may also be subject to the utility receipts tax (URT) on those gross receipts. Gross receipts are defined as the value received for the retail sale of utility services.

You will owe this tax if you furnish any electrical energy, natural gas, water, steam, sewage, or telecommunications services. The URT is due on the retail sale of these services in Indiana. The URT rate of tax is one and four-tenths percent. You may refer to Commissioner's Directive 18 for more information. *Entities subject to this tax must also file Form URT-1.*

Forms for Specific Organizations

Cooperative Association	State Return(s) to File
• Filing federal Form 1120-C, file:	**Form IT-20**
• If a utility service provider, also file:	**Form URT-1**

A cooperative association (including a subchapter T cooperative) that engages in farming and is reporting its income and deductions on federal Form 1120-C must file Form IT-20. If this applies to you, check box J-5 in the taxpayer identification section on front of the return.

If the cooperative is in the business of providing a utility service, it must also file Form URT-1 to report any retail sales of utility services to its nonmembers. **Note:** The utility receipts tax return is due on the 15th day of the fourth month following the close of the cooperative association's taxable year.

*The corporate adjusted gross return, Form IT-20 is due on the 15th day of the **tenth month** following the close of the cooperative association's taxable year. The utility receipts return, Form URT-1, is due on the 15th day of the fourth month following the close of the association's tax year.*

Corporation (engaged in farming)	State Return(s) to File
• Filing federal Form 1120, file:	**Form IT-20**
• If a utility service provider, also file:	**Form URT-1**

A corporation that engages in farming and is reporting its income and deductions on federal Form 1120 or 1120-A must file Form IT-20.

The state tax return(s) is due on the 15th day of the fourth month following the close of the corporation's tax year.

Domestic Corporation	State Retrun(s) to File
• Filing federal Form 1120, file:	**Form IT-20**
• If a utility service provider, also file:	**Form URT-1;**
• If a financial institution (80% income test) file:	**Form FIT-20**

An organization incorporated in this state is known as a domestic corporation for tax purposes. It is required to file an Indiana return to report taxable income if it is not otherwise exempt.

The state tax return(s) is due on the 15th day of the fourth month following the close of the corporation's tax year.

Exempt Organizations: (Refer to the section on Nonprofit Corporations.)

Foreign Corporation **State Return(s) to File**

- Filing federal Form 1120 or 1120-F, file: **Form IT-20**
- If a utility service provider, also file: **Form URT-1;**
- If a financial institution (80% income test) file: **Form FIT-20**

An organization that is incorporated in another state or foreign government is known as a foreign corporation for Indiana tax purposes. It must have a Certificate of Authority to do business in Indiana. An Application for a Certificate of Authority is available from the Indiana Secretary of State or State Information Center.

A foreign corporation with authority to operate in Indiana (other than life and property and casualty insurance company) generally must file its Indiana tax return on the Corporation Income Tax Return, Form IT-20.

The state tax return(s) is due on the 15th day of the fourth month following the close of the corporation's tax year.

Foreign Sales Corporation **State Return(s) to File**
(IRC section 922)

- Filing federal Form 1120-FSC, file: **Form IT-20**
- If a utility service provider, also file: **Form URT-1**

A foreign corporation with authority to operate in Indiana generally must file its Indiana tax return on the Corporation Income Tax Return, Form IT-20.

The state tax return(s) is due on the 15th day of the fourth month following the close of the corporation's tax year.

Homeowner's Association **State Return(s) to File**
(IRC section 831)

- Filing Form 1120-H, file: **Form IT-20**

A condominium management, residential real estate management or timeshare association is subject to tax as a corporation if it elects to be treated as a homeowners association. They are not considered nonprofit organizations for Indiana tax purposes. Therefore, they must file as a for-profit corporation using Form IT-20.

The state tax return is due on the 15th day of the fourth month following the close of the entity's tax yea

Interest Charge Domestic International Sales Corporation **State Return(s) to File**
(IRC section 992)

- Filing federal Form 1120-IC-DISC, file: **Form IT-20;**
- If a financial institution (80% income test) file: **Form FIT-20**

The state tax return is due on the 15th day of the fourth month following the close of the corporation's tax year.

Life Insurance Company (Domestic) **State Return(s) to File**
(IRC section 801)

- Filing federal Form 1120-L, file: **Form IT-20**

A domestic insurance company (organized under the laws of the state Indiana) that elects to file the corporation income tax return, instead of the premium insurance tax return, must file on Form IT-20. It will be exempt from the insurance premium tax if it elects to pay the adjusted gross income tax. If this applies to you, check box J-4 in the taxpayer identification section on front of the return.

The state corporate income tax return is due on the 15th day of the fourth month following the close of the corporation's tax year.

Limited Liability Companies (Domestic and Foreign) **State Return(s) to File**

- If filing federal Form 1065 or 1065B, file: **Form IT-65;**
- If filing federal Form 1120, file: **Form IT-20**
- If a utility service provider, also file: **Form URT-1**
- If a financial institution (80% income test) file: **Form FIT-20**

A Limited Liability Company (LLC) may be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 301.7701.3. A LLC has members rather than shareholders. If an entity with more than one member was formed as a LLC it generally is treated as a partnership for federal income tax purposes and files Form 1065.

A single-member LLC may elect to report its income and deductions as a corporate entity instead. The LLC can file a Form 1120 or Form 1120-A only if it has filed federal Form 8832, Entity Classification Election, to be treated as a corporation.

A LLC may be formed under state law by filing Articles of Organization 49459. A LLC which is based outside of Indiana will need to file Application for Certificate of Authority of a Foreign Limited Liability Company to do business in Indiana, similar to what foreign corporations file. If the LLC qualifies

under IRS guidelines to be treated as an association taxable as a corporation, it must file Form IT-20.

The state tax return(s) is due on the fifteenth day of the fourth month following the close of the entity's tax year.

Limited Liability Partnership (Domestic and Foreign)	**State Return(s) to File**
• If filing federal Form 1065 or 1065B, file:	**Form IT-65;**
• If filing federal Form 1120, file:	**Form IT-20**
• If a utility service provider, also file:	**Form URT-1**
• If a financial institution (80% income test) file:	**Form FIT-20**

A Limited Liability Partnership (LLP) may be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 301.7701.3. The income of an LLP is taxed in the same manner as a General Partnership.

A LLP may be formed under state law by filing your Articles of Registration of a Limited Liability Partnership with the Secretary of State. LLP which is based outside of Indiana will need to file a Certificate of Authority or Notice of Foreign Limited Liability Partnership to do business in Indiana, similar to what foreign corporations file.

The state tax return(s) is due on the 15th day of the fourth month following the close of the entity's tax year.

Limited Partnership (Domestic and Foreign)	**State Return(s) to File**
• If filing federal Form 1065 or 1065B, file:	**Form IT-65;**
• If filing federal Form 1120, file:	**Form IT-20**
• If a utility service provider, also file:	**Form URT-1**
• If a financial institution (80% income test) file:	**Form FIT-20**

A limited partnership (LP) must have at least one general partner and one limited partner. The income is generally taxed in the same manner as a general partnership. A LP may be classified for federal income tax purposes as a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in federal regulation section 301.7701.3.

The LP may be formed under state law by filing Certificate of Limited Partnership with the Secretary of State. The LP which is based outside of Indiana will need to file a Certificate of Authority or Application of Registration to do business in Indiana, similar to what foreign corporations file.

The state tax return(s) is due on the 15th day of the fourth month following the close of the entity's tax year.

Nuclear Decommissioning Funds (IRC section 468A)	**State Return(s) to File**
• Filing federal Form 1120-ND, file:	**Form IT-20**
• If a financial institution (80% income test) file:	**Form FIT-20**

The state tax return is due on the 15th day of the fourth month following the close of the fund's taxable year.

Personal Service Corporation (Domestic and Foreign)	**State Return(s) to File**
• Filing federal Form 1120, file:	**Form IT-20**

The state tax return for a personal service corporation, also known as a "professional corporation," is due on the fifteenth day of the fourth month following the close of the corporation's tax year.

Political Organization (IRC section 527)	**State Return(s) to File**
• Filing federal Form 1120-POL, file:	**Form IT-20**

The state tax return is due on the 15th day of the fourth month following the close of the organization's tax year.

Property and Casualty Insurance Company (Domestic) (IRC section 831)	**State Return(s) to File**
• Filing federal Form 1120-PC, file:	**Form IT-20**

A domestic insurance company (organized under the laws of the state Indiana) that elects to file the corporation income tax return, instead of the premium insurance tax return, must file on Form IT-20. It will be exempt from the insurance premium tax if it elects to pay the adjusted gross income tax. If this applies to you, check box J-4 in the taxpayer identification section on front of the return.

The state corporate income tax return is due on the 15th day of the fourth month following the close of the corporation's tax year.

Publicly Traded Partnership (Domestic and Foreign) — **State Return(s) to File**

- If filing federal Form 1065 or 1065B, file: **Form IT-65;**
- If filing federal Form 1120, file: **Form IT-20**
- If a utility service provider, also file: **Form URT-1**
- If a financial institution (80% income test) file: **Form FIT-20**

A Publicly Traded Partnership (PTP) that is treated as a partnership and not as a corporation for federal income tax purposes must file on Form IT-65. A PTP that is treated as a corporation for federal income tax purposes under IRC section 7704 must file on Form IT-20.

A PTP which is based outside of Indiana will need to file a Certificate of Authority to do business in Indiana, similar to what foreign corporations file.

The tax return(s) is due on the 15th day of the fourth month following the close of the entity's tax year.

Real Estate Investment Trust (IRC section 856) — **State Return(s) to File**

- Filing federal Form 1120-REIT, file: **Form IT-20**
- If a financial institution (80% income test) file: **Form FIT-20**

A corporation, trust or association that meets certain conditions under IRC section 856 may elect to be treated as a real estate investment trust (REIT) for the tax year by figuring its taxable income as a REIT on federal Form 1120-REIT. An entity filing as a REIT will file Form IT-20 or FIT-20 to report business activity income in Indiana.

However, the deduction for dividends paid is not an allowable exclusion for the state return. A deduction for dividends included in federal taxable income will be an add back on the state tax return effective for tax years beginning in 2008.

The state tax return is due on the 15th day of the fourth month following the close of the tax year.

Real Estate Mortgage Investment Conduit (IRC section 860D) — **State Return(s) to File**

- Filing federal Form 1066, file: **Form IT-20**
- If a financial institution (80% income test) file: **Form FIT-20**

A corporation, partnership, trust or entity that meets certain conditions under IRC section 860D may elect to be treated as a real estate investment conduit (REMIC) for the tax year by figuring its taxable income as a REMIC on federal Form 1066. An entity filing as a real estate investment trust (REIT) will file either Form IT-20 or FIT-20 to report total federal taxable income, deductions and gains and losses from the operation of a REMIC Indiana. In addition, the REMIC shall report and pay the taxes on net income from foreclosure property, and contributions after a startup day. If this applies to you, check box J-6 in the taxpayer identification section on front of the return.

*The state tax return is due on the 15th day of the **fifth month** following the close of the entity's tax year. The entity's final state return is due 30 days from the filing due date of Form 1066 following the date the REMIC ceased to exist.*

Regulated Investment Company (IRC section 851) — **State Return(s) to File**

- Filing federal Form 1120-RIC, file: **Form IT-20**
- If a financial institution (80% income test) file: **Form FIT-20**

A regulated financial corporation, subsidiary of a holding company or regulated financial corporation may elect to be treated as a regulated investment company (IRC) by filing Form 1120-RIC. For state purposes, the IRC must use Form IT-20 or FIT-20 to report federal taxable income, deductions, gains and losses from the operation of a RIC Indiana.

The state return is due on the 15th day of the fourth month following the close of the corporation's tax year.

S Corporation (IRC section 1361) — **State Return(s) to File**

- Filing federal Form 1120S, file: **Form IT-20S**
- If a utility service provider, also file: **Form URT-1**

A corporation incorporated in the U.S. may elect S corporation treatment. The corporation must submit IRS Form 2553 to the IRS for recognition of status. This is a separate legal and taxable entity, and can have no more than 100 owners. An S corporation is exempt from federal income tax except on certain capital gains and passive income. Any income that is taxed at the corporate level is subject to the Indiana corporate AGIT.

A corporation that has permission to file as an S corporation return must file its Indiana return on the Indiana S Corporation Income Tax Return, Form IT-20S.

The state tax return(s) is due on the 15th day of the fourth month following the close of the corporation's tax year.

Settlement Fund (IRC section 468B)	**State Return(s) to File**
• Filing federal Form 1120-SF, file:	**Form IT-20**
• If a financial institution (80% income test) file:	**Form FIT-20**

The state tax return is due on the 15th day of the fourth month following the close of the fund's tax year.

Nonprofit Corporations (Domestic and Foreign)

A corporation can be formed for profit or nonprofit purposes. A nonprofit organization is an association whose purpose is to engage in activities which do not provide financial profit to the benefit of its members. Such corporations must obtain nonprofit or tax exempt status from the IRS and Indiana Department of Revenue to be free from certain tax burdens.

Formation of Nonprofit Corporation

Nonprofit entities can be organized formally or informally. Forming a corporation creates a specific legal entity. A nonprofit organization incorporated in this state (a domestic corporation) must have on file Articles of Incorporation 4162 with the Corporations Division of the Indiana Secretary of State. An organization incorporated in another state or foreign government must have on file an Application for Certificate of Authority 37035 with the Secretary of State. This allows a foreign (outside Indiana) corporation to do business in Indiana.

Application for Nonprofit Status and Registration

Contact the Internal Revenue Service for federal requirements to obtain nonprofit (commonly known as 501(c)(3)) status. The IRS publishes an information booklet entitled "Tax Exempt Status for Your Organization", Publication 557. Contact:

Internal Revenue Service: (800) 829 -1040
Publications: (800) 829-3676
http://www.irs.ustreas.gov/

To register your nonprofit status with the state you must submit a Nonprofit Organization Application for Sales Tax Exemption (NP-20A). Contact:

Indiana Department of Revenue
Tax Administration
100 N. Senate Ave.
Indianapolis, IN 46204-2253
(317) 232-2045

Once nonprofit status is granted, file the annual report NP-20 to maintain state recognition of your sales tax exemption. If the organization has unrelated business income over $1,000 during the tax year it must also file Form IT-20NP with the Department. For information about nonprofit filing requirements, obtain Income tax Information Bulletin 17.

*The Annual Report and income tax return are due on the 15th day of the **fifth month** following the close of the organization's tax year.*

Forms for Specific Nonprofit Organizations

Nonprofit Organization	**State Return(s) to File**
• Filing federal Form 990 or 990T, file:	**Form IT-20NP & Form NP-20;**
• If a utility service provider, also file:	**Form URT-1**

A nonprofit organization or corporation must file Form IT-20NP and/or Form NP-20.

The department will recognize the exempt status determined by the IRS. A nonprofit organization registered as a nonprofit registration is subject to the adjusted gross income tax, unless the income is specifically exempt from taxation under the provisions of the Adjusted Gross Income Tax Act (IC 6-3-2-2.8 and 6-3-2-3.1). The nonprofit organization is subject to both federal and state tax on income derived from an unrelated trade or business as defined in IRS section 513.

The tax return on unrelated business income (Form IT-20NP) and annual report (Form NP-20) are due on the 15th day of the **fifth month** *following the close of the organization's tax year. The URT-1 tax return is due on the fifteenth day of the **fourth month** following the close of the organization's tax year.*

Religious or Apostolic Organization (exempt under section 501(d)	**State Return(s) to File**
• Filing federal Form 1065, file:	**Form IT-65**

The state partnership return is due on the 15th day of the fourth month following the close of the organization's tax year.

Other Related Income Tax Filing Requirements of a Corporation

State Return(s) to File
Forms for Other Corporate Entities

Financial Institution Franchise Tax **Form FIT-20**

Financial institutions are subject to a franchise tax under IC 6-5.5. Indiana imposes a financial institution franchise tax (FIT) of 8.5 percent on the adjusted gross income of a taxpayer that is carrying on the business of a financial institution within Indiana. A financial institution means a holding company registered under the Bank Holding Act of 1956 or registered as a savings & loan holding company; a regulated financial corporation, including a state chartered credit union; and a any subsidiary of the above.

The franchise tax also extends to all other corporate entities when 80 percent or more of their 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 loans or extensions of credit; acting as an agent broker or advisor in connection with leasing that is the economic equivalent of an extension of credit; or operating a credit card, debit card or charge card business.
See 45 IAC 17-2-4.

Taxpayers subject to the FIT under IC 6-5.5-2-1 are exempt from Indiana's corporate adjusted gross income tax. Entities subject to this tax should not file Form IT-20; instead, they should file Form FIT-20, Indiana Financial Institution Tax Return. For information, obtain Commissioner's Directive #14 or contact Corporate Taxpayer Assistance by calling: (317) 233-4015.

The FIT-20 return is due on the 15th day of the fourth month following the close of the corporation's tax year.

Premium (Privilege) Insurance Tax State Form 6135, or State Form 6136

Insurance companies must file federal Form 1120-L or 1120-PC. A foreign insurance company (organized under the laws of a state other than Indiana) is required by IC 27-1-18-2 to pay the insurance premium tax to the Indiana Department of Insurance. However, a domestic (Indiana) insurance company may elect to file the premium insurance tax return or the corporation income tax return (see life, property and casualty insurance companies). Paying the premium tax exempts the insurance company from the adjusted gross income tax.

The state insurance return is filed with the Indiana Department of Insurance. It is due on March 1 following the close of the tax year ending December 31.

Utility Receipts Tax Form URT-1

IC 6-2.3-2-1 imposes a utility receipts tax of 1.4 percent on the gross receipts from the retail sale of utility services. The utility services subject to tax include: electrical energy, natural gas, water, steam, sewage and telecommunications. Gross receipts are defined as the value received for the retail sale of utility services.

Entities subject to this tax must file Form URT-1 (Utility Receipts Tax Return) in addition to the annual corporate adjusted gross income or financial institution income tax return. Refer to Commissioner's Directive #18 for further information.

The URT-1 return is due on the 15th day of the fourth month following the close of the taxpayer's tax year.

Utility Services Use Tax Form USU-103

Your business may be subject to an excise tax 1.4 percent on the consumption of utility services. Utility services use tax (USUT) is due if the *utility receipts tax* is not payable by the seller. The person who consumes the utility service in Indiana is liable for the USUT. Unless the seller of the utility service is registered with the Department to collect the USUT on your behalf, you must pay the 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

The USU-103 return is due monthly by the 30th day following the end each month.

General Filing Requirements for Form IT-20

What to Attach to Your State Corporate Return

To complete your state income tax return you must attach copies of pages 1 through 4 of the completed U.S. Corporation Income Tax Return (Form 1120) or comparable federal return you are filing. You must include federal Schedule M-3 and any confirmation of an extension of time to file the return.

Adjusted Gross Income Tax

The Indiana adjusted gross income tax is generally calculated using federal taxable income from federal Form 1120 or comparable return and making Indiana modifications as required by IC 6-3-1-3.5(b). If income is derived from sources both within and outside Indiana, the adjusted gross income attributed to Indiana is determined by the use of an apportionment and allocation formula detailed on IT-20 Schedule E. The adjusted gross income tax rate is 8.5 percent.

Due Dates

The corporation's tax return is due the 15th day of the fourth month following the close of the tax year.

However, a **farmer's cooperative** described in Section 1381 of the Internal Revenue Code has until the 15th day of the 10th month following the end of its taxable year to file its annual Indiana Adjusted Gross Income Return. And a **real estate mortgage investment conduit's (REMIC)** return is due the 15th day of the **fifth** month following the close of its taxable tax year. The entity's final state return is due 30 days from the filing due date of Form 1066 following the date the REMIC ceased to exist.

Extensions for Filing Return

The Department accepts the federal extension of time application (Form 7004) or the federal electronic extension. If you have one, it is not necessary to contact the Department prior to filing the annual return. Returns postmarked within 30 days after the last date indicated on the federal extension will be considered timely filed. When a corporation does not need a federal extension of time and one is necessary for filing the state return, a letter requesting such an extension should be submitted to the Department prior to the due date of the annual return.
To request an Indiana extension of time to file contact the **Indiana Department of Revenue, Data Control Business Tax, Returns Processing Center, 100 N. Senate Ave., Indianapolis, IN 46204-2253**.

An extension of time granted under IC 6-8.1-6-1 waives the late payment penalty for the extension period on the balance of tax due provided 90 percent of the current year's total tax liability is paid on or prior to the original due date. Form IT-6 should be used to make an extension payment for your taxable year. This payment will be processed as a "fifth" estimated payment. (See Income Tax Bulletin #15 for more details.) Any tax paid after the original due date must include interest.

Interest on the balance of tax due must be included with the return when it is filed. Interest is computed from the original due date until the date of payment. In October of each year the Department establishes the interest rate for the next calendar year. See Departmental Notice #22 for interest rates.

If you have a valid extension of time or a federal electronic extension to file you must **check box V1** on front of the return. If applicable, attach a copy of the federal extension of time to the return when filing your state return.

Accounting Methods and Taxable Year

The Department requires use of the method of accounting that is used for federal income tax purposes. The taxable year for the adjusted gross income tax must be the same as the accounting period adopted for federal income tax purposes. If the apportionment provisions do not fairly reflect the corporation's Indiana income, the corporation must petition the department for permission to use an alternative method.

For an overview of corporate taxation, refer to Income Tax Information Bulletin 12.

Consolidated Reporting

Under the Adjusted Gross Income Tax Act, affiliated corporations have the privilege of filing a consolidated return as provided in IRC Section 1502 for those affiliates as defined in IRC Section 1504. The Indiana consolidated return must include any member of the affiliated group under IRC Section 1504 having income or loss attributable to Indiana during the year.

To file a consolidated return for adjusted gross income tax purposes, the parent corporation must own at least 80 percent of the voting stock of each subsidiary. Each corporation in the affiliated group electing to file consolidated must be either incorporated in Indiana or be registered with the Secretary of State to do business in Indiana. The affiliated group may not include any corporation which does not have taxable income or loss derived from Indiana sources.

An election to file a consolidated return for Indiana purposes can be made by filing the consolidated return by the due date or extended due date. If such an election is made, the Department should be notified by completing Schedule 8-D, Schedule of Indiana Affiliated Group Members, indicating the affiliated corporations included in the consolidated return. An election to file a consolidated return cannot be made on a retroactive basis. Once an affiliated group elects to file consolidated for Indiana purposes, the group must follow that election for all subsequent years of filing. In addition, a worksheet must accompany the annual return supporting the consolidated adjusted gross income or loss of each of the participating affiliates. Schedule 8-D is available separately from the Department.

If the group wants to revoke the election in a subsequent tax year, the group must prove good cause and receive written permission from the Department. The request to discontinue filing consolidated must be made at least 90 days before the due date of the return.

Unitary (Combined) Filing Status

A taxpayer may petition the Department for permission to file a combined income tax return for a unitary group. The petition must be filed with the Department on or before 30 days after the end of the tax year for which permission is sought. Permission will be granted if combined reporting will more fairly reflect the unitary group's Indiana source income. However, combined reporting is limited to the "water's-edge" of the United States. The petition should be sent to the **Indiana Department of Revenue, Tax Policy Division, 100 N. Senate, N-280, Indianapolis, IN 46204.**

Caution: Once permission has been granted to file on a combined basis, a taxpayer must continue to file returns on this basis until permission is granted by the Department for use of an alternative method. The taxpayer filing the combined return must petition the Department within 30 days after the end of the tax year for permission to discontinue the filing of a combined return.

IT-20 Unitary Schedule 1, Combined Profit and Loss Statement of Indiana Unitary Group, must be completed detailing federal taxable income, inter-company eliminations and adjusted gross income tax of the members. Attach to the return a list of the corporations and their federal identification number(s) involved in the apportionment factor of the unitary filer. The computation of apportionment for members of the combined group must be included. Each taxable member will be assigned a share of business income according to its relative share (its percentage share without considering any nontaxable member's share) of the unitary group's Indiana property, payroll and (adjusted) sales factors.

Additional information concerning unitary requirements may be obtained from the Tax Policy Division, (317) 232-7282. Refer to Tax Policy Directive 6.

Treatment of Partnership Income

If the corporate partner's and the partnership's activities constitute a unitary business under established standards (disregarding ownership requirements), the business income of the unitary business attributable to Indiana is determined by a three-factor apportionment formula. The formula consists of property, payroll, and sales of the corporate partner and its share of the partnership's factors for any partnership year ending within or with the corporate partner's income year. The partner's proportionate share of all of the partnership's (un-apportioned) state income taxes, and charitable contributions are added back in determining adjusted gross income.

If the corporate partner's activities and the partnership's activities do not constitute a unitary business under established standards, the corporate partner's share of the partnership income attributable to Indiana shall be determined at the partnership level as follows: (1) If the partnership derives income from sources within and outside Indiana, the income derived from sources within Indiana is determined by a three factor formula consisting of property, payroll, and sales of the partnership; (2) If the partnership derives income from sources entirely within Indiana, or entirely outside Indiana, such

income will not be subject to formula apportionment. Refer to 45 IAC 3.1-1-153. For non-unitary partners, taxable partnership distributions included in federal adjusted gross income are deducted on line 13 of the return. Non-unitary partnership income attributed to Indiana, including any apportioned pro rata modifications, and is added back on line 17.

Refer to instructions for Schedule F for further information. Losses will be treated the same as income; however, losses cannot exceed the limits imposed by IRC Section 704.

Quarterly Estimated Payments

A corporation whose estimated adjusted gross income tax liability exceeds $2,500 for a taxable year must file quarterly estimated tax payments. The previous threshold in effect was $1,000 through Dec. 15, 2007.The quarterly estimated tax payments are submitted with an appropriate Indiana voucher, Form IT-6, or by electronic funds transfer (EFT), depending on the amount of the payment due. The quarterly due dates for estimated income tax payments for calendar year corporate taxpayers are April 21, June 20, Sept. 22 and Dec. 22, 2008 of the taxable year. Fiscal year and short tax year corporate filers must remit by the 20th day of the fourth, sixth, ninth and twelfth month of their tax period. Use the federal identification number of the reporting taxpayer.

Estimated taxes may be paid at: www.in.gov/dor/epay To make an estimated tax installment payment or to view payment history, you will need to know the: following information: Taxpayer name, Federal Tax ID or Employer Identification Number (EIN), current street address, and your last payment amount.

Claim credit for all of your estimated payments on lines 33-35 of Form IT-20. Taxpayers should note that refunds reflected on the annual corporate income tax return may be applied to the next taxable year's estimated liability by entering the amount to be credited on the line 45 of the IT-20 return. An overpayment of estimated payments must be claimed on the annual return to obtain a refund. Once a check is remitted for the remainder of a year's estimated income tax liability, no further estimated returns should be filed with the Department after the date of payment. All checks remitted to the Department should be accompanied by a return or a complete explanation for the payment. A zero liability for a quarter does not require Form IT-6 to be filed.

Effective for 2008, the quarterly estimated payment must be equal to the lesser of 25 percent of the adjusted gross income tax liability for the taxable year, or the annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's liability for adjusted gross income tax.

Also, as of Jan. 1, 2008, if a taxpayer's estimated liability exceeds $5,000 per quarter, the taxpayer is required to remit the tax by electronic funds transfer (EFT). If the estimated payment is made by EFT, the taxpayer is not required to file Form IT-6. Questions relating to EFT payments should be directed to (317) 232-5500.
If you need to establish an estimated account, contact the Department to remit the initial payment and to request preprinted quarterly estimated IT-6 returns. For further instructions, refer to Income Tax Information Bulletin #11.

Penalty for Underpayment of Estimated Tax

Corporations required to pay estimated tax will be subject to a 10 percent underpayment penalty if they fail to file estimated tax payments or fail to remit a sufficient amount. The required estimate should exceed the annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's liability (effective Dec. 16, 2007), or 25 percent of the final tax liability for the prior taxable year. If either one of these conditions are met, there will be no penalty assessed for the estimated period.

Use Schedule IT-2220 to show an exception to the penalty if the corporation 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. 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 25 percent of the corporation's final income tax liability for the current tax year. Refer to the instructions for completing Schedule IT-2220, Penalty for the Underpayment of Corporate Income Tax.

Electronic Funds Transfer Requirements

Corporate quarterly estimated tax is required to be remitted by EFT if the amount of the corporate adjusted gross income tax imposed on a corporation exceeds an average liability of $5,000 per quarter (or $20,000 annually), effective Jan. 1, 2008. Previously, the threshold in effect was $10,000 per quarter through December 15, 2007. Because there is no minimum amount of payment, 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 IT-6 coupons. The amounts are reconciled when the annual income tax return is filed.

If the Department notifies a corporation of its 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 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 when filing the annual income tax return.

Your return should not indicate an amount due if you have paid, or will pay, any remaining balance by EFT.

If the corporation determines that it meets the requirements to remit by electronic funds transfer, contact the Department, EFT Section, by calling (317) 232-5500.

Indiana Use Tax

Under Indiana law, use tax is imposed upon the use, storage, or consumption of tangible personal property in Indiana where the property was acquired in a retail transaction and sales tax was not paid at the point of purchase.

The Indiana use tax rate is six percent. Indiana use tax does not apply to property purchased for re-sale, or for property exempted by statute. Common examples of items subject to Indiana use tax include magazine subscriptions, office supplies, property used or consumed outside the scope of production, and property purchased from out of state vendors. A Sale/Use Tax Worksheet is available on page 39 for your use as a supplement to the income tax return (line 23) for reporting any unpaid use tax liability.

Amended Returns

Form IT-20X must be completed to amend an Indiana corporation income tax return. Always use Form IT-20X to comply with IC 6-3-4-6, which requires a taxpayer to notify the Department of any modifications (federal adjustment, RAR, etc.) made to a federal income tax return within 120 days of such change. Federal waivers should be attached, if applicable.

To claim a refund of an overpayment, the return must be filed within three years from the latter of the date of overpayment or the due date of the return. For carry back of a net operating loss deduction, Indiana generally follows federal regulations.

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 by allowing six months from the date of modification by the Internal Revenue Service to file a claim for refund. Therefore, an overpayment resulting from a modification of a federal income tax liability must be claimed within the latter of: the three year period from the due date of the return, date of payment or within six months of the taxpayer's notification 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.

Calculation of Interest on Refund Claims

If an overpayment of tax is not refunded or credited against a current or future tax liability within 90 days after the refund claim is filed, the date the tax was due, or the date the tax was paid, whichever is latest, the excess payment accrues interest from the date the refund claim is filed. The refund claim includes an amended return that indicates an overpayment of tax.

The rate of interest is established by the Commissioner as published in Departmental Notice 22. The rate is updated on or before November 1 to take effect on January 1 for the coming year.

An approved overpayment will be refunded or may be credited to the following tax year. A combination of the above two options can be used.

Instructions for Completing Form IT-20

Filing Period and Identification

File a 2007 Form IT-20 return for a taxable year ending Dec. 31, 2007, a short tax year beginning in 2007 and ending in 2007, or a fiscal year beginning in 2007 and ending in 2008. For a short or fiscal tax year, fill in at the top of the form the beginning month, day and year, and ending date of your taxable year.

The 2007 Form IT-20 can also be used if:

- The corporation has a tax year of less than 12 months that begins and ends in 2008, and the 2008 Form IT-20 is not available at the time the corporation is required to file its return.

- The corporation must show its 2008 tax year on the 2007 Form IT-20 and take into account any state tax law changes that are effective after December 31, 2007. As an alternative, an amended Form IT-20X may later be filed to correct a previously filed return because of state and federal tax law changes effective to that tax period. A corrected Form IT-20 must be attached.

Please use the full legal name of the corporation and present mailing address.

For name change, check box B1 at top of return. **You must attach to the 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 upper right hand corner of the return must be accurate and the same as used on the U.S. Corporation Income Tax Return. Consolidated filers must use the federal identification number of the corporation designated as the reporting corporation.

List the name of the county in Indiana where you have a primary business location. Place "O.O.S." in the county box D for an address 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 income tax return.

A link to a list of these codes is available through the Department's Internet address:
www.in.gov/dor/business/forms.html

Questions J and Other fill-in Lines

All corporations filing an Indiana corporation income tax return must complete the top portion of the form including questions J through V. Check or complete all boxes that apply for your return.

J-1 Is this filing your initial return for the state of Indiana?

J-2 Is this filing your final return for the state of Indiana? Check this box only if the corporation is dissolved, liquidated, or withdrew from the state. **Also, you must timely file Form BC-**

100 to close out any sales and withholding accounts. Go to www.in.gov/dor/taxforms/pdfs/bc-100.pdf to complete this form online.

J-3 Check this box if the corporation is in bankruptcy.

J-4 Check this box if filing as a domestic insurance company. A domestic insurance company uses a one-factor apportionment formula to determine taxable income derived from sources within Indiana. Attach a separate calculation statement to arrive at the apportionment percentage for line 15d of the return.

J-5 Check this box if filing as a farmer's cooperative. Note: The return for a farmer's cooperative is due on the 15th day of the tenth month following the close of cooperative's tax year.

J-6 Check this box if filing as a real estate investment conduit (REMIC). Note: The return for a REMIC is due on the15th day of the fifth month following the close of the taxpayer's tax year.

K. Indicate on K-1 the state of incorporation for the company, and on K-2 the date of incorporation.

M. Indicate year of the initial Indiana return was filed.

N. Indicate address the corporation's address where its records are kept.

O. If the corporation paid estimated tax under a different Federal Identification (FID) or Employee Identification Number (EIN) mark this check box. You must list on Schedule H page four of the return, all other identifications numbers you may have used in making payments.

P. Check this box if you are filing federal Form 1120 as a consolidated return.

Q. Check box yes or no to indicate that, if you a filing on a unitary basis are there any material changes in circumstances since the last petition was filed. Is yes, attach a statement to the return indicating those changes.

R. Check box yes or no if 80 percent or more of your gross income for the tax year is derived from making, acquiring, selling or servicing loans or extensions of credit. **If yes, do not file Form IT-20. Instead you must Form FIT-20, the Indiana financial institution tax return.**

S. Check box yes or no if you are filing an Indiana consolidated adjusted gross income tax return. If yes, complete and attach Schedule 8-D, Schedule of Indiana Affiliated Group Members.

T. Check box yes or no to indicate that, if you a filing a combined returns on a unitary basis. Is so, attach your unitary apportionment addendum to the return.

U. Check box yes or no if you deducted for adjusted gross income any intangible expenses or directly related intangible interest expenses paid to 50 percent owned affiliates. If yes, you must complete IT-20 Schedule PIC and Schedule H on page 4 of the return. Also, attach federal form 851, Affiliations Schedule, to you return.

V. Check box yes or no if you have a valid extension of time or an electronic federal extension of time to file your return. **If applicable, attach a copy of federal Form 7004 when filing your state return.**

Computation of Adjusted Gross Income Tax

Unitary filers should use the combined group's totals and relative formula percentage for entries on all lines except lines 17 and 19. Compute the Indiana portion of a net operating loss deduction, if any, on line 19 based on the relative formula percentage as applied for the loss year.

Income

Line 1 - Federal Taxable Income

Enter the federal taxable income (as defined under IRC Sections 63, 801, and 832) before any federal net operating loss (NOL) deduction and/or special deductions from Form 1120, or pro forma U.S. Corporation Income Tax Return for the taxable period.

For certain organizations, enter federal taxable income after the $100 specific deduction. A political organization and homeowner's association is allowed a $100 specific deduction from taxable income.

Line 2 - Federal Deduction of Qualifying Dividends

Enter the special deductions from Schedule C, federal Form 1120. Use the amount reportable to Indiana if filing as a consolidated group. See line 11 for Indiana treatment of any remaining foreign source dividends.

Line 3 - Subtotal Federal Taxable Income before NOL

Subtract line 2 from line 1.

Modifications for Adjusted Gross Income

Line - 4 Add Back State Income Taxes

Enter all taxes based on or measured by income levied at any state level by any state of the United States, taken as deductions on the federal tax return. If a unitary relationship exists with a partnership include the proportionate share of the partnership's modifications provided under IC 6-3-1-3.5(b) (un-apportioned).

Line 5 - Add Back Charitable Contributions

Enter all charitable contributions deducted when computing federal net taxable income.

Line 6a - Add Back Domestic Production Activities 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.

Line 6b - Add Back Intangible Expenses and Directly Related Intangible Interest Expenses

Enter the net result from IT-20 Schedule PIC Part 3(b).

A corporation subject to the adjusted gross income tax is required to add to its taxable income any intangible expenses and directly related intangible interest expenses paid, accrued, or incurred with one or more members of the same affiliated group or foreign corporation. A corporation answering yes to question (U) on the front of the return, relating to deduction of intangible expenses for federal taxable income, is directed to complete IT-20 Schedule PIC, Disclosure of Intangible Expense and Directly Related Intangible Interest Expense on page 4 of the return. The form and instructions are prescribed according to Emergency Rule LSA Document 2006 0726-IR-045060244ERA.

The following definitions apply to corporations for the purpose of disclosing activities and amounts involving transactions of intangible property to the extent required under IC 6-3-2-20.

Affiliated group has the meaning set forth in IRC Section 1504, except that the ownership percentage is determined by using 50 percent instead of 80 percent.

Directly related intangible interest expenses means interest expenses that are paid to, or accrued or incurred as a liability to, a recipient if the amounts represent income from making loans, and the funds loaned were originally received by the recipient from the payment of intangible expenses by the taxpayer, a member of the same affiliated group or a foreign corporation.

Foreign corporation means a corporation that is organized under the laws of a country other than the United States and would be a member of the same affiliated group as the taxpayer if the corporation were organized under the laws of the United States.

Intangible expense means the following amounts to the extent the amounts are allowed as deductions in determining taxable income under IRC Section 63: expenses, losses, and costs directly for, related to or in connection with the acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property. Also included in the term are royalty, patent, technical, copyright fees, licensing fees, and other substantially similar expenses and costs.

Interest expenses means amounts that are allowed as deductions under IRC Section 163.

Makes a disclosure means a taxpayer provides the following information regarding a transaction of a member of the same affiliated group or a foreign corporation involving an intangible expense and any directly related intangible interest expense: the name of the recipient, the state of commercial domicile and the amount paid the recipient, a copy of federal Form 851, Affiliation Schedule, and the information needed to determine the taxpayer's status under the exceptions that are allowed.

Recipient means a member of the same affiliated group as the taxpayer to which is paid an item of income that corresponds to an intangible expense or any directly related intangible interest expense.

Unrelated party means a person that is not a member of the same affiliated group.

Valid business purpose means one (1) or more transactions that have sufficient economic substance, other than the avoidance or reduction of taxes, that alone or in combination

(a) Constitute the primary motivation for a business activity, or
(b) Change in a meaningful way, the taxpayer's economic position.

A meaningful change in the taxpayer's economic position includes, but is not limited to, an increase in market share, its entry into new business markets or its compliance with a regulatory requirement of federal, state or local government.

Disclosure of Intangible Expense and Directly Related Intangible Interest Expense

Instructions for IT-20 Schedule PIC on Page 4 of the Return

Complete all information requested. Report transactions with member(s) of the same affiliated group (50 percent ownership threshold) or foreign corporation(s) involving an intangible expense and any directly related intangible interest expense paid, accrued, or incurred within one or more members of the same affiliated group or one or more foreign corporations. Attach additional sheets as necessary. **Explain on Schedule H on page 4 of the return or by addendum each allowable deduction that meets an exception to add back requirements for disclosures included in the transactions listed for Part 2.** You must provide documentation that meets one or more of the allowable exceptions to support your deduction. For purposes of completing this report, you must attach **Form 851, Affiliations Schedule**, if filing a consolidated federal return.

Part 1 - Exceptions to the Add Back of the Deduction under IC 6-3-2-20(c)

Check the box if any of these conditions applies:

a) The taxpayer and all intangible income recipients, for the purposes of the add back requirement for line 6b of return, are included in the same consolidated or combined Indiana return;
b) An agreement is on file with the Department allowing an alternative method of allocation or apportionment under the adjusted gross income tax statute; or
c) The Department has determined following taxpayer's petition that the adjustment of Part 3 (a) and (b) is unnecessary.

By checking a box, you declare that the corporation is not required to finish this schedule beyond completing Part 2 and attaching federal Form 851 to the return.

Part 2 - Related Transactions of Intangible Property

Provide the following information on all related transactions made with a recipient member of the same affiliated group or a foreign corporation involving an intangible expense and any directly related intangible interest expense.

Add additional sheets as necessary to complete this part.

a) List name of recipient and federal identification number of each member of the same affiliated group or a foreign corporation regarding transactions involving an intangible expense and any directly related intangible interest expense.
b) Indicate the recipient's state or country of commercial domicile.
c) Indicate the relationship or exception status with taxpayer and type of intangible expense deducted.
d) List total amount paid as an item of income that corresponds to an intangible expense or any directly related intangible interest expense to each recipient for all related transactions made with each of the member(s) of the same affiliated group or a foreign corporation(s).

Total the amounts paid to all recipients listed on Part 2 deducted from federal taxable income as intangible expenses and directly related intangible interest expenses.

Attach a copy of federal Form 851, Affiliation Schedule, if filing a consolidated federal return, and any other information needed to determine the taxpayer's status under the exceptions listed in Part 3 that are allowed.

Part 3 - Amount of Deduction to Add Back

You must attach to the return specific supporting documentation for the transaction that relates to one or more of the designated exceptions.

The taxpayer shall make a disclosure, and can establish by a preponderance of the evidence for the transactions listed in Part 2, and certified as excludable on Part 3(a), have a valid business purposes that substantially sustains the transactions. The exceptions to the add back also require that the transaction giving rise to the expenses was made at a commercially reasonable rate or at terms comparable to an arm's length transaction if the expenses meet the arm's length standards of United States Treasury Regulation 1.482-1(b).

If the expense is determined not to be at a commercially reasonable rate or at terms comparable to an arm's length transaction, the add back required shall be made only to the extent necessary to cause the expenses to be at a commercially reasonable rate or at terms comparable to an arm's length transaction.

The addition of intangible expenses or any directly related intangible interest expenses otherwise required in a taxable year for line 6b is not required if one or more of the following apply to transactions made with a member of an affiliated group or foreign corporation:

1. The recipient regularly engages in transactions involving intangible property with one or more unrelated parties on terms substantially similar to those of the subject transaction.

2. The payment was received from a person or entity that is an unrelated party, and on behalf of that unrelated party, paid that amount to the recipient in an arm's length transaction.

3. The recipient paid, accrued, or incurred a liability to an unrelated party during the taxable year for an equal or greater amount that was directly for, related to, or in connection with the same intangible property giving rise to the intangible expense.

4. The items of income corresponding to the intangible expenses and any directly related intangible interest expenses were included within the recipient's income that is subject to tax in an other state or a country other than the United States that is the recipient's commercial domicile and that imposes a net income tax, a franchise tax measured by income, or a value added tax.

5. The recipient is engaged in substantial business activities from the acquisition, use, licensing, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, or other substantial business activities separate and apart from the business activities described above as evidenced by the maintenance of a permanent office space and an adequate number of fulltime, experienced employees.

(a) **Amount of exceptions:** Enter an amount equal to all of the amounts that qualify under one or more of the above exceptions.
(b) **Net amount to add back:** Subtract 3(a) from Part 2 total. Enter the net amount. Carry this amount to line 6b of return.

You must attach to the return specific supporting documentation for the transaction that relates to one or more of the designated exceptions.

FORM IT-20 Continued

Line 7(a) - Net Bonus Depreciation Allowance

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. Attach a statement or complete Schedule H to explain the adjustment you are making.

Example: If IRC Section 179 deduction was elected on business equipment acquired during 2005 costing $200,000, the capital expensing deduction was $100,000 with a remaining basis of $100,000. An additional 50 percent bonus depreciation of

$50,000 was elected, leaving a basis of $50,000 for a five year Modified Accelerated Cost Recovery System (MACRS) property (half-year convention) depreciation deduction of 20 percent ($10,000). Total amount of federal deduction was $160,000. For state purposes, the bonus depreciation of $50,000, was not allowed, and must be added back on line 7a. The IRC Section 179 deduction was capped at $25,000. The $75,000 excess amount must be added back on line 7b. These adjustments result in a stepped-up basis of $175,000 for the state return on which to figure allowable first-year MACRS property depreciation deduction of 20 percent ($35,000) for 2005. This was a total state deduction of $25,000 more than already deducted under the General Depreciation System (GDS). The additional depreciation may be excluded in subsequent years from the amounts to be added back on line 7a, or 7b when excess IRC Section 179 deduction or bonus depreciation was elected.
Commissioner's Directive #19 explains this initial required modification on the allowance of depreciation for state tax purposes.

Line 7(b) - Excess IRC Section 179 Deduction

Enter your share of the IRC Section 179 adjustment claimed for federal tax purposes that exceeds the amount that is recognized for state tax purposes.

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. This modification affects the basis of the property if a higher Section 179 limit was applied. The increase to $100,000 deduction and a beginning $400,000 phase-out limitation was not allowed for purposes of calculating Indiana adjusted gross income. 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

Add or subtract the amount necessary to make the adjusted gross income of the corporation 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.

Attach a statement or complete Schedule H on page 4 of the return to explain the adjustment.
Note: If net amount determined for line 7a or 7b is negative figure, because of a higher depreciation basis in subsequent years, enter the amount in <brackets>. If taxable income is a loss, this adjustment when added back increases a loss.

Line 8 - Deduct U.S. Interest

Enter the interest or any proportionate share of interest from United States government obligations included on the federal income tax return, Form 1120, and Form 1065 (if a unitary relationship exists). However, this is not a total exclusion. All related expenses must first be deducted from the exempt dividend or interest income and are limited to the amount of income generated by each obligation.

Refer to Income Tax Information Bulletin 19 for a listing of eligible items.

Line 9 - Deduct Foreign Gross Up

Enter the amount of foreign gross up as determined in computing the federal foreign tax credit on Form 1118 and reflected on federal Schedule C. **Note:** The federal foreign tax credit is not allowed for Indiana income tax purposes.

Line 10 - Modified Adjusted Gross Income

Enter the sum of income and modifications. Add lines 3 through 6b, plus result on line 7a and 7b, minus lines 8 and 9.

Other Adjustments

Line 11 - Other Adjustments to Modified Adjusted Gross Income

- **Deduction for Foreign Source Dividends** - IC 6-3-2-12 allows a deduction from adjusted gross income equal to the product of:
  (1) The amount of the foreign source dividend included in the corporation's adjusted gross income for the tax year multiplied by:
  (2) The percentage prescribed below:
    (a) The percentage is 100 percent if the corporation including the foreign source dividend in its adjusted gross income owns stock, possessing at least 80 percent of the total combined voting power of all classes of stock of the foreign corporation where the dividend is derived.
    (b) The percentage is 85 percent if the corporation including the foreign source dividend in its adjusted gross income owns stock, possessing at least 50 percent but less than 80 percent of the total combined voting power of all classes of stock of the foreign corporation where the dividend is derived.
    (c) The percentage is 50 percent if the corporation including the foreign source dividend in its adjusted gross income owns stock, possessing less than 50 percent of the total combined voting power of all classes of stock of the foreign corporation where the dividend is derived.

Complete the Foreign Source Dividends Worksheet on page 4 of the return.

Any excess non-unitary foreign dividend may be deducted on Schedule F. The term "foreign source dividend" means a dividend from a foreign corporation and includes any amount a taxpayer is required to include in its gross income for a tax year under Section 951 of the Internal Revenue Code (Subpart F, controlled foreign corporations). The Indiana foreign source dividend deduction is based on "foreign source dividends" after the federal special deductions. Do not include any amount treated as a dividend under Section 78 of the Internal Revenue Code. Also refer to Indiana Income Tax Information Bulletin #78.

- **Deduction for Lottery Games 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. The proceeds of up to $1,200 are deductible from each winning lottery game or ticket paid through Hoosier State Lottery Commission.

Explain deduction on Schedule H.
Caution: Do not use line 11 to deduct out-of-state income. Instead, see the apportionment and allocation instructions for IT-20 Schedule E and F.

Additional Explanations IT-20 Schedule H

Explain on this schedule (form page 4) amounts entered on the return if an additional explanation is needed. Itemize each entry by schedule, line number, and amount. Subtotal each applicable entry.

Line 12 - Subtotal of Income

Add line 10 and 11, enter the balance. If there is property, payroll or sales outside Indiana, refer to the instructions for IT-20 Schedule E and F.

Line 13 - Other Adjustments to Modified Adjusted Gross Income

Enter the net non-business income (loss) and tiered/ non-unitary partnership distribution from IT-20 Schedule F, column C, line 10. You must also attach completed IT-20 Schedule F.

Specific Instructions for Completing IT-20 Schedule F
Allocation of Non-business Income and Indiana Non-unitary Partnership Income

The critical element in determining whether income is "business income" or "non-business income" is the identification of the transactions and activity which are the elements of a particular trade or business. In general, all transactions and activities of the taxpayer dependent upon or contributing to the operations of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business and will be classified as business income.

With partnership income, the relationship between the corporate partner and the partnership will control the classification. If a unitary relationship exists, the corporate partner will include its share of the partnership's factors in the computation of business income apportioned to Indiana.

Non-business Income is defined as all income not properly classified as business income. 45 IAC 3-1-1-31. Some examples of non-business income include (but are not limited to):

1. Dividends from stock held for investment purposes only.
2. Interest on portfolio of interest bearing securities held for investment purposes only; or,
3. Capital gain or loss from the sale of property held for investment purposes only.

Note: Partnership distributions included in federal taxable income derived from a partnership not having a unitary relationship with a corporate partner (taxpayer) will be reported on line 9, column C. All non-unitary partnership distributions attributed to Indiana, including the apportioned share of the partnerships, state income taxes and charitable contributions, must be entered on line 9, column D for Indiana adjusted gross income.

Likewise, any previously apportioned income, including distributions from tiered partnerships, are treated as allocated income and reported on line 9, column C. It will not be part of the tax base of apportioned business income.

The taxpayer's pro rata portion of such income and modifications that were previously attributed to Indiana will be carried to line 9, column D. The total on line 9D is added to the corporation's non-business income allocated to Indiana and other business income apportioned to Indiana to determine the taxpayer's total taxable income.

Line (1) Dividends from non-business sources are allocated to Indiana if the commercial domicile is Indiana. If there is, or was, a unitary relationship between the taxpayer and the payer of the dividend, the income is generally treated as business income. Factors to consider in determining if a unitary relationship exists are the degree of control, centralized operating functions, economic benefits provided by the affiliate, inter-company transfers of personnel, common trademarks and patents and the total sales between affiliated corporations. Net dividends from a FSC or a DISC (after federal Schedule C deduction) are treated as business income and must be apportioned.

Line (2) Interest from non-business sources is allocated to Indiana if the commercial domicile is in Indiana. Generally, interest earned from long-term investments is considered non-business income. Note: An appropriate amount of liquid working capital is necessary for the day-to-day operation of a business. Therefore, income from short-term investments of temporarily idle cash and other liquid assets is business income. This includes interest from savings accounts, checking accounts, certificates of deposit, commercial paper and other such items.
Line (3) Net capital gains or losses from the sale of non-business intangible personal property are allocated to Indiana.

Net capital gains or losses from the sale or exchange of non-business tangible personal property are allocated to Indiana if:

(a) The property had a location in Indiana at the time of the sale: or
(b) The taxpayer's commercial domicile is in Indiana, and the taxpayer is not taxable in the state where the property is located. Include net capital gains or losses from the sale or exchange of all real property not used in the production of business income

Note: If the property sold was used previously by the business, the capital gain or loss from the transaction is business income.

Line (4) Rents and royalties from real property (to the extent they constitute non-business income) are allocated to Indiana if the real property is located in Indiana. Rents and royalties from non-business tangible personal property are allocated to Indiana to the extent the property is utilized in Indiana.

(a) The extent of utilization is determined by multiplying the rents and royalties by the following fraction: The numerator is the number of days of physical location of the property in Indiana during the rental or royalty periods in the tax year. The denominator is the number of days of physical location of the property everywhere during the rental or royalty periods in the tax year.

(b) Such rents and royalties are taxed by Indiana if the taxpayer's commercial domicile is in Indiana, and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

Line (5) Patents, copyrights and royalties from intangible property are allocated to Indiana:

(a) To the extent the patent, copyright, or royalty is utilized by the taxpayer in Indiana; or

(b) To the extent the patent, copyright or royalty is utilized by the taxpayer in a state where the taxpayer is not taxable and the taxpayer's commercial domicile is in Indiana.

1. A patent is utilized in a state to the extent it is employed in production or other processing in the state or to the extent the patented product is produced in the state.

2. A copyright is utilized in a state to the extent printing or other publication originated in the state.

Line (6) Other Non-business Income: Enter other non-business income not provided for in lines (1) through (5) and line (9).

Line (7) Total Non-business Income from column A, gross amount subtotals lines (1) through (6).

Line (8) Total Related Expenses from Column B, add subtotals of all related non-business expenses attributed to excluded income on line (1) through line (6).

Line (9) Distributive Share Income from Non-unitary Partnerships and Tiered Partnerships: Enter in column C the total non-unitary partnership and tiered partnership income reported on the federal return. Enter in column D apportioned Indiana income, as modified, from Form IT-65 Schedule IN K-1, and any portion of tiered partnership income attributed to Indiana.

Line (10) Total Net Non-business Income (loss): Add all subtotals from column C. Also enter amount of column C on line 13 of Form IT-20.

Line (11) Total Indiana Non-business Income and Indiana Non-unitary Partnership Income: Add all subtotals from column D. Also enter amount of column D on line 17 of Form IT-20.

FORM IT-20 continued

Line 14 - Taxable Business Income

Subtract line 13 from line 12.

Apportionment of Income for Entity with Multi-state Activities

Line 15a through 15d - Apportionment Method Applied

If applicable, enter the Indiana apportionment percent (Round to two decimal places, e.g. 98.46%) from the completed schedule. Check box 15a if using IT-20 Schedule E, line 4c. Check box 15b if using Schedule E-7, Apportionment for Interstate Transportation. (Schedule is available separately upon request.) Check box 15c if using another approved method. (You must attach the appropriate schedule.) Do not enter 100% on this line.

Generally, when the property and payroll factors are each 100% in Indiana, the corporation will not be subject to taxation by another state; therefore, all sales are taxed by Indiana.

Single Receipts Factor for Insurance Companies: A domestic insurance company must use a one-factor apportionment formula when computing taxable adjusted gross income. Adjusted gross income derived from sources within Indiana is determined on premiums and annuity considerations received during the taxable year for insurance upon property or risks in Indiana (Box 3A of IT-20 Schedule E), divided by premiums and annuity considerations everywhere (Box 3B of IT-20 Schedule E), as reported in the Annual Statement filed with the Department of Insurance. Do not complete line 4 entries. Check box 15c on Form IT-20. Attach a separate calculation statement and enter result as an apportionment percentage on line 15d.

Instructions for IT-20 Schedule E Apportionment of Adjusted Gross Income

Use of apportionment schedule:

If a corporation has business income from both within and outside Indiana, the corporation, other than a domestic insurance company, must apportion its income by means of the three-factor formula under IC 6-3-2-2.

The apportionment factor to be applied to a corporation's business income to determine the amount taxable by Indiana is based on a three-factor formula of property, payroll and sales. **For taxable years beginning after Dec. 31, 2006 and before Jan. 1, 2008,** the numerator of the fraction is the sum of the property factor, plus the payroll factor, plus the product of the sales factor multiplied by 3, and the denominator of the fraction is 5. **Note:** For taxable years beginning after Dec. 31, 2007, and before Jan. 1, 2009, the numerator of the fraction is the sum of the property factor, the payroll factor and the product of the sales factor multiplied by 4.67, and the denominator of the fraction is 6.67. For taxable years beginning after Dec. 31, 2008, and before Jan. 1, 2010, the numerator of the fraction is the sum of the property factor, the payroll factor and the product of the sales factor multiplied by 8, and the denominator of the fraction

is 10. For taxable years beginning after Dec. 31, 2009, and before Jan. 1, 2011, the numerator of the fraction is the property factor, the payroll factor and the product of the sales factor multiplied by 18, and the denominator of the fraction is 20. For all taxable years beginning after December 31, 2010, Indiana's apportioned income will be determined by using only the sales factor.

The Department will not accept returns filed for adjusted gross income tax purposes using the separate accounting method. IT-20 Schedule E 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. *Refer to 45 IAC 3.1-1-153 for tax treatment of unitary corporate partners.*

Caution*:* Corporations may petition the Department for permission to file under the combined unitary tax method. This petition must be submitted within 30 days following the close of the tax year. If approved, a computation of apportionment for members of a combined group must be filed to properly determine each entity's share of the combined group's Indiana adjusted gross income. *Use the relative apportionment method as outlined in Tax Policy Directive #6.*

Interstate transportation corporations should consult **Schedule E-7** (revised 8-07) for details concerning apportionment of income. Contact the Department to obtain this schedule.

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.

Total Property Values for 2007
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 performed the service entirely within Indiana;
(b) The individual performed the service 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 and (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 an IRC Section 401K plan should be included in the factor; however, the employer's matching contribution should not be included.

Total Payroll Value for 2007
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.

Round the percentage to the nearest second decimal place.

3. Sales/Receipts Factor: The sales factor is a fraction. For 2007, the value of the receipts factor is to be multiplied by three in the apportionment of income formula. 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. Do not include any previously apportioned income or any partnership distribution (to be reported on IT-20 Schedule F). 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. Destination sales to locations outside Indiana by an Indiana seller which has activities in the state of destination, other than mere solicitation, will not be included in the numerator of the sales factor regardless of whether or not the destination state levies a tax.
The numerator will 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 business sites 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 [45 IAC 3.1-1-153(b)].

Single Apportionment Factor for Domestic Insurance Companies: The Receipts Factor section may be used by a domestic insurance company subject to adjusted gross income tax to compute its apportionment factor. Enter on line 3A direct insurance premiums and annuity considerations upon property and risks in Indiana. Enter on line 3B direct insurance premiums and annuity considerations everywhere as reported in the Annual Statement filed with the Department of Insurance. Divide line 3A by 3B, multiply by 100 and enter resulting percent on the apportionment entry line on Form IT-20. Also check box 15c and attach statement to support entries for single factor apportionment. Do not complete line 4 entries. Attach a separate calculation statement and enter result as an apportionment percentage on line 15d.

Total Sales/Receipts Value for 2007

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 4(a) for calculation of the percentage.

Round the percentage to the nearest second decimal place.

4. Summary: Apportionment of Income for Indiana for Tax Years Beginning in 2007

(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 3 for tax years beginning in 2007. 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 5 for tax years beginning in 2007. Enter the average Indiana apportionment percentage (rounded to the nearest second decimal place) on line 4c and carry to line 15d, of Form IT-20 and check box 15a.

The property and payroll factors each have a value of one in the apportionment of income formula. The sales factor value is three for tax year 2007. The combined three-factor denominator equals five for tax year 2007. 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.

Examples: In the case of a taxpayer that lacks either the property or payroll factor in the three-factor formula, the taxpayer's business income will be apportioned by use the remaining factor or factors. For 2007, divide line 4b by 4. This denominator is the remaining value of the property factor or payroll factor plus the value of the sales factor for 2007.

If both the property and payroll factors are absent divide line 4b by 3 for 2007. This denominator is the remaining value of the sales factor.

If the sales factor (3B) is absent (e.g., for a start-up company) you must divide line 4b by 2. This denominator is the remaining value of the property and payroll factors.

Part II - Business/Other Income Questionnaire

Complete all applicable questions in this section. If income is apportioned, list

(a) All business locations where the corporation has operations.
(b) Indicate the nature of the business activity at each location, including whether a location,
(c) Accepts orders in that state,
(d) Is registered to do business in that state, or
(e) Files income tax returns in other states, and whether property in the other states is
(f) Owned or
(g) Leased.

FORM IT-20 Continued

Line 16 - Indiana Apportioned Business Income

Multiply line 14 by the apportionment percentage on line 15d, if applicable; otherwise, enter amount from line 14.

Addition of Allocated and Previously Apportioned Income to Indiana

Line 17 - Indiana Non-business and Non-unitary Partnership Income

Enter Indiana net non-business income (loss) and Indiana tiered, non-unitary partnership income from Schedule F, column D, line 11.

Line 18 - Indiana Adjusted Gross Income

Enter the total of line 16 and line 17. Use Schedule IT-20NOL to determine if you are entitled to carry an Indiana net operating loss deduction.

Deduction from Indiana Adjusted Gross Income

Line 19 - Indiana Net Operating Loss Deduction

Enter, as a positive figure, the combined amount of all your available Indiana net operating loss carryover deductions for this taxable year as calculated on Part 2, column 4 of Schedule IT-20NOL(s) A current Schedule IT-20NOL, as effective on or after Jan. 1, 2004, MUST be attached to support the entry from each loss year. Please review revised Schedule IT-20NOL and instructions before entering an amount on line 19.

Line 20 - Taxable Adjusted Gross Income

Subtract line 19 from line 18. Enter here and if result is a positive figure, also enter this amount on line 21.

Tax Calculation

Line 21 - Taxable Adjusted Gross Income continued

Enter the amount of adjusted gross income subject to tax from line 20.

Line 22 - Adjusted Gross Income Tax

Multiply the amount on line 21 by the corporate adjusted gross income tax rate of eight and one-half (8.5) percent if not otherwise qualified for a reduced rate of tax. Taxable income derived from a designated Indiana Military Base Enhancement Area (MBEA) is subject to tax at the rate of five percent.

If you qualify as an MBEA taxpayer under IC 6-3-2-1.5, complete Schedule M on page 30 and check the alternate tax rate calculation box on line 22. Enter your total computed adjusted gross income tax. If the insurance gross premium tax was paid, enter zero (0).

Line 23 - 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 that was purchased or rented in a retail transaction, wherever located, and sales tax was not paid. If you have purchased taxable items from outside of Indiana, through the mail (for instance, by catalog or offer through the mail), through radio or television advertising and/or over the Internet, these purchases may be subject to Indiana sales and use tax if sales tax was not paid at the time of purchase. This tax, called "use" tax, is figured at 6 percent.

Examples of taxable items include magazine subscriptions, office supplies, electronic components and rental equipment. Also, any property purchased free of tax, by use of an exemption certificate or from out-of-state, and converted to a nonexempt use by the business is subject to the use tax. Use tax is computed on an annual basis and should be reported on this line if not previously reported on Form ST103. For more information regarding use tax, call (317) 233-4015.
Complete the worksheet on page 39 to figure your tax. If you paid sales tax to the state where the item was originally purchased, you are allowed a credit against your Indiana use tax for an amount up to 6 percent. Show this credit on the worksheet.

Carry the total calculated sales/use tax due to line 23 on the front of the return. Caution: Do not report your totals from ST-103 on this worksheet or on Form IT-20.

Nonrefundable Tax Liability Credits

Nonrefundable credits are limited to the amount of adjusted gross income tax. These credits, *when combined*, cannot be greater than the amount shown on Form IT-20 line 22; if they are, adjust the amounts before you enter them. See the following example.

Example- The line 24b college credit of $1,000 plus the line 25b credit for research expense of $25,000 equals $26,000 total credit. Your line 22 adjusted gross income tax is $16,000. Since your combined credits are $10,000 more than your state tax liability, you must reduce the total amount of credits applied (in this case, the $25,000 research credit) by the attaching an explanation showing your calculations. *Some credits have provisions that allow for a carry forward of the unused portion which may be applied in the following year.*

Line 24 - College and University Contribution Credit

A corporate taxpayer may be eligible to compute a credit against its income tax liability if it made any charitable contributions to a college, university or a corporation or a foundation organized for the benefit of a postsecondary educational institution located within Indiana. Compute this credit on Schedule CC-20 on page 4 of the return. Get Income Tax Information Bulletin 14 for listing of eligible institutions.

Limitation for this credit: A corporation is allowed a tax credit for contributions to qualified Indiana institutions equal to 50 percent of the amount of money or property contributed, limited to the lesser of:

(1) Ten percent of the corporation's adjusted gross income tax for the year when the gifts are made (computed without regard to any credits against the tax), or
(2) $1,000.

To claim this credit you must complete the schedule CC-20 on page 4 of Form IT-20 or attach College Credit, Schedule CC-40 (attachment sequence #8) to the return. Enter the amount of allowable credit on line **24b**. Contact the Department for more information and to get Schedule CC-40 at www.in.gov/dor/taxforms/06pdfs/06-cc40.pdf

Line 25 - Indiana Research Expense Credit

Indiana has a research expense credit that is very similar to the federal credit (Form 6765) for increasing research activities for qualifying expenses paid in carrying on a trade or business in Indiana. Compute the state credit by using Schedule IT-20REC.

Get Schedule IT-20 REC at www.in.gov/dor/taxforms/05pdfs/05-it20rec.pdf. Claim Indiana research expense tax credit on line **25b.** Attach Schedule IT-20REC to your return. For more information, contact the Department at www.in.gov/dor.

Line 26 - Enterprise Zone Employment Expense Credit

This credit is based on qualified investments made within an Indiana enterprise zone. It is the lesser of 10 percent of qualifying wages, or $1,500 per qualified employee. It is limited to the amount of your tax liability on income derived from an enterprise zone. See About Enterprise Zone Tax Credits on page 45.

For more information 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 at www.in.gov/dor/taxforms/pdfs/sch-ez123.pdf

Also, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc for additional information.

Claim enterprise zone employment expense tax credit on line **26b**. Attach Schedule EZ 2 to your return.

Line 27- Enterprise Zone Loan Interest Credit

This credit can be for up to five percent of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone. See About Enterprise Zone Tax Credits on page 45.

For more information get Income Tax Information Bulletin 66 at www.in.gov/dor/reference/bulletins/income/pdf/ib66.pdf and Indiana Schedule LIC at www.in.gov/dor/taxforms/pdfs/schlic.pdf Also, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc for additional information.

Claim enterprise zone loan interest tax credit on line **27b**. Attach Schedule LIC to your return.

Other Nonrefundable Credits for Lines 28 - 30

You may be eligible to claim other tax liability reduction credit(s) than those listed on lines 24-27. Separately claim any other credit you qualify for by entering the name, credit ID code number and the amount on one of the following available fill-in lines. See list of Other Credits beginning on page 44**.**

Also see Income Tax Information Bulletin 59 www.in.gov/dor/reference/bulletins/income/pdf/ib59.pdf for more information about Indiana tax credits available to taxpayers who file income tax returns.

Restriction for Certain Tax Credits – Limited to One per Project (Lines 28 – 30)

Credit may not be granted for more than one (1) of the following nine credits on the same project: The alternative fuel vehicle manufacturer credit, capital investment credit, community revitalization enhancement district credit, enterprise zone investment cost credit, Hoosier business investment credit, industrial recovery credit, military base investment cost credit, military base recovery credit and the venture capital investment credit.

The taxpayer may choose the credit to be applied but is not permitted to change the credit selected or redirect the investment for a different credit in subsequent years. Apply this restriction first when figuring your credits.

Line 28 - Fill-in for Other Tax Credit

Enter the name of credit on space provided. Enter the three-digit

credit ID code on line a, and the amount of applied credit on line 28b.

Line 29 - Fill-in for Other Tax Credit
If claiming another credit, enter the name of credit on space provided. Enter the three-digit credit ID code on line a, and the amount of applied credit on line 29b.

Line 30 - Fill-in for Other Tax Credit
If claiming another credit, enter the name of credit on space provided. Enter the three-digit credit ID code on line a, and the amount of applied credit on line 30b.

Line 31 - Total Nonrefundable Tax Liability Credits
Enter total of nonrefundable tax liability credits reported on lines 24b through 30b keeping in mind all restrictions and limitations. If you should have more credits to claim, enter the information on the space to the left of line 31. Increase line 31 by the amount of your additional credit(s). Also enter a detailed explanation on Schedule H (page 4 of the return). Nonrefundable credits are limited to the amount of adjusted gross income tax shown on line 22.

Line 32 - Total Taxes Due
Total the amount of taxes due: Subtract line 31 from the total of lines 22 and 23. Result may not be less than zero (0).
Caution: The total of all credits (line 31) is limited to the amount of tax liability (line 22) unless otherwise noted. If your claims exceed the tax liability you must adjust the entries by recalculating the credits to the amounts that you may apply on lines 24b through 30b.

Also see lines 35 and 36 regarding specific refundable state tax liability credits.

Credit for Estimated Tax and Other Payments

Line 33 - Quarterly Estimated Credits
Enter total amount of estimated quarterly income tax payments for the taxable year reported on Form IT-6 or via electronic funds transfer. Itemize each quarterly payment in the spaces provided.

Line 34 - Overpayment Credit
Enter the amount of overpayment, if any, carried over to or made for this taxable year. Specify the ending tax year(s) of the overpayment.

Line 35 - Amount of Extension Payment
Enter the amount previously paid with valid extension of time to file the return.

Line 36 - Other Payment / EDGE Credit
Claim on this line the amount of your refundable tax liability credit allowed for this tax year. Attach a complete explanation for any entry made on this line.

Explanation of Refundable Tax Liability 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 35 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 for additional information.

Complete **line 36** if claiming this credit. The approved credit agreement letter from the IEDC and a computation of the credit must be attached to the return or this credit will not be allowed.

Line 37 - Total Payments and Credits
Add entries on lines 33 through 36.

Balance of Tax Due or Overpayment

Line 38 - Balance of Tax Due
Enter the net tax due (subtract line 37 from line 32).

Line 39 - Penalty for the Underpayment of Corporate Tax
Enter the penalty for the underpayment estimated corporate income tax from Schedule IT-2220. Attach a completed copy of this schedule even if you meet an exception to the underpayment penalty.

Line 40 - Interest Due Calculation
If a payment is made after the original due date, interest must be included with the payment. Interest will be calculated from the original due date until the date the payment is made. Contact the Department for the current interest rate by calling (317) 232-4015 or visit our Web site at www.in.gov/dor/reference and get Departmental Notice 3.

Note: An extension of time to file does not extend the time to pay any tax due. Tax due must be paid by the original due date. Interest and penalty are calculated on late payments from the due date of the payment.

Line 41 - Late Payment Calculation
Enter the penalty amount that applies:

A. If the return with payment is filed after the original due date, a penalty which is the greater of $5 or 10 percent of the balance of tax due (line 38), 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 (lines 22 and 23)

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 42 - Total Amount Owed

If a payment is due, enter the net total tax plus any applicable penalties and interest on this line and remit this amount. A separate payment must accompany each return filed.

Line 43 - Overpayment

If the corporation has overpaid its tax liability, enter the result of line 37 minus lines 32, 39 and 41.

If the return is timely filed, the corporation may elect to have a portion or all of its overpayment credited to the following year's estimated tax account by completing line 45. The portion to be refunded should be entered on line 44.

Line 44 - Direct Refund

Enter the amount of overpayment you are requesting as a direct refund.

Line 45 - Portion of Overpayment to Carry forward

Enter on line 45 the portion of the overpayment on line 43 to be credited to next year's estimated tax account. The total of lines 44 and 45 must equal the amount shown on line 43.

Note: If the overpayment is reduced because of an error on the return or an adjustment by the Department, the amount refunded (line 44) will be corrected before any changes are made to the amount on line 45. A refund may be applied to other liabilities as provided 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 completes your return, you may authorize the Department to discuss your tax return with the preparer by checking the authorization box above the signature line.
An officer of the organization must show their title, sign and date the tax return. Please enter your daytime telephone number so we can call you if we have any questions about your tax return. Also, enter your e-mail address if you would like us to be able to contact you by e-mail.

Personal Representative Information

Typically, the Department will contact you if there are any questions or concerns about your tax return. If you want the Department to be able to discuss your tax return with someone else (e.g. the person who prepared it, or a designed person), you'll need to complete this area.

First, you must check the "Yes" box which follows the sentence "I authorize the Department to discuss my tax return with my personal representative."

Next, enter:

- The name of the individual whom you are designating as your personal representative.
- The individual's telephone number.
- The individual's complete address.

If you complete this area, you are authorizing the Department to be in contact with your personal representative other than you concerning information about this tax return. After your return is filed, the Department will communicate primarily with your designated personal representative.

Note: You may decide at any time to **revoke** the authorization for the Department to be in contact with your personal representative. If you do, you will need to tell us that in a signed statement. Include your name, Social Security number and the year of your tax return. Mail your statement to Indiana Department of Revenue, P.O. Box 40, Indianapolis, IN 46206-0040.

Paid Preparer Information

Fill out this area if a paid preparer completed this tax return.

Note: This area needs to be completed even if the paid preparer is the same individual designated as your personal representative.

The paid preparer must provide:

- The name and address of the firm that he/she represents.
- His/her identification number (Check one box for Federal ID number, PTIN or Social Security number).
- His/her telephone number.
- Complete address.
- Signature with date.

Make sure you keep a copy of your completed return.

Mailing Options

Please mail completed returns with 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

Schedule M for line 22 - Alternate Adjusted Gross Income Tax Calculation

Use this schedule to attribute income subject to a reduced tax rate that is derived from sources both within and outside a Qualified Military Base Enhancement Area (MBEA) in Indiana. Calculate tax due on total Indiana taxable income.

To be eligible for the tax rate of five percent, the corporation must locate all or part of its operations in a qualified military base enhancement area. A qualified area means:

(1) a military base (as defined in IC 36-7-30-1(c));

(2) a military base reuse area established under IC 36-7-30;

(3) the part of an economic development area established under IC 36-7-14.5-12.5 that is or formerly was a military base (as defined in IC 36-7-30-1(c));

(4) a military base recovery site designated under IC 6-3.1-11.5; or

(5) a qualified military base enhancement area(s) established under IC 36-7-34, located in Indiana.

First Tax Year of Application: a _____ (The alternate tax rate application applies to the taxable year in which the corporation locates or expands its operations in the qualified area and to the next succeeding four taxable years.)

Indicate name of designated military base area(s) and the extent of qualifying business operations within each area:
b _____

_____

_____

Apply the following procedure to determine the part of a corporation's taxable adjusted gross income that was derived from sources within a qualified area(s):

Enter total value of operations for each column.	**Column A** Activity from a qualified MBEA	**Column B** Activity within Indiana only	**Column C** Activity percent from MBEA
1. **Property Factor -** Enter total of: average real and tangible business property owned (at cost), inventories, and net rents paid (8x annual rental) ..... *Divide line 1a by line 1b, enter the percent on line 1c.*	1a $_____	1b $_____	1c_____ %
2. **Payroll Factor** - Enter total payroll ..... *Divide line 2a by line 2b, enter the percent on line 2c.*	2a $_____	2b $_____	2c_____ %
3. **Sales Factor** - Enter total gross receipts ..... *Divide line 3a by line 3b, enter the percent on line 3c*	3a $_____	3b $_____	3c_____ %

4. Total percentages entered on lines 1c, 2c and 3c ..... 4 _____ %

5. *Divide line 4 by three if all factors are present, otherwise divide by number of remaining factors* ..... 5 _____ %

6. **Enter total taxable Indiana adjusted gross income from line 20 of Form IT-20** ..... 6 $_____

7. *Multiply line 6 by percent on line 5, enter here:* **7a** $ _____ *and multiply result by 5%*..... **7b** $_____

8. *Subtract amount on 7a from line 6, enter here:* **8a** $ _____ *and multiply result by 8.5%*..... **8b** $_____

9. Indiana adjusted gross income tax: *Combine amount on lines 7b and 8b, enter here* ..... 9 $_____

Carry grand total from line 9 to line 22 of Form IT-20. Check box on line 22 for alternate tax rate calculation and attach complete copy of this schedule to return.

Caution: A taxpayer is not entitled to the alternate reduced tax rate if the taxpayer substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations within the qualified area, unless the taxpayer had existing operations in the qualified area and the operations relocated to the qualified area are an expansion of the taxpayer's operations in the qualified area. A determination made by the Department of Revenue that a taxpayer is not entitled to the alternate reduced tax rate as a result of a reduction or cessation of operations applies to the taxable year in which the substantial reduction or cessation occurs and in all subsequent years.

Form IT-20
State Form 44275
(R6/ 8-07)

Indiana Department of Revenue

Indiana Corporate Adjusted Gross Income Tax Return

For Calendar Year Ending December 31, 2007 or Other Tax Year

Beginning AA / / 2007 and Ending BB / /

(Do not write above)

Check box if name changed. B1 ☐

Name of Corporation 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 ( )

J. *Check all boxes that apply:* 1☐ Initial Return 2☐ Final Return 3☐ In Bankruptcy 4☐ Insurance Co. 5☐ Farmer's Cooperative 6☐ REMIC

K. Date of incorporation 1 _____ in the state of 2 _____

L. State of commercial domicile _____

M. Year of initial Indiana return _____

N. Location of records if different from above address:

_____

O. Check box if the corporation paid any quarterly estimated tax using different Federal Identification numbers. ☐

P. Check box if you file federal Form 1120 on a consoildated basis. ☐

Q. If filing on a unitary basis, are there any material changes in circumstances since the last petition was filed?..... 1 Yes 2 No

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

S. Is this a consolidated return for adjusted gross income tax? 1 Yes 2 No

T. Is this return filed on a combined unitary basis?..... 1 Yes 2 No

U. In determining taxable income did you deduct any intangible expenses or directly related intangible interest expenses paid to 50% owned affiliates?..... 1 Yes 2 No

V. Do you have on file a valid extension of time (federal Form 7004 or an electronic extension of time) to file your return?..... 1 Yes 2 No

Computation of Adjusted Gross Income Tax

1. Federal taxable income (before federal net operating loss deduction and special deductions)			1		
2. Net qualifying dividends deduction from federal Schedule C, Form 1120	2				
3. Subtract line 2 from line 1			3		
Modifications for Adjusted Gross Income					
4. Add back: All state income taxes based on or measured by income	4				
5. Add back: All charitable contributions (IRC Section 170)	5				
6a. Add back: Domestic production activities deduction (IRC Section 199)	6a				
6b. Add back: Intangible expenses and any directly related intangible interest expenses used to reduce IRC Section 63 taxable income to the extent that the deduction is not allowed under IC 6-3-2-20(b), from Part 3(b) of Schedule PIC. (*Complete Schedule PIC on page 4 to make a declaration if you meet any of the exceptions to the requirement to add back deductions for intangible expenses*)	6b				
7. Add or subtract: (Explain on Schedule H):					
(a) Net bonus depreciation allowance	7a				
(b) Excess IRC Section 179 deduction	7b				
8. Deduct: Interest on U.S. government obligations less related expenses	8				
9. Deduct: Foreign gross up (IRC Section 78). Attach federal Form 1118	9				
10. Subtotal (Add lines 3 through 6b, plus result from lines 7a and 7b, subtract lines 8 and 9)			10		
Other Adjustments					
11. Foreign Source Dividends (from worksheet on page 4) and other adjustments. Enter deductions in <brackets>			11		
12. Subtotal of income with adjustments (add lines 10 and 11)			12		
13. Deduct: All source nonbusiness income or (loss) and non-unitary partnership distributions from IT-20 Schedule F, column C, line (10)			13		
14. Taxable business income: Subtract line 13 from line 12			14		

2007 IT-20

Apportionment of Income for Entity with Multi-state Activities

15. Check one of the following apportionment methods used, attach completed schedule and enter percentage on line 15d.

15a		Schedule E, from line 4c applicable for tax years beginning in 2007.
15b		Schedule E-7, from line 30 (for interstate transportation) for tax years beginning in 2007.
15c		Other approved method (including domestic insurance companies.)

15d. Enter Indiana apportionment percentage, if applicable (round percent to two decimals)	15d	___ ___ . ___ ___	%
16. Indiana apportioned business income: Multiply line 14 by percent on line 15d. *If apportionment of income is not applicable, enter the total amount from line 14.*	16		

Add Allocated and Previously Apportioned Income to Indiana

17. Enter Indiana nonbusiness income or (loss) and Indiana non-unitary partnership income or (loss) from IT-20 Schedule F, column D, line (11)	17		
18. Indiana adjusted gross income before net operating loss deduction: Add lines 16 and 17	18		

Deduct from Indiana Adjusted Gross Income

19. Indiana net operating loss deduction See instructions. Enter as a positive amount from column (4) of Schedule IT-20NOL(s) for each loss year.	19		
20. Taxable adjusted gross income. Subtract line 19 from line 18. Enter here. Carry positive result to line 21 on page 2 of the return	20		

VN

Tax Calculation

21. Enter amount of Indiana adjusted gross Income subject to tax from line 20	21		
22. Indiana adjusted gross income tax: Multiply line 21 by 8.5% (0.085). Result may not be less than zero ▶	22		
Note: If using alternate tax rate calculation, attach completed Schedule M from page 16 and check box. 22b ☐			
23. Sales/use tax due from worksheet on page 4 of return	23		

Nonrefundable Tax Liability Credits (Attach all supporting documentation)

24. College and University Contribution Credit (CC-20) page 4 of return.. a. 807	24b		
25. Indiana Research Expense Credit (IT-20REC)..... a. 822	25b		
26. Enterprise Zone Employment Expense Credit (EZ 2) ..... a. 812	26b		
27. Enterprise Zone Loan Interest Credit (LIC) ..... a. 814	27b		
Other Nonrefundable Credits (See instruction page xx)			
28. Enter name of credit _____ Code No. a. __ __ __	28b		
29. Enter name of credit _____ Code No. a. __ __ __	29b		
30. Enter name of credit _____ Code No. a. __ __ __	30b		
31. Total of nonrefundable tax liability credits (Add lines 24b through 30b. Sum of credits applied may not exceed line 22. Other restrictions may apply.)	31		
32. Total taxes due: Add lines 22 and 23, subtract line 31. (Cannot be less than zero)	32		

Credit for Estimated Tax and Other Payments

33. Total quarterly estimated income tax paid (Itemize quarterly IT-6/EFT payments below)			
Qtr1_____ Qtr 2_____ Qtr 3 _____Qtr 4_____	33		
34. Enter overpayment credit from tax year ending a_____	34		
35. Enter this year's extension payment	35		
36. Other Payments/EDGE credit (Attach supporting evidence).....	36		
37. Total payments and credits: Add lines 33 through 36	37		

Balance of Tax Due or Overpayment

38. **Balance of Tax Due:** If line 32 is greater than line 37, enter the difference as the net tax balance due	38		
39. Penalty for Underpayment of Income Tax from attached Schedule IT-2220	39		
40. Interest: If payment is made after the original due date, compute interest. (Contact the Department for current interest rate)	40		
41. Late Penalty: If paying late enter 10% of line 38; see instructions. If lines 22 and 23 are zero enter $10 per day filed past due date, see instructions	41		
42. **Total Amount Owed:** Add lines 38 through 41. Make check payable to Indiana Department of Revenue ..... Pay in U.S. funds ▶	42		
43. Overpayment: If sum of lines 32, 39 and 41 is less than line 37, enter the difference as an overpayment	43		
44. Refund: Enter portion of line 43 to be refunded	44		
45. Overpayment Credit: Amount of line 43 less line 44 to be applied to the following year's estimated tax account	45		

For Department Use DD

Certification of Signatures and Authorization Section

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.

I authorize the Department to discuss my return with my personal representative (see page 29) CC 1☐**Yes** 2☐**No**

Company's E-mail address EE

▶

Signature of Corporate Officer Date

LL MM

Print or Type Name of Corporate Officer Title

QQ

Personal Representative's Name (Print or Type)

Telephone number RR

Address SS

City TT

State UU Zip Code + 4 VV

Paid Preparer: Firm's Name (or yours if self-employed.)

FF

OO Check One: [1] Federal I.D. Number [2] PTIN **OR** [3]Social Security Number

NN

Telephone number PP

Address GG

City HH

State II Zip Code + 4 JJ

▶

Paid Preparer's Signature Date

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

IT-20 Schedule E
State Form 49105
(R6/ 8-07)

Indiana Department of Revenue

Apportionment of Adjusted Gross Income for Corporations

For Tax Year Beginning AA_____/_____/ **2007 and Ending** BB_____/_____/_____

Name as shown on return B	Federal Identification Number 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 receipts factor. Interstate transportation entities must use Schedule E-7, Apportionment for Interstate Transportation revised 8-07. 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 (less returns and allowances) - 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 for tax years beginning in 2007

(a) **Receipts Percentage** for factor 3 above: Divide 3A by 3B, enter result here: 4(a)1 __ __ __ . __ __% **Multiply result by 3**.....	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 5** 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 4. If the receipts factor (3B) is absent, you must **divide line 4b by 2. See instructions.**

Part II - Business/Other Income Questionnaire

1. List all business locations where the taxpayer has operations or 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? Yes	No	(d) Registered to do Business? Yes	No	(e) Files Returns in State? Yes	No	Property in State (f) Leased? Yes	No	(g) Owned? 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 taxpayer has an interest:

3. Indicate any 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 partnerships, estates and trusts not in taxpayer's apportioned tax base:

Schedule PIC - Disclosure of Intangible Expense and Directly Related Intangible Interest Expense

State Form 53126 (R2/8-07) For Tax Year Beginning AA_____/_____/ 2007 and Ending BB_____/_____/_____

Enter name of corporation as shown on return

Part 1 - Exception to the Add Back of the Deduction

Check applicable box if any of these conditions applies:

a. ☐ The taxpayer and all intangible income recipients, for the purpose of the add back requirement for line 6b of return, are included in the same consolidated or combined Indiana return.

b. ☐ An agreement is on file with the Department allowing an alternative method of allocation or apportionment under the adjusted gross income tax statute.

c. ☐ The Department has determined following taxpayer's petition that the adjustment of Part 3 (a) and (b) is unnecessary.

If a box is checked, you declare that the corporation is not required to finish this schedule beyond completing Part 2 and attaching federal Form 851 to the return.

Part 2 - Related Transactions of Intangible Property

List transactions made with every recipient. Add additional sheets as necessary.

Name of recipient	Federal ID Number	State or county of domicile	Relationship or exception status with taxpayer and type of intangible expense deducted	Amount Paid to Recipient
1.				
2.				
3.				
4.				

Total of Part 2 - Add amounts paid to all recipients .....

Part 3 - Amount of Deduction to Add Back - *See instructions for list of exceptions*

(a) Total Amount of Exceptions - enter an amount equal to all of the amounts that qualify under one or more of the above exceptions. *You must explain on Schedule H or attach to the return specific supporting documentation for each transaction that relates to one or more of the designated exceptions.*	3(a)	
(b) Net Amount to Add Back - Subtract 3(a) from Part 2 total. Enter net amount here. *Carry this amount to line 6b of return*	3(b)	

Schedule H - Additional Explanation or Adjustment of Items Elsewhere on Return (Carry subtotals to respective schedules.)

Column A Reference to line number	Column B Explanation	Column C Amount	

Foreign Source Dividends Deduction Worksheet (excluding Foreign Gross Up) for dividends reported on federal Schedule C included in taxable income.

Percentage of Voting Stock Owned	Column A **Remainder of Federal Taxable Dividends** (after Schedule C special deductions) from foreign corporations	Column B **Dividend Deduction Rate**	Column C **Dividend Deduction** Col. A x Col. B (enter as negative value)	
80% or more of stock owned:	$	100%	(	)
50% but less than 80%:	$	85%	(	)
Less than 50% owned:	$	50%	(	)
Foreign Source Dividends Deduction from Adjusted Gross Income Add column C and carry to Form IT-20, line 11			(	)

Schedule CC-20 - College and University Contribution Credit for Line 24

Column A - Name of Indiana College or University (List charitable contributions)	**Column B Date**	**Column C Amount Given**	

1. Total contributions to Indiana colleges and universities		
2. 50% of line 1 or $1,000, whichever is less		
3. Enter adjusted gross income tax for tax period from line 22		
4. 10% of your Indiana adjusted gross income tax (multiply line 3 by .10)		
5. Credit - Lesser of line 2 or line 4 (enter here and on line 24b on Form IT-20).....		

Indiana Department of Revenue

IT-20 Schedule F
State Form 49104
(R6/ 8-07)

Allocation of Non-business Income and Indiana Non-unitary Partnership Income

For Tax Year Beginning AA_____/_____/ **2007 and Ending** BB_____/_____/_____

Name as shown on return	Federal Identification Number
B	A

Complete all applicable sections. See separate instructions for IT-20 Schedule F in income tax booklet. Attach additional sheets if necessary. Identify each item of income. Indicate amount of related non-business expenses (other than state income taxes) for each income source. For every line with entry, subtract column B from column A; and enter net amount in column C. Also enter the net amount in column D if the income is attributable to Indiana.

Column AA **(1) Dividends** (not from DISC or FSC's) Excess after federal and state foreign source dividends deduction: Source	Column BB Percent Owned (if foreign)	Column A **Total Amount**	Column B **Related Expenses**	Column C **Net Amount All Sources**	Column D **Net Amount Indiana Source**
Carryforward subtotals from additional sheets					
Total Dividends, Expenses, and Net Amounts.....				1C	1D
(2) Interest (Do not include interest from U.S. government obligations.) Source and Type	Short/Long Term				
Carryforward subtotals from additional sheets					
Total Interest, Expenses, and Net Amounts.....				2C	2D
(3) Net Capital Gains (Losses) from Sale or Exchange of Personal Property and Real Estate (Indicate if tangible or intangible property.) Source and Type	Gross Proceeds				
Carryforward subtotals from additional sheets					
Total Net Gains, Expenses, and Net Amounts.....				3C	3D

Indiana Department of Revenue

Allocation of Non-business Income and Indiana Non-unitary Partnership Income

Column AA **(4) Rents and Royalties from Tangible Personal Property and Real Estate** Source	Column BB Former or current business use Yes/No	Column A **Gross Amount**	Column B **Related Expenses**	Column C **Net Amount All Sources**	Column D **Net Amount Indiana Source**
Carryforward subtotals from additional sheets					
Total Rents/Royalties, Expenses, and Net Amounts				4C	4D
(5) Patents, Copyrights, and Royalties from Intangible Property Source					
Carryforward subtotals from additional sheets					
Total Patents/Royalties, Expenses, and Net Amounts...				5C	5D
(6) Other (nonbusiness income) Source and Type					
Carryforward subtotals from additional sheets					
Total Other Income, Expenses, and Net Amounts				6C	6D
(7) Total Non-business Income (add subtotals in column A)	7A				
(8) Total Related Expenses (add subtotals in column B, lines (1) through (6))	8B				

(9) Distributive Share Income from Non-unitary Partnerships & Tiered Partnerships Column AA Name of partnership (List previously apportioned/allocated partnership distributions)	Column BB LLC or LLP	Federal K-1 Distributive Share of Income from Non-unitary/ Tiered Partnership(s)	Indiana IN K-1 Distributive Share of Income from Non-unitary/ Tiered Partnership (Including modifications)
Carryforward subtotals from additional sheets			
Total Federal Non-unitary Partnership Income; Net Amount Attributed to Indiana		9C	9D
(10) Total Net Non-business & Non-unitary Partnership Income (add subtotals in column C, lines 1C through 6C plus line 9C) ..... *Carry total of line 10C to line 13 of Form IT-20.*		**10C**	
(11) Total Net Non-business & Non-unitary Partnership Income from Indiana Sources (add subtotals in column D, lines 1D through 6D plus Line 9D)..... *Carry total of line 11D to line 17 of Form IT-20.*			**11D**

Indiana Department of Revenue

Penalty for Underpayment of Corporate Income Tax

Schedule IT-2220
State Form 440(R6/8-07)

For Tax Year Beginning AA_____/_____/ **2007 and Ending** BB_____/_____/_____

(See Instructions on reverse side of this schedule)

Page attachment sequence #7.

Name of Corporation or Organization B	Federal Identification Number A

Part I - How to Figure Underpayment of Corporate Tax
(Effective for taxable years beginning after Dec. 31, 2002 and before Dec. 15, 2007.)

1. Enter Indiana **adjusted gross income tax** (if less than $1,000, enter -0-)	1		
2. Enter total **tax reduction credits** excluding estimated taxes paid for the taxable period (cannot exceed amount on line 1)	2		
3. Subtract line 2 from line 1. If zero, stop; you do not owe an underpayment penalty	3		

Part II - How to Figure Exception to Underpayment Penalty

4. Multiply line 3 by 80% and enter result here	4		
5. Enter the portion of your prior year's final income tax liability, net of tax reduction credits (do not reduce by estimated taxes paid), that is relative to number of months in the current taxable period. See instructions	5		
6. Enter line 4 or line 5, whichever amount is less *Short period filers see note on reverse following line 18 instructions.*	6		

Quarterly Estimated Tax Paid for Taxable Year

		(a) 1st quarter	(b) 2nd quarter	(c) 3rd quarter	(d) 4th quarter
7. Enter in columns (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	/ /	/ /	/ /	/ /
8. Enter estimated income tax paid / credited on or before the due date of the installment for each quarter	8				
9. Enter the overpayment, if any, **from the preceding column** that exceeds any remaining prior <underpayments> shown on line 12	9				
10. Add line 8 and line 9 for each column	10				
11. Divide line 6 by four or by the number of quarters in the tax period; enter result in columns (a) through (d)	11				
12. Subtract line 11 from line 10 for each quarter. If the result is a negative figure, you have **not** met any exception to the penalty for the quarter	12				

Part III - How to Figure Penalty

13. Enter the overpayment, if any, **from the preceding column** that exceeds any remaining prior <underpayments> shown on line 16	13				
14. Add line 8 in Part II, and line 13 above, for each quarter	14				
15. Divide line 3 in Part I by four or the number of quarters in the tax period, divisor cannot be less than 1; enter result in applicable columns	15				
16. Subtract line 15 from line 14. If the result is a negative figure, this is your <underpayment> for the quarter	16				
17. If line 12 shows zero or more for the quarter, the overpayment exception is met. Enter zero on line 17. **Otherwise, compute 10% penalty on the <underpayment> shown on line 16 for each column.** Enter the penalty, if any, for the quarter as a positive figure	17				

18. Add line 17, columns (a) through (d). This is your total **underpayment penalty**. Enter here and carry to the appropriate line of Form IT-20, IT-20S or IT-20NP	18		

Instructions for Schedule IT-2220 for 2007

Who Should File?

Schedule IT-2220 must be completed and attached to corporate Form IT-20, IT-20S or IT-20NP anytime the corporation did not pay the required amount of adjusted gross income tax **in any particular quarter**, or the corporation meets an exception to the penalty for underpayment as provided for in Indiana Code 6-3-4-4.1.

What is the Required Amount?

Corporations having annual income tax liabilities exceeding $1,000 are subject to an underpayment penalty if they fail to fi le estimated tax payments or fail to remit a sufficient amount on a quarterly basis.

Quarterly payments are due whenever the adjusted gross income tax liability exceeds $1,000 for a taxable year.

The qualified estimated payments should equal 25 percent of the total income tax due for the year. To avoid the penalty, the quarterly estimate must equal at least 20 percent of the total income tax liability for the current taxable year or 25 percent of the final income tax liability for the prior taxable year.

The Indiana Code does not provide corporations an exception to the penalty for underpayment of estimated taxes using either an annualized income or adjusted seasonal method.

PART I - How to Figure Underpayment of Corporate Taxes

This schedule must be used by Form IT-20, IT-20S and IT-20NP filers in determining whether or not the minimum amount of tax was paid timely.

1. Enter total Indiana adjusted gross income tax for your taxable year from Form IT-20, IT-20S or Form IT-20NP.

2. Enter your total tax reduction (nonrefundable) credits (college credit, neighborhood assistance credit, etc.) reported on Form IT-20 or Form IT-20NP. **Do not** enter estimated tax payments, extension payments or prior year's overpayment credit. In no case may the total of tax reduction credits exceed the total tax on line 1.

3. Subtract line 2 from line 1. This is your current year's tax liability. If zero, STOP. You do not owe any underpayment penalty.

PART II - How to Figure Exception to Underpayment Penalty

IC 6-3-4-4.1(e) prescribes two exceptions to the penalty for underpayment. If required to pay quarterly, the estimate should include either at least 20 percent of the total income tax liability for the taxable year or 25 percent of the final income tax liability for the previous tax year.

Special Note for Final Short/Fiscal Year Filers: If the previous year was for a period of less than 12 months, the exception may be met by demonstrating what the liability would have been if a 12 month return had been filed. For example, if the previous year was for six months, double the total tax for that year and enter 25 percent of this total. If last year's tax was zero, enter zero on line 9.

5. Enter the proportional amount of your prior year's final income tax liability (total tax less nonrefundable credits and any withholding and other tax credits) before applying estimated tax credits, that is relative to the number of months in the current taxable period. Entry on line 4 for a short period line 4 entry should be equal to the prior year's income tax liability multiplied by a ratio of the months in the current taxable period.

7. Enter in columns (a) through (d) the quarterly installment due dates corresponding to the estimated income tax payments for your tax year. If filing on a calendar year basis, the installment due dates for corporate income tax payments are April 20, June 20, Sept. 20 and Dec. 20 of the taxable year. Fiscal year and short tax year filers must remit by the twentieth day of the fourth, sixth, ninth, and twelfth months of your taxable year. Short period filers see note following line 18 instructions.

8. Enter the amount of estimated income tax paid by the due date of the installment for each quarter. Payments made after the quarterly due date must be reported in the following quarter when paid. If you are carrying forward an overpayment credit from the previous year, add that amount together with the installment amount paid for the first available quarter to which the carryover credit is posted. Do not include any credits claimed on line 2. **STOP.** Complete lines 9 through 12 in each column before proceeding to the next column.

9. Enter the remaining overpayment, if any, from line 12 of the preceding quarter, as adjusted after deducting any previous <underpayment> balance.

11. Divide line 6 by the number of quarters in the taxable period. Divisor cannot be less than one. Enter the result in each column. NOTE: Short period filers must apply the instructions following line 18 instructions.

12. Subtract line 11 from line 10 for each column. If line 10 is less than line 11, enter the resulting underpayment in <brackets>. If line 11 is equal to or greater than line 10, the difference is an overpayment and you have met an exception to the penalty for the quarter. See instructions for line 9.

After completion of all four columns, if none of the quarters shows an underpayment, stop here and attach schedule to your return. Otherwise proceed to Part III to recalculate your actual underpayment.

PART III - How to Figure the Penalty

The penalty for the underpayment of estimated taxes is assessed on a quarterly basis on the difference between the amount paid for each quarter and 25 percent of the final tax liability for the current year. **If any underpayment is shown on line 12 continue by completing lines 13 through 17 in each column before proceeding to the next column.**

13. Enter the remaining overpayment, if any, from line 16 of the preceding quarter, as adjusted after deducting any previous <underpayment> balance.

15. Enter current year's quarterly tax due: divide line 3, in Part I, by the number of quarters in the taxable period. Divisor cannot be less than one. Enter result in each column. See note for short period.

16. Subtract line 15 from line 14. If line 14 is less than line 15, enter the resulting underpayment in <brackets>. If line 14 is greater than line 15, the difference is carried as an overpayment to line 13 of the next column after deducting any remaining <underpayments> shown on line 16 of the preceding columns.

17. Multiply the amount of <underpayment> on line 16 for each column by 10 percent if an exception to penalty for the quarter was not met on line 12. Enter zero on line 17 if line 12 is zero or greater for the quarter.

18. Add the amounts on line 17 for all quarters and enter result. This is your total underpayment penalty due. Carry this amount to the appropriate line on the front of Form IT-20, IT-20NP or IT-20S.

Short Period Returns: Lines 11 and 15 must be changed to correspond with your short period estimated return. Do not enter 25 percent of line 3 or 6; instead, divide lines 3 and 6 by 3 for returns consisting of three full quarterly periods. Divide lines 3 and 6 by 2 for returns consisting of two full quarterly periods. Use the entire amount from lines 3 and 6 for returns consisting of one, or less than one, quarterly period. For lines 7 through 17, complete only those columns corresponding with the number of full quarters being filed.

Sales/Use Tax Worksheet for Line 23, Form IT-20

List all purchases made during 2007 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 offset use tax, attach explanation	3	
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-20, line 23. If the amount is negative, enter zero and put no entry on line 23 of the IT-20	4	

Instructions for Schedule IT-20NOL

Indiana Net Operating Loss Deduction

Public Law 81-2004 amends IC 6-3-2-2.6 to provide a net operating loss (NOL) deduction from Indiana adjusted gross income after adding back any other NOL deductions taken pursuant to IRC Section 172. If a separately recalculated net operating loss remains, following state modification and federal carry back and carry forward guidelines, the Indiana NOL is deductible in full. The amount of the unused Indiana balance will be available for the following year.

All loss years ending after January 1, 2004 and pre-existing NOL(s) carried over to a taxable year after this date must be recomputed by applying the amended provisions of this Act.

Deductions for net operating losses that were incurred in taxable years ending before January 1, 2004 and carried back or forward and deducted in taxable years ending before January 1, 2004 are calculated under the law in effect for the year the net operating loss was incurred.

Who Should File Schedule IT-20NOL?

Corporate taxpayers and nonprofit organizations subject to the adjusted gross income tax and having a net operating loss must complete and attach this schedule to any Indiana corporation tax return, Forms IT-20, IT-20NP or IT-20X, when claiming the loss deduction. Schedule IT-20NOL is not in itself a claim for refund, but an attachment to show how much of the Indiana net operating loss deduction is applied and available to carryover.

Corporations doing business as a financial institution may not use this schedule. Schedule FIT-20NOL should be completed.

When to File?

A refund initiated by a net operating loss carry back must be claimed by the taxpayer within three years from the original due date of the loss year's return (including extensions). An amended carry back claim, if not refunded within 90 days from the date filed, the date the tax payment was due, or the date the tax was paid, whichever is latest, accrues interest from the initial due date of the return in which the loss was incurred. Net operating loss carry forward deductions fall within regular statutory requirements.

Attach completed Schedule IT-20NOL, Part 1, to loss year return. Check Part 1 box titled "**Election to Waive Carry Back of the Indiana Net Operating Loss Deduction"** if the loss is being carried forward for both federal and state tax purposes, or if no federal election is otherwise in effect.

Whenever a net operating loss deduction is claimed, attach a separately completed and recomputed NOL schedule of each loss year. Use revised Schedule IT-20NOL (8-04), update Part 2 as needed and attach copy to your return(s).

Indiana Treatment of Net Operating Loss Deduction for Adjusted Gross Income Tax Purposes

PL 81-2004, effective January 1, 2004, provides for an NOL deduction from total Indiana Adjusted Gross Income equal to the amount of a federal NOL, computed under IRC Section 172, for the taxable year that is derived from sources within Indiana and adjusted for modifications required under IC 6-3-1-3.5. Modifications include the add back of property taxes (for tax periods 1998 and before), income taxes, charitable contributions, deduction of interest on U.S. Government obligations and a deduction for foreign gross up. Other state deductions (i.e., foreign source dividends) from adjusted gross income may not be used to compute available net operating loss.

Use combined your amounts if filing a consolidated return. Affiliated groups or corporations involved in mergers must follow the same guidelines as provided by the Internal Revenue Code and rulings issued by the Internal Revenue Service with respect to their treatment of net operating loss deductions. More than one Schedule IT-20NOL may be required to comply with these requirements.

Carry Back and Carry Forward Years

To claim the Indiana net operating loss deduction, you must apply the same carry back/carryover treatment as used for federal purposes under IRC Section 172(b).

For loss years beginning before August 6, 1997 - the net operating loss deduction remaining after a three year carry back (if not timely waived) may be carried forward to the 15 tax years following the loss year. (See Part II instructions.) Certain losses may be carried up to 20 years, following federal provisions.

Effective for tax years beginning after August 5, 1997 - (excluding tax years ending in 2001 or 2002), federal legislation generally decreased the NOL carry back period from three to two tax years, while the carry forward period increased from 15 to 20 years. For tax years ending in 2001 and 2002, the carry back period is extended to five years unless an election to carry back was waived.

Farm Losses -Effective for tax years beginning after December 31, 1997, any part of an NOL attributed to a loss from farming operations may be treated as a separate NOL and may be carried back five years, following federal provisions.

Specified Liability Losses – A 10 year carry back for product liability losses (or portion thereof) may be recognized to the extent allowed following IRC Section 172 rules.

PART 1 - Computation of Indiana Net Operating Loss

Enter the tax year ending date of the loss year.

Line 1. Enter amount of federal taxable income (loss), excluding any net operating loss deduction as defined in Internal Revenue Code (IRC) Sections 63, 511, 801 or 832. This is comparable to the amount, as last determined, that is reportable on line 3 of 2003-2007 Form IT-20; or line 1 of Form IT-20NP (without specific deduction).

Line references from prior years - use line 23 of Form IT-20; line 3 of Form IT-20SC; and line 55 of Form IT-20NP.

Schedule IT-20NOL
State Form 439
(R6/ 8-07)

Indiana Department of Revenue
Corporate Income Tax
Indiana Net Operating Loss Deduction

Page attachment sequence #9

Name of Corporation or Organization	Federal Identification Number
B	A

PART 1 — Computation of Indiana Net Operating Loss (NOL)
Complete Schedule IT-20NOL for each loss year.

Loss Year Ending: aa _____/_____/_____

Taxable Income or Loss

1. Enter federal taxable income (loss), including special deductions but excluding any federal net operating loss deduction (Form IT-20 line 3; IT-20NP line 1) ..... 1. _____

IRC Section 172(d) Modification for Loss Year

2. Enter an amount, to the extent required under IRC Section 172, which reflects all other federal adjustments for an NOL pursuant to IRC Section 172(d) *(See Federal Form 1139, attach computation)* ..... 2. _____

Adjusted Gross Income Modification for Loss Year

3. Add back: All state income taxes based on or measured by income (includes property taxes before 1999) ..... 3. _____
4. Add back: All charitable contributions (IRC Section 170) ..... 4. _____
5. Add back: Domestic production activities deduction (IRC Section 199) and IT-20 Schedule PIC Part 3(b) amount ..... 5. _____
6. Add or subtract: Net bonus depreciation allowance plus excess IRC Section 179 deduction ..... 6. _____
7. Deduct: Interest on U.S. government obligations less related expenses ..... 7. _____
8. Deduct: Foreign gross up (IRC Section 78) as determined on federal Form 1118 ..... 8. _____
9. Deduct: All source non-business income or (loss) and non-unitary partnership distributions *(from IT-20 Schedule F line 10C)* ..... 9. _____
10. Total modified income (Add lines 1 through 5, plus line 6; subtract lines 7, 8 and 9) ..... 10. _____

Indiana Business Income or Loss

11. Enter Indiana apportionment percentage of loss year *(Form IT-20 line 15d; IT-20NP line 8)* ..... 11. _____ %
If apportionment of income is not applicable, enter the total amount from line 10 on line 12)
12. Indiana apportioned business income or (loss) *(Multiply line 10 amount by percent on line 11)* ..... 12. _____

Previously Allocated and Apportioned Income or Loss Attributed to Indiana

13. Add Indiana non-business income or loss and Indiana non-unitary partnership income or loss *(from IT-20 Schedule F line 11D)* ..... 13. _____
14. **Indiana modified adjusted gross income or net operating (loss)** *(Add lines 12 and 13)* ..... 14. _____
If line 14 is a negative figure, this is the NOL available to carry back or carry forward against modified Indiana adjusted gross income. To claim this deduction, you must apply the same carryback/carryover treatment as used for federal income tax purposes. Continue by entering line 14 loss figure in Part 2, column (4) for the taxable period the NOL deduction is initially applied.

If an Indiana net operating loss is computed and there is no attending federal NOL, check this box to relinquish the two, three, or five year NOL carry back provision for Indiana income tax purposes: bb ☐ **Election to Waive Carry Back of the Indiana Net Operating Loss Deduction**

PART 2 — Computation of Indiana Net Operating Loss Deduction and Carryover

Make required entries, as specified to compute the amount of Indiana modified adjusted gross income used. **Add all entries across columns (2), (3) & (4) for each tax year; enter result in column (5).** If result is a loss, also enter loss in column (4) for the next carryover year.

Carryover: Update this schedule for each tax year. Claim the remaining NOL from column (4) as a positive deduction to your return.
Note: The carry back application to the third through the fifth preceding tax year was eliminated, except for certain farm losses and losses incurred in 2001 and 2002 or for loss years beginning before August 16, 1997.

(1) List Tax Period Ending	(2) Taxable Income as last Determined (if zero or less, enter -0-)	(3) Add Back other Deductions from Indiana Adjusted Gross Income in the Taxable Year	(4) Indiana Net Operating Loss Deduction for the Taxable Year	(5) Indiana Adjusted Gross Income or Remaining Unused Net Operating (Loss)
Carried to the preceding:				
5th Year _____			( )	
4th year _____			( )	
3rd year _____			( )	
2nd year _____			( )	
1st year _____			( )	
Carried to the following:				
1st year _____			( )	
2nd year _____			( )	
3rd year _____			( )	
4th year _____			( )	
5th year _____			( )	
6th year _____			( )	
7th year _____			( )	
8th year _____			( )	
9th year _____			( )	
10th year _____			( )	

Attach additional sheets to show carry forward application up to the 15th or 20th following tax year.

If amount was previously adjusted because of an audit or amended return, an explanation should be attached explaining how the income figure was calculated.

Note: A domestic insurance company may compute and carryover a net operating loss incurred from a loss year in which it was not subject to Indiana adjusted gross income tax.

Line 2. You must apply any applicable modification for a net operating loss as calculated under provisions of IRC Section 172(d) that effect adjusted gross income. Some of these federal adjustments related to a net operating loss include but are not limited to:

1. A corporation cannot increase its current year NOL by carry backs or carryovers from other years. Capital losses are limited to net capital gains.
2. The dividends-received deductions for dividends received from domestic and foreign corporations and for dividend received on certain preferred stock of a public utility are computed without regard to the aggregate limits (based on federal taxable income) that normally apply under IRC Section 246(b).
3. The deduction for dividends paid on certain preferred stock of public utilities may be figured without limiting it to the federal taxable income for the year under IRC Section 247(a)(1)(B).

State Modification and Adjustments

Enter figures from loss year's return. Enter only the items enumerated on lines 3 through 9.

Line 3. Enter all state income taxes deductible on federal return.

Line 4. Enter charitable contributions to the extent deducted on the federal return.

Line 5. Enter qualified domestic production activities deduction claimed under IRC Section 199 on the federal return. Also include add back amount from IT-20 Schedule PIC, Part 3(b), for intangible expenses and directly related intangible interest expenses used to reduce IRC Section 63 taxable income effective July 1, 2006.

Line 6. Add back or subtract an amount equal to net bonus depreciation allowed under IRC Section 168(k) as reported for the taxable year. Also, add back on this line, an amount equal to the IRC Section 179 deduction taken for qualified property that exceeds the $25,000 cap amount recognized for state purposes.

Line 7. Deduct net interest that is exempt from state taxation that is included in federal taxable income.

Line 8. Deduct foreign gross up allowable under IRC Section 78 to the extent not eliminated on line 2.

Line 9. Deduct all income or loss classified as non-business plus previously apportioned or allocable partnership income that is included as part of federal adjusted gross income. The portion attributed to Indiana will be added back on line 13 to arrive at Indiana modified adjusted gross income or net operating loss. Please note that other state adjustments from Indiana income, such as the foreign source dividends deduction (IC 6-3-2-12) cannot be used to create, increase or decrease an Indiana net operating loss deduction.

Line 11. If apportionment of income applies in the loss year, enter the Indiana apportionment percentage from line 15d of 2003-2007 Form IT-20 or the appropriate line from the Indiana apportionment schedule used.

Line 12. Enter amount from completed IT-20 Schedule F, line 11D, Indiana non-business income or loss and Indiana non-unitary partnership income or loss.

Line 14. If result is a loss figure, this is the initial amount available as the Indiana net operating loss. Carry this amount to Part 2, Column (4) for the first period you are eligible to claim a net operating loss deduction. If result is a positive amount, STOP. You do not have an Indiana net operating loss.

Election to Waive the Carry back of a Net Operating Loss Deduction

Pursuant to the Internal Revenue Code, a taxpayer may irrevocably elect, by the loss year's due date (including extensions), to waive the entire carry back period. If this election is made for the loss year on the federal return, the net operating loss deduction may only be carried forward for federal and state tax purposes. In the absence of net operating loss on the federal return, the taxpayer may make an election to waive the carry back of its Indiana net operating loss. This election is reflected on Indiana Schedule IT-20NOL by checking the box titled "Election to Waive Carry Back of the Indiana Net Operating Loss Deduction." By making this election, you must timely file the Indiana loss year return and attach schedule. Attach an updated schedule to the return filed for taxable years listed in Part 2 (Forms IT20X, IT-20 or IT-20NP).

PART 2 - Computation of Indiana Net Operating Loss Deduction and Carryover

Schedule IT-20NOL must be completed for each year a loss occurs. Copies of the schedule should be attached to returns for all years a NOL deduction is claimed. If more than one NOL from different loss years is available, a separate Schedule IT-20NOL must be completed for each NOL deduction applied.
Note: Any net operating loss carried forward and deducted in a taxable year beginning after December 31, 2003, shall be reduced by the amount of the net operating loss previously deducted in an earlier year.

Column (1) – Fill-in the range of tax years to which the NOL is to be applied according to the tax period ending date(s). If, in one or more of these years, a loss was incurred or the adjusted gross income was previously reduced to zero by another loss carry forward, the year should still be included.

Column (2) – Enter the Indiana adjusted gross income, from the taxable year of the Indiana return as last determined. Use net taxable income amount as previously adjusted because of an amendment, or as reduced by an NOLD carried over from

another loss year and before applying the unused NOLD from Part 1. However, if this taxable year is also a loss, enter zero (0). If the adjusted gross income was previously reduced by another net operating loss deduction, a copy of the Schedule IT-20NOL for the prior loss year should be attached. If previously adjusted from an audit or amended return, an explanation should be attached to the IT-20NOL schedule explaining how the adjusted gross income figure was calculated.

Column (3) – Add back Indiana portion of any other deductions taken from computed adjusted gross income for the taxable year that is not a loss year. Currently, other deductions appear as line 11 on the 2003-2007 Form IT-20**.** You must further calculate the actual amount deducted if income was subject to apportionment. Multiply the other deduction amount by the percent used on line 15d (or comparable line) of your return in the taxable year. Since this amount is a subtraction from adjusted gross income, enter figure as a positive amount.

Column (4) – If this is the first year to which the NOLD is applied, enter the deductible amount of NOL from Part 1, line 14. Otherwise, enter the remaining unused amount carried over from column (5) for the taxable year.

Net Operating Loss Deduction - For reporting purposes of the taxable year return, claim this full amount as a **positive deduction** on line 19 of 2007 Form IT-20; line 10 of 2007 Form IT-20NP; or on line 2B of Indiana Amended Form IT-20X.

Column (5) – Add amounts entered on row under column (2), (3) and (4) for the taxable year. If any Indiana adjusted gross income remains (the NOL is used in full), continue by completing the rest of your income tax return.

Net Operating Loss Carryover -If result is a loss, enter (the remaining unused net operating loss) in column (4) for the next carryover year. This amount will be available to offset modified income reported in columns (2) and (3) of the following taxable year.
If you have any questions concerning Indiana's treatment of a net operating loss deduction, contact:

Indiana Department of Revenue
Tax Administration
100 North Senate Ave.
Indianapolis, IN 46204
Telephone Number (317) 233-4015

Other Credits

Nonrefundable Tax Liability Credits continued

Nonrefundable credits are limited to the amount of adjusted gross income tax shown on line 22, unless otherwise noted. If the total of your claims exceed your tax liability you must adjust the entries by recalculating the credits to the amounts that you can apply on lines 24b through 30b. You must also attach to the return the supporting schedule(s) and/or documentation requested for each credit claimed.

Each of the following credits is assigned a three-digit code number. When claiming the credit on line 28 through line 30, enter the name of the credit, its three-digit code number and the amount claimed. See the following examples.

Examples- Enter the following information on line 28 to claim a $2,000 historic building rehabilitation credit. Claim $1,000 military base investment cost credit on line 29 and a $500 twenty-first century scholars program support fund credit on line 30:

Line 28: Historic Building Rehab; **Line 28a**: 8 1 9;
Line 28b: $ 2,000.
Line 29: Military Base Invest. Cost; **Line 29a:** 8 2 6;
Line 29b: $1,000.
Line 30: Twenty-First Cent. Scholars; **Line 30a:** 8 3 4;
Line 30b: $500.

If you should have more credits to claim, enter the information on the space to the left of line 31. Increase line 31 by the amount of your additional credit(s). Also enter a detailed explanation on Schedule H (page 4 of the return).

Restriction for Certain Tax Credits – Limited to One per Project

Within a certain group of credits a taxpayer may not be granted more than one credit for the same project. The taxpayer may choose the credit to be applied but is not permitted to change the credit selected or redirect the investment for a different credit in subsequent years. Refer to Commissioner's Directive 29 for more information. Nine credits are included in this group:

Alternative fuel vehicle manufacturer credit,
Capital investment credit,
Community revitalization enhancement district credit,
Enterprise zone investment cost credit,
Hoosier business investment credit,
Industrial recovery credit,
Military base investment cost credit
Military base recovery credit and
Venture capital investment credit.

Apply this restriction first when figuring your credits.

See instructions for line 36 for refundable tax liability credits. For more information about Indiana tax credits get Income Tax Information Bulletin 59: Summary of Tax Credits Available to Taxpayers.

About Airport Development Zone Credits

Certain areas within Indiana have been designated as airport development zones (ADZ). These zones are established to encourage investment and job growth in distressed urban areas. The Gary-Chicago ADZ was designated in July, 1993. Currently, areas within Allen County are eligible to designate airport development zones.

ADZ credits are based on the same tax benefits available to taxpayers doing business in Indiana enterprise zones. Also see the next following section: About Enterprise Zone Tax Credits.

Following are the three available airport development zone tax credits:

Airport Development Zone Employment Expense Credit 800

This credit is based on qualified investments made within Indiana. It is the lesser of 10 percent of qualifying wages, or $1,500 per qualified employee, up to the amount of tax liability on income derived from the airport development zone.

Get Indiana Schedule EZ Parts 1, 2, and 3 at www.in.gov/dor/taxforms/pdfs/sch-ez123.pdf for more information and how to calculate this credit.

Enter **8 0 0** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach a substitute Schedule EZ 1, 2, 3 for the ADZ.

Airport Development Zone Investment Cost Credit 801

This credit is based on qualified investments made within Indiana. It can be up to a maximum of 30 percent of the investment, depending on the number of employees, the type of business and the amount of investment in an airport development zone.

Get Income Tax Information Bulletin #66 at www.in.gov/dor/reference/bulletins/income/pdf/ib66.pdf for more information and how to calculate enterprise zone credits. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc for more information about this credit.

Enter **8 0 1** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach supporting documentation.

Airport Development Zone Loan Interest Credit 802

This credit can be for up to five percent of the interest received from all qualified loans made during a tax year for use in an Indiana airport development zone.

Get Indiana Schedule LIC at www.in.gov/dor/taxforms/pdfs/schlic.pdf for more information and how to calculate this credit.

Enter **8 0 2** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach a substitute Schedule LIC for the ADZ.

About Enterprise Zone Tax Credits

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Current enterprise zones are located in portions of the following cities/locations:

Bedford	Kokomo
Bloomington	Lafayette
Connersville	La Porte
East Chicago	Marion
Elkhart	Michigan City
Evansville	Mitchell
Ft. Harrison Reuse Authority	New Albany
Ft. Wayne	Richmond
Frankfort	River Ridge Development Authority
Grissom Aeroplex	Salem
Hammond	South Bend
Indianapolis	Vincennes
Jeffersonville	

Use this list to look up contact information for a particular enterprise zone:
www.in.gov/dor/reference/ez/contact.html

See enterprise zone maps at:
www.in.gov/dor/reference/ez/ezmaplist.html

For more information get Income Tax Information Bulletin #66 at www.in.gov/dor/reference/bulletins

For additional information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site a www.in.gov/iedc/

Following are the three available enterprise zone tax credits:

Enterprise Zone Employment Expense Credit 812

This credit is based on qualified investments made within an Indiana enterprise zone. It is the lesser of 10 percent of qualifying wages, or $1,500 per qualified employee, up to the amount of tax liability on income derived from an enterprise zone. **Claim this credit on line 26 of the return.**

Get Indiana Schedule EZ Parts 1, 2, and 3 at www.in.gov/dor/taxforms/pdfs/sch-ez123.pdf for more information and how to calculate this credit.

Complete line 26b if claiming this credit and attach Schedule EZ 2 to your return.

Enterprise Zone Investment Cost Credit 813

A limited liability company was entitled to an enterprise zone investment cost credit provided under IC 6-3.1-10-4 for a qualified investment made in a designated zone located in Vigo County, Indiana. The Terra Haute enterprise zone in Vigo County terminated on Dec. 31, 2005. Provisions of this credit allow for an indefinite carry forward of the unused excess credit to succeeding taxable years.

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 1 3** within lines 28a - 30a under Other Nonrefundable Credits if claiming unused carryover credit. Attach your supporting documentation for this credit.

Enterprise Zone Loan Interest Credit 814

This credit can be for up to five percent of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone. **Claim this credit on line 27 of the return.**

Get Information Bulletin #66 at www.in.gov/dor/reference/bulletins and Indiana Schedule LIC at www.in.gov/dor/taxforms/pdfs/schlic.pdf for more information and how to calculate this credit. Note: Schedule LIC must be attached if claiming this credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc/ for additional information.

Complete line 27b if claiming this credit and attach Schedule LIC to your return.

About Other Tax Liability Credits

Alternative Fuel Vehicle Manufacturer Credit 845

A credit is available for up to 15% for qualified investments made between Jan.1, 2007 and Dec. 31, 2012 within Indiana. This credit applies to expenditures for the manufacture or assembly of alternative fuel vehicles. An alternative fuel vehicle is any vehicle designed to operate using methanol, denatured alcohol, E85, natural gas, liquefied petroleum gas, hydrogen, coal derived liquid fuels, non alcohol fuels derived from biological material, P-Series fuels, or electricity.

For more information on qualifications for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 232-8827 or visit their Web site at www.in.gov/iedc/
Also get Income Tax Information Bulletin #103 at www.in.gov/dor/reference/bulletins

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 4 5** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach certificate of verification from the IEDC for your allowable amount of credit and proof of investment to your return.

Blended Biodiesel Credits 803

Credits are available for taxpayers who produce biodiesel and/or blended biodiesel at an Indiana facility (certified by the IEDC) and for dealers who sell blended biodiesel at retail.

An approved Form BD-100 must be attached to verify the claimed credit. Contact the Indiana Economic Development Corporation, Biodiesel Credit Certification, One North Capitol, Suite 700, Indianapolis, IN 46204, call them at (317) 232-8827 or visit their Web site at www.in.gov/iedc/ for more information. Also, get Income Tax Information Bulletin #91 at www.in.gov/dor/reference/bulletins for additional information.

Enter **8 0 3** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach a Form BD-100.

Capital Investment Credit 804

This credit is available for on certain qualified capital investments made in Shelby County. The Indiana Economic Development Corporation (IEDC) certifies the amount of credit. The credit is equal to 14 percent of the qualified investment and is claimed over a seven year period.

For information regarding the definitions, procedures and qualifications 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/

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 0 4** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach proof of investment.

Coal Combustion Product 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 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.
For more information, contact the Indiana Department of Revenue, Coal Combustion Credit, Room N203, 100 N. Senate Ave., Indianapolis, IN, 46204, or call (317) 232-2339.

Enter **8 0 5** within lines 28-30 under Other Nonrefundable Credits if claiming this credit. Attach your approved Form CCP-100 to your return.

Coal Gasification Technology Investment Credit 806

A credit is available for a qualified investment in an integrated coal gasification power plant or fluidized bed combustion technology that serves Indiana gas utility and electric utility consumers. This may include an investment in a facility located in Indiana that converts coal into synthesis gas that can be used as a substitute for natural gas.

You must file an application for certification with the Indiana Economic Development Corporation (IEDC). If the credit is assigned, it must be approved by the utility regulatory commission and taken in twenty annual installments. The amount of credit that may be assigned is the total credit awarded divided by twenty and then multiplied by the percentage of Indiana coal used in the taxpayer's integrated coal gasification power plant.

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/ Also get Income Tax Information Bulletin #99 at: www.in.gov/dor/reference/bulletins

Enter **8 0 6** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach a copy of the utility regulatory commission's determination and the certificate of compliance issued by IEDC to your return.

College and University Contribution Credit 807

A corporate taxpayer may be eligible for a credit if it made any charitable contributions to charitable contributions to a college, university or a corporation or foundation organized for the benefit of a postsecondary educational institution located within Indiana. Compute this credit on Schedule CC-20 on page 4 of the return and claim the amount on line 24b.

Get Income Tax Information Bulletin #14 at www.in.gov/dor/reference/bulletins for eligibility requirements. **Claim this credit on line 24 of the return.**

Schedule CC-20 must be completed or attach College Credit Schedule CC-40 (attachment sequence #8) to the return. Contact the Department for more information and to get Schedule CC-40 at www.in.gov/dor/taxforms/07pdfs/07-cc40.pdf

To claim this credit you must complete the schedule and enter the amount of credit allowed on line 24b.

Community Revitalization Enhancement District Credit 808

A state and local income tax liability 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 Economic Development Corporation (IEDC) before it is made. The credit is equal to 25 percent of the qualified investment made by the taxpayer during the tax year. 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.
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.

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/ for more information about this credit.

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44 .

Enter **8 0 8** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach a certification from IEDC.

Economic Development for a Growing Economy (EDGE)

This credit is for businesses who conduct certain activities which are designed to foster job creation or job retention in Indiana. It is a refundable tax liability credit that may be claimed only on line 36 of the return. The aggregate amount of credits awarded for projects to retain existing jobs in Indiana is capped at $10 million per year. **Claim this credit on line 36 of the return.**

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

Go to the Credit for Estimated Tax and Other Payments section on front of return if claiming this credit and see instructions for line 36. The approved credit agreement letter from the IEDC and a computation of the credit must be attached to the return or this credit will not be allowed.

Employer Health Benefit Plan Tax Credit 842

A new credit is available to certain taxpayers who begin offering health insurance to their employees. An employer who did not provide health insurance to employees prior to Jan. 1, 2007 and makes health insurance available to its employees may be eligible for a credit. The amount of the credit is the lesser of $2,500 or $50 multiplied by the number of employees enrolled in the health benefit plan.

The employer is required to make health insurance available to the taxpayer's employees for at least two years after the employer first offers the health benefit plan. Get Income Tax Information Bulletin #101 at: www.in.gov/dor/reference/bulletins for more information.

Enter **8 4 2** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach to the return proof of your continued eligibility for the credit and proof of expenditures necessary to calculate the credit.

Enterprise Zone Tax Credits and Benefits

Refer to instructions for lines 26 and 27 and About Enterprise Zone Tax Credits on page 45.

Ethanol Production Credit 815

An Indiana facility with a capacity to produce 40 million gallons of grain ethanol gallons per year may be eligible for a credit. If credit is granted, it may not be sold, assigned, conveyed, or otherwise transferred.

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, call them at (317) 232-8827 or visit their Web site at: www.in.gov/iedc/ for additional information.

Proof of information for the credit calculation plus a copy of the Certificate of Qualified Facility issued by the Indiana Recycling and Energy Development Board must be attached to the return to verify this credit. Get Income Tax Information Bulletin #93 at www.in.gov/dor/reference/bulletins for more information.

Enter **8 1 5** within lines 28a - 30a under **Other** Nonrefundable Credits if claiming this credit and attach a copy of the Certificate of Qualified Facility.

Headquarters Relocation 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, including limitations and the application process, get Income Tax Information Bulletin #97 at: www.in.gov/dor/reference/bulletins

Enter **8 1 8** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach.

Historic Building Rehabilitation Credit 819

A credit is available for the rehabilitation or preservation of historic property that is listed on the Indiana Register of Historic Sites and Structures, is at least 50 years old and is income-producing. The cost of certified rehabilitation or preservation expenses must exceed $10,000. The credit is 20 percent of the qualified expenses. Any unused balance of the credit may be carried forward for up to 15 years.

For additional information, you may call the Department of Natural Resources at (317) 232-1646, or visit online at www.in.gov/dnr/historic

Also get Income Tax Information Bulletin 87 at www.in.gov/dor/reference/bulletins

Enter **8 1 9** within lines 28a – 30a under Other Nonrefundable Credits if claiming this credit. Attach the certification from the Division of Historic Preservation and Archaeology to your return.

Hoosier Business Investment Credit 820

This credit is 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 include property that can be readily moved out of Indiana.

This credit is administered by the Indiana Economic Development Corporation (IEDC) at One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit their Web site at www.in.gov/iedc or call them at (317) 233-3638 for additional information.

Also, get to Income Tax Information Bulletin #95 at: www.in.gov/dor/reference/bulletins
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.

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 2 0** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach certification from IEDC to the return.

Indiana Comprehensive Health Insurance Association (ICHIA) 821

IC 27-8-10-2.4 provides that for each tax year beginning after Dec. 31, 2006, an insurance company may annually claim a credit against adjusted gross income tax and premiums tax equal to ten percent of the amount of the assessments paid before Jan. 1, 2005, against which a tax credit has not been taken before Jan. 1, 2005.

To claim this credit you must provide a signed copy of your completed State of Indiana Assessment Tax Credit Form to show the amount of paid assessments against which a tax credit has not been taken as of Dec. 31, 2004 which was filed the ICHIA. If maximum amount of credit exceeds the tax liability for the year, the unused portion of the credit year may carry forward.

Enter **8 2 1** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit.

Indiana Insurance Guaranty Association Credit 817

An insurance company may be eligible to claim a tax credit up to 20 percent of an assessment paid to either the Indiana Insurance Guaranty Association or the Indiana Life and Health Insurance Guaranty Association (refer to IC 27-6-8-15 and IC 27-8-8-16).

Enter **8 1 7** within lines 28a – 30a under Other Nonrefundable Credits if claiming this credit. Attach supporting assessment and credit documentation to the return.

Indiana Research Expense Credit 822

Indiana has a research expense credit that is similar to the federal credit (Form 6765) for increasing research activities for qualifying expenses paid in carrying on a trade or business in Indiana. Compute the credit using Schedule IT-20REC. **Claim this credit on line 25 of the return.**

Get Schedule IT-20 REC at www.in.gov/dor/taxforms/05pdfs/05-it20rec.pdf This form must be completed and a copy attached to claim this credit. For more information, contact the Department at www.in.gov/dor

To claim this credit you must complete the schedule and enter the amount of credit allowed on line 25b. Attach Schedule IT-20REC to the return.

Individual Development Account Credit 823

A 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 and Community Development Authority (IHCDA) before a contribution qualifies for pre-approval. The credit is equal to 50 percent of the contribution, which must not be less than $100 and not more than $50,000.

Applications for the credit are filed through the IHCDA by using Form IDA-10/20. An approval Form IDA-20 must be attached to your return if claiming this credit. To request additional information about the definitions, procedures, and qualifications for obtaining this credit, contact: Indiana Housing and Community Development Authority, 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777.

Enter **8 2 3** within lines 28a – 30a under Other Nonrefundable Credits if claiming this credit and attach approval Form IDA-20.

Industrial Recovery Credit 824

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. The Indiana Economic Development Corporation (IEDC) approves the application for credit and the plan for rehabilitation. 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.

Get additional information regarding procedures for obtaining this credit from the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 2 4** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach approval certification from IEDC or letter of assignment to your return.

Maternity Home 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 an application annually 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 your tax return before the credit can be taken. Contact the Maternal and Child Health Division, 2 N. Meridian St. 3rd Floor, Indianapolis, IN 46204, or call them at (317) 233-1253 to obtain an application and more information about this credit.

Enter **8 2 5** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit attach approved maternity home application.

Military Base Investment Cost Credit 826

This credit is available to taxpayers who provide 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.

A taxpayer 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. A 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.
For more information about this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 600, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc/

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.

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 2 6** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach certification from the IEDC to your return.

Military Base Recovery Credit 827

A taxpayer who is an owner or developer of a military base recovery site may be eligible for a credit if investing in the rehabilitation of real property located in a military base recovery site according to a plan approved by the Indiana Economic Development Corporation (IEDC). Maximum credit is 25 percent of the cost of rehabilitation of real property located in a designated military base recovery site based on the age of the building.

A claimant may also be a lessee of property in a military base recovery site and assigned part of the tax credit based upon 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).

For more information about this credit contact the Indiana Economic Development Corporation, One North Capitol, Suite 600, Indianapolis, IN, 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc

A taxpayer that would be entitled to this credit is not entitled to the credit if the taxpayer ceases or drastically reduces operations at the military base recovery site.
Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 2 7** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach approval certification from IEDC or letter of assignment to your return.

Neighborhood Assistance Credit 828

If you made a contribution 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.

Approval Form NC-20 must be attached to the return to claim this credit. For more information about this credit, get Form NC-10 at www.in.gov/dor/taxforms/pdfs/nc10.pdf and Income Tax Information Bulletin #22 at www.in.gov/dor/reference/bulletins

Enter **8 2 8** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach approval Form NC-20.

Prison Investment 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 (DOC), plus 25 percent of the wages paid to inmates. Contact the Indiana Department of Correction, Office of the Commissioner, Indiana Government Center South, Room E334, Indianapolis, IN 46204, for additional information.

Enter **8 2 9** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach verification by DOC to the return.

Rerefined Lubricated Oil Facility Credit 830

Note: PL 1-2007 SEC. 248 repealed the rerefined lubricated oil facility tax credit, effective March 20, 2007.

Effective from Jan. 1, 2001, through Dec. 31, 2005, a taxpayer or a pass-through entity may have been 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 was 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. The carry forward provision was limited to two years. However, a taxpayer with a tax year that began on or after March 20, 2007 may no longer apply any carry forward of the unused portion of this credit.

For information regarding the definitions, procedures and qualifications for this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, visit their Web site at www.in.gov/iedc and get Income Tax Information Bulletin 94 at www.in.gov/dor/reference/bulletins

Enter **8 3 0** within lines 28a - 30a under Other Nonrefundable Credits if claiming a carry forward of the unused portion of this credit to a tax years beginning between Jan. 1, 2007 and March 19, 2007. Attach certification from IEDC to the return.

Riverboat Building Credit 832

A state tax liability credit has been established for a taxpayer that builds or refurbishes a riverboat licensed to conduct legal gambling in Indiana. This credit is equal to 15 percent of the qualified investment and can be carried forward to subsequent tax years. The Indiana Economic Development Corporation must approve the costs of the qualified investment before the costs are incurred.

Contact the Indiana Economic Development Corporation, Development Finance Division, One North Capitol, Suite 700, Indianapolis, IN, 46204, call them at (317) 234-0616, or visit their Web site at www.in.gov/iedc/ for additional information.

Enter **8 3 2** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach certification from IEDC, credit assignment and proof of investment to the return.

Small Employer Qualified Wellness Program Credit 843

A taxpayer who is a small employer is entitled to a tax credit equal to 50% of the costs incurred by the taxpayer during the taxable year for providing a qualified wellness program for the employer's employees during the taxable year. A small employer is defined as an employer that is actively engaged in business, and has at least two but not more than 100 eligible employees with a majority of them working in Indiana.

The wellness program must be certified by the State Department of Health (DOH), and the certificate must be attached to the tax return before the credit can be approved. The credit can be carried forward but cannot be carried back or refunded. For more information contact the DOH at www.IN.gov/isdh Also get Income Tax Information Bulletin #102 at: www.in.gov/dor/reference/bulletins

Enter **8 4 3** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach certificate received from the DOH to the return.

Teacher Summer Employment Credit 833

If you hire designated shortage certified teachers during school summer vacation you may be able to take a credit. The qualified positions must be certified by the Department of Education (DOE), and the certificate must be attached to the tax return before the credit can be approved.

Contact the DOE at (317) 232-6676 for information about this credit. For additional information visit their Web site at www.doe.state.in.us/legal

Enter **8 3 3** under within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach Qualified Position Certificate to the return.

Twenty-First Century Scholars Program Support Fund 834

A credit is allowed for contributions made to this Twenty-First Century Scholars Program Support Fund. The credit is equal to 50 percent of the contributions made during the year, limited to the lesser of 10 percent of the corporation's total adjusted gross income tax (as determined without regard to any credits against the tax); or $1,000. Detailed information about the scholarship program, registration, and administration may be obtained by calling the Office of the Twenty-First Century Scholars Program at (317) 233-2100.

To claim this credit you must complete and attach Schedule TCSP-40. Get a Schedule TCSP-40 at www.in.gov/dor/taxforms/05pdfs/05-tcsp40.pdf

Enter **8 3 4** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit and attach Schedule TCSP-40 to the return.

Venture Capital Investment Credit 835

A taxpayer that provides qualified investment capital to an Indiana business may be eligible for this credit. Currently this credit is limited to investments that occur before Jan. 1, 2013. The carry forward provision is limited to five years.

Certification for this credit must 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) 232-8827, or visit their Web site at www.in.gov/iedc

Note: See the Restriction for Certain Tax Credits - Limited to One per Project on page 44.

Enter **8 3 5** within lines 28a - 30a under Other Nonrefundable

Credits if claiming this credit. Attach to return certification from IEDC, credit assignment and proof that investment capital was provided to the qualified business within two years of the certification of the investment plan.

Voluntary Remediation 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 Housing and Community Development Authority must determine and certify that the costs incurred in a voluntary remediation are qualified investments.

Carryover of prior unused credit may be carried back only one year or carry forward up to five years.

For additional information, contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, 100 N. Senate Ave. Indianapolis, IN 46204, or visit their Web site at www.in.gov/idem

Enter **8 3 6** within lines 28a - 30a under Other Nonrefundable Credits if claiming this credit. Attach to your return proof of certification and amounts paid.

Special Reminders

1. A corporation electing to file as an S corporation must file on Form IT-20S.
2. A general corporations must file Form FIT-20, Indiana Financial Institution Income Tax Return, instead of IT-20, when 80 percent of gross income is derived from activities which constitute the business of a financial institution. See Other Related Income Tax Filing Requirements on page 13.
3. If you have more than $1,000 in gross retail 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-20.
4. A corporation filing on a fiscal or short year basis must enter its tax year beginning and ending dates on the return.
5. A net operating loss deduction must be recalculated by completing revised Schedule IT-20NOL (as effective Jan. 1, 2004 or after).
6. Non-business income deductions must be supported by completing IT-20 Schedule F, Allocation of Non-business Income and Indiana Non-unitary Partnership Income.
7. The Penalty for Underpayment of Corporate Income Tax, Schedule IT-2220, must be completed and attached to the return to reflect the applicable penalty and/or exceptions.
8. If an extension of time to file exists, the corporation must prepay at least 90 percent of the tax due by the original due date. Failure to do so will result in a 10 percent penalty on the amount paid after the original due date. Interest will be due on any payment made after the original due date. Indicate on question V1 if you have on file a valid state extension of time, a federal Form 7004, or an electronic extension to file.
9. Corporations filing consolidated returns must attach Schedule 8-D to list the affiliated Indiana group. In addition, a schedule that reflects the net federal taxable income, inter-company receipts and Indiana modifications of each corporation must accompany the return to support the adjusted gross income calculation.
10. The Department requires that the appropriate lines be completed on the official forms. For example, do not refer to a separate schedule when computing the adjusted gross income tax. Rather, complete the return in full. Failure to do so will cause delays in processing.
11. Attach copies of pages 1 through 4 of the federal Corporation Income Tax Return, Schedule M-3, or pro forma form to the Indiana corporation income tax return. This requirement is made under the authority of IC 6-8.1-5-4(d).
12. If name change box is checked you must attach to return copies of amended Articles of Incorporation or Amended Certificate of Authority filed with the Indiana Secretary of State.
13. For final returns check box J2 only if the corporation is dissolved, liquidated, or withdrew from the state. **Also, you must timely file Form BC-100 to close out any state sales and withholding accounts.**

If you have any questions you may contact Tax Administration by calling (317) 233-4015.