May 30, 2003

Re: IT-20 Fiscal
IT-20SC Fiscal
IT-20NP Fiscal

Dear Fiscal Year Corporate Taxpayer:

Governor O'Bannon signed Senate Enrolled Act 422 on May 8, 2003. This legislative change requires one return to be filed for a fiscal year corporate taxpayer. Originally, a final gross and supplemental net income tax (SNIT) return were contemplated as well as a full fiscal year return to calculate the adjusted gross income (AGI) tax liability.

The main areas affected by the new law are the supplemental net income tax calculation and the gross income tax calculation. Both taxes are still repealed as of January 1, 2003, but the calculation of the tax liability has changed. The department is granting an automatic sixty (60) day extension for any fiscal year taxpayer whose taxable year ends on or before June 30, 2003.

Any payments made with returns already filed should be claimed as an "estimated payment" when filing the replacement return. The web site of www.IN.gov/dor/ has additional information, supporting schedules and new rate tables for the corporate AGI tax and SNIT. The corporate tax section telephone number is 317-615-2662 should you have unique questions not addressed in this mailing or the web site information.

Replacement forms and schedules are enclosed for your convenience. Your understanding and cooperation is appreciated concerning these changes.

Sincerely,

Business Form Design Section
Indiana Department of Revenue

2002/2003 IT-20 **Fiscal** Indiana Corporate Income Tax Return (5-03)

Replaces the following:

2002 IT-20 (R1/9-02), Corporation Income Tax Return for fiscal year filers, and
2002 IT-20FY, Corporate Adjusted Gross Income Tax Return

Automatic Extension of Time to File: If the fiscal year ends before July 1, 2003, taxpayers are given an automatic sixty (60) days extension of time to file beyond the normal due date.

Detail of changes to update the application for 2002 fiscal year corporate income tax return
Form IT-20 Fiscal return is to be used by a regular corporation to report final gross tax and supplemental net income tax through December 31, 2002. The adjusted gross income tax rate increase is prorated over the fiscal year. The supplemental net income tax rate is prorated from the beginning of the taxpayer's fiscal year until December 31, 2002.

Schedule A - Report the portion of gross income tax liability from the start of the fiscal year through December 31, 2002.

Line 15. The amount of deduction for the resource recovery system depreciation is prorated by number of months of the fiscal year attributable to 2002.

Line 16. The annual $1,000 basic deduction of gross income is prorated by the number of months of the taxable year in calendar year 2002.

Schedule B - Reports adjusted gross income for a full fiscal year that starts in 2002 and ends in 2003.

Lines 32 & 36. Apply the total amount from **IT-20 Fiscal Schedule F** (5-03). Replaces IT-20 Schedule F (R1/9-02) and IT-20FY Schedule F.

Line 34a. & 34d. Apply percentage from **IT-20 Fiscal Schedule E** (5-03). Replaces IT-20 Schedule E (R1/9-02) and IT-20FY Schedule E.

Line 40. Apply the prorated adjusted gross income tax rate in effect through December 31, 2002 that is applicable during part of the taxpayer's fiscal year.

Schedule C - Report the final portion of supplemental net income tax liability based on the fiscal year's adjusted gross income that starts in 2002 and ends in 2003, using the current tax rates in effect until repealed on January 1, 2003.

Line 44. Apply the prorated supplemental net income tax rate for the part of the year that is applicable during the taxpayer's fiscal year through December 31, 2002.

Schedule D - Total tax calculation after applying applicable rates for the fiscal year.

Line 45. Enter the greater of the gross or the adjusted gross income tax liability for the 2002 period (same amount from line 42).

Line 46. Prorate the adjusted gross income tax rate to arrive at the adjusted gross income tax liability for the period from January 1, 2003 through the end of the taxpayer's fiscal year.

Line 47. Add **line 44** (supplemental net income tax), **line 45** (net tax liability for 2002 period), and **line 46** (adjusted gross income tax liability for 2003 period) to determine the total tax due.

Estimated Credits and Other Payments for Fiscal Year
Line 60. Report the total of estimated payments made for the **whole taxable fiscal year** ***plus any payment previously paid on a replaced Form IT-20 or IT-20FY.***

Line 66. Apply the penalty for underpayment of estimated tax from **Schedule IT-2220 Fiscal** (5-03). Replaces 2002 Schedule IT-2220 (R1/9-02) and Schedule IT-2220(FY).

See updated instructions and schedules on the Department's web site at www.in.gov/dor/taxforms/

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

Corporate Taxpayer Assistance
(317)615-2662

SP 280
(5-03)

State of Indiana
Instructions for **Form IT-20 Fiscal Corporate Income Tax Return** for Fiscal Years
Beginning in 2002 and Ending in 2003

Contents

Other Indiana Department of Revenue Forms:

Internet Address - www.in.gov/dor/
Our homepage provides access to forms, information bulletins and directives, tax publications, e-mail, and various filing options.

Indiana TaxFax - (317) 233-2329
Call TaxFax using the telephone portion of your fax machine or computer to obtain the Department's catalog of available Indiana tax forms.

STATE of INDIANA

DEPARTMENT OF REVENUE

INDIANA GOVERNMENT CENTER NORTH

INDIANAPOLIS, IN 46204-2253

May 30, 2003

Dear Fiscal Year Corporate Taxpayer:

Governor O'Bannon signed Senate Enrolled Act 422 on May 8, 2003. This legislative change requires one return to be filed for a fiscal year corporate taxpayer. Originally, a final gross and supplemental net income tax (SNIT) return were contemplated as well as a full fiscal year return to calculate the adjusted gross income (AGI) tax liability.

The main areas affected by the new law are the supplemental net income tax calculation and the gross income tax calculation. Both taxes are still repealed as of January 1, 2003, but the calculation of the tax liability has changed. The department is granting an automatic sixty (60) day extension for any fiscal year taxpayer whose taxable year ends on or before June 30, 2003.

Any payments made with returns already filed should be claimed as an "estimated payment" when filing the replacement return. The web site of www.IN.gov/dor/ has additional information, supporting schedules and new rate tables for the corporate AGI tax and SNIT. The corporate tax section telephone number is 317-615-2662 should you have further questions not addressed in these instructions or the web site information.

Replacement forms and schedules are enclosed for your convenience. Your understanding and cooperation is appreciated concerning these changes.

Sincerely,

Kenneth L. Miller
Commissioner, Indiana Department of Revenue

Notes Regarding Replacement Forms

A tax alert was issued May 1, 2003 regarding fiscal year taxpayers attempting to file for short fiscal period ending December 31, 2002 or a fiscal year return. Notice was given that certain corporate forms would no longer be applicable for 2002/2003 fiscal year reporting because of the eventual passage of Senate Enrolled Act 422 on May 8, 2003. As a response to the new filing requirements, the following replacement forms were made available to current fiscal year filers on May 30, 2003.

Form IT-20 Fiscal (5-03) return is to be used by a regular fiscal year corporation to report final gross income tax through December 31, 2002 and the full year's adjusted gross income and supplemental net income tax. The adjusted gross income tax rate increase is prorated over the fiscal year. The supplemental net income tax rate is prorated from the beginning of the taxpayer's fiscal year until December 31, 2002. This return replaces the fiscal year application of Form IT-20, but the form remains current for calendar year filers, and replaces Form IT-20FY (deleted).

Schedule IT-2220 Fiscal (5-03) allows a fiscal year corporate filer to compute penalty for underpayment of estimated taxes. This schedule replaces the fiscal year application of Schedule IT-2220, but the schedule remains current for calendar year filers, and replaces deleted Schedule IT-2220(FY).

Legislative and Administrative Highlights - 2002

Internal Revenue Code References

Public Law 177-2002 updates references to the Internal Revenue Code in certain Indiana income tax statutes. For tax year 2002, any reference to the Internal Revenue Code means the Internal Revenue Code of 1986, as amended, and in effect on January 1, 2002. *Citations affected: IC 6-3-1-11. Effective: January 1, 2002 (retroactive). HEA 1195, SECTION 11.*

Not included in the above reference to the Internal Revenue Code are two acts passed by Congress. **The Victims of Terrorism Tax Relief Act of 2001, HR 2884**, was signed by the President on January 23, 2002 and **The Job Creation and Workers Assistance Act of 2002, HR 3090**, was signed by the President on March 9, 2002. Both contain certain provisions with retroactive effective dates. Since these bills were signed *after January 1, 2002*, neither of the Acts was adopted into Indiana law for 2002.

Special Procedure for Tax Year 2002: On Form IT-20 Fiscal, use the "other income" line (adjustment line 30 of Schedule B) to reflect certain federal legislative provisions in effect for 2002 that may not be used to arrive at Indiana adjusted gross income. Explain any adjustments on Schedule H of Form IT-20 Fiscal.

Job Creation and Workers Assistance Act of 2002 - Items of change that are **not** recognized for Indiana adjusted gross income tax purposes:

1. Bonus depreciation- Business taxpayers are allowed an additional deduction for certain qualified property acquired after September 10, 2001 and before September 11, 2004.
2. Net Operating Losses – The current 2 year NOL and 3 year casualty loss carry back provisions are extended to 5 years for losses incurred in taxable years ending after Dec. 31, 2000 and before Jan. 1, 2003.
3. New York Liberty Zone Benefits – Benefits are provided for those businesses located in New York City and affected by the events of Sept. 11, 2001.
4. Miscellaneous Provisions –
   a) Cancellation of S corporation indebtedness.
   b) Changes to method of accounting.
   c) School teacher business expense deduction.
   d) Extension of Certain Expiring Provisions and Technical Corrections.

These deductions must be added back on the Indiana return if deducted on the federal return, and if not added back on a filed Indiana tax return, must be corrected by filing an amended return.

Repeal of Gross Income Tax and Supplemental Net Income Tax Effective 1-1-2003

P.L 192-2002ss repeals the gross income tax, and repeals the supplemental net income tax. The bank tax, the savings and loan tax, and the production credit association tax are also repealed, as well as the credit for property taxes paid on inventory. *Citations affected: IC 6-2.1. Effective: January 1, 2003. HB 1001ss, SECTION 191.*

Adjusted Gross Income Tax Rate Increase Effective 1-1-2003

P.L 192-2002ss increases the corporate adjusted gross income tax from 3.4% to 8.5%. *Citations affected: IC 6-3-2-1. Effective: January 1, 2003.HB 1001ss, SECTION 70.*

P.L 192-2002ss, SECTION 200 provides that corporate fiscal year taxpayers subject to the adjusted gross income tax shall calculate the adjusted gross income tax liability based on the number of days that the income is subject to the 3.4% rate, and the number of days that the income is subject to the 8.5% rate. *Citations affected: IC 6-3-2-1. Effective: July 1, 2002. HB 1001ss.*

Adjusted Gross Income Defined: P.L. 192-2002ss, SECTION 67 defines adjusted gross income for domestic life insurance companies to be the same as federal taxable income as defined in Section 801 of the Internal Revenue Code adjusted as follows; add Section 170 deductions and add back state and local income taxes. Subtract income that is exempt under statutes of the United States and income included in taxable income under Section 78 of the Internal Revenue Code.

Other insurance companies that are organized under Indiana law use the definition contained in Section 832 of the Internal Revenue Code with the same adjustments that are listed above. *Citations affected: IC 6-3-1-3.5. Effective: January 1, 2002 (retroactive). HB 1001ss.*

Insurance Companies: P.L. 192-2002ss, SECTION 68 provides that life insurance companies and other insurance companies are a corporation for purposes of the adjusted gross income tax statute. *Citations affected: IC 6-3-1-10. Effective: January 1, 2003. HB 1001ss.*

Factor Apportionment for Insurance Company: P.L. 192-2002ss, SECTION 71 provides that insurance companies are subject to a one-factor apportionment formula based on premiums written in Indiana divided by premiums written everywhere. *Citations affected: IC 6-3-2-2. Effective: January 1, 2003. HB 1001ss.*

Insurance Company's Net Operating Loss Deduction: P.L. 192-2002ss, SECTION 73 provides that insurance companies subject to the adjusted gross income tax are allowed a net operating loss deduction even if the taxpayer was not subject to tax at the time of the loss. *Citations affected: IC 6-3-2-2.6. Effective: January 1, 2003. HB 1001ss.*

Exemption for Insurance Company Paying Premium Tax: P.L. 192-2002ss, SECTION 74 provides that foreign insurance companies are exempt from the adjusted gross income tax, and domestic insurance companies are exempt if they elect to pay the insurance premium tax. *Citations affected: IC 6-3-2-2.8. Effective: January 1, 2003. HB 1001ss.*

Two New Enterprise Zones Established

The Indiana State Enterprise Board designated areas in the cities of **LaPorte** and **Vincennes** as two new enterprise zones. The designation is effective for January 1, 2002 through December 31, 2011, and applies to taxable years beginning after December 31, 2001.

Contact the Indiana Department of Commerce, Community Development Division, Enterprise Zone Services, One North Capitol Avenue, Indianapolis, IN, 46204, or call 317-232-8911. Also contact your local Urban Enterprise Zone Association for more information.

2002 Fiscal Year Regular Corporation

Filing Requirements for Current & Final Returns

Any corporation doing business and having gross income in Indiana is required to file a corporation income tax return unless specifically exempt. Indiana tax law requires all corporations to adopt their federal tax year for reporting income to Indiana. This applied to both the gross income tax until December 31, 2002 and to the adjusted gross income tax.

A limited liability company, including a publicly traded partnership, that is treated as a partnership and not as a corporation for federal income tax purposes must file on Form IT-65. A not-for-profit corporation must file Form IT-20NP, IT-35AR or Form NFP-20. A political organization and a homeowner's association are not considered not-for-profit organizations and, therefore, must file as regular corporations on Form IT-20.

When a corporation is not required to file a federal return, its taxable year shall be a calendar year unless permission is otherwise granted. **The corporation's tax return is due the 15th day of the 4th month following the close of the tax year.** *However, if a fiscal year ends before July 1, 2003, taxpayers are given an automatic sixty (60) day extension of time to file beyond the normal due date.*

A farmer's cooperative described in Section 1381 of the Internal Revenue Code has until the fifteenth day of the tenth month following the end of its taxable year to file its annual Indiana Adjusted Gross Income Return.

A corporation that has applied for and received permission to file for federal income tax purposes, under I.R.C. Sec. 1361, as an S Corporation on Form 1120S, is required to file an Indiana S Corporation Income Tax Return Form IT-20S.

Certain corporations may qualify to file as Indiana "special" corporations using Form IT-20SC (or IT-20SC Fiscal). Indiana special corporations are exempt from the gross income tax. To qualify, the following requirements must be met: (1) the corporation must qualify to file as an S Corporation at the federal level even though it has elected not to do so; however, a corporation is considered to qualify even if one of its shareholders is a qualified trust that forms an employee stock ownership plan under Section 401(a) of the Internal Revenue Code; (2) passive investment income as defined in Section 1362(d)(3)(C) of the Internal Revenue Code cannot be more than 25% of the corporation's gross income for the tax year; and (3) a corporation must annually file Form IT-20SC for purposes of claiming the exemption from gross income tax through December 31, 2002.

If a corporation has overpaid its Indiana income tax liability, it may elect to have a portion or all of its overpayment credited to the following year's estimated tax account.

If an overpayment of tax is not refunded within ninety (90) days of either (1) the date the tax payment was due; (2) the date the tax was paid; or (3) the date the refund claim was filed, whichever is latest, it accrues interest at the rate established by the Commissioner.

For an overview of corporate taxation, refer to Income Tax Information Bulletin #12. Attach copies of pages 1 through 4 of the completed U.S. Corporation Income Tax Return or pro forma schedule when filing the Indiana return on paper.

Indiana Financial Institution Tax

I.C. 6-5.5-2-1 imposes an 8.5% franchise tax on the adjusted gross income of a corporation transacting the business of a financial institution, including: a holding company, a regulated financial corporation, or a subsidiary of the above. Any taxpayer subject to tax under I.C. 6-5.5 is exempt from Indiana's gross, adjusted gross and supplemental net income taxes.

The franchise tax extends to both resident and nonresident financial institutions and to all other corporate entities when eighty percent (80%) of gross income is derived from activities which 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; or operating a credit card, debit card or charge card business.

Entities subject to this tax should not file Form IT-20 (or IT-20 Fiscal); instead, they should file Form FIT-20, which is available from the Department. For further information on the financial institution tax, request Commissioner's Directive #14 from the Department or call the Corporate Income Tax Section: (317) 615-2662.

Accounting Methods

Under the Gross Income Tax Act, the accounting method for reporting gross receipts of a corporation should conform with the method used on the federal return. However, if the method used on the federal return is a method other than cash or accrual, the method for reporting gross receipts shall be limited to the cash method. **Note:** The completed contract, percentage of completion, and the installment method of accounting are not permitted under the Gross Income Tax Act. If one of these methods is used for federal tax purposes, gross receipts must be reported on the cash basis.

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

Gross Income Tax (I.C. 6-2.1)

Repealed-Effective January 1, 2003

The gross income tax is a gross receipts tax. A corporation's entire amount of gross receipts is used as the tax base. Deductions for cost, losses, or expenses are not allowed in calculating the Indiana gross income tax liability. This tax is not to be confused with the Indiana sales and use tax. The gross income tax is not imposed on the act of sale, but on the receipts from sales when received or credited. The gross income tax generally applies to all intrastate transactions and receipts from doing business in Indiana. Most receipts derived from interstate commerce are exempt from this tax. For further information concerning interstate commerce, please refer to the Administrative Rules of the Indiana Department of Revenue, 45 I.A.C. 1.1, as amended, January 1, 1999.

There are two rates for the gross income tax: a high rate of 1.2% and a low rate of .3%, effective through 12-31-2002.

Adjusted Gross Income (I.C. 6-3-1-3.5)

The Indiana adjusted gross income tax is calculated using federal taxable income from federal Form 1120 and making Indiana modifications as required by I.C. 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 Schedule E. The adjusted gross income tax rate is 3.4% effective through 12-31-2002 and has been increased to 8.5%, effective January 1, 2003. All fiscal year filers will be affected by the rate change and must file on Form IT-20 Fiscal.

Supplemental Net Income Tax (I.C. 6-3-8)

Repealed-Effective January 1, 2003

The supplemental net income tax is calculated by deducting from Indiana adjusted gross income the greater of gross income tax, adjusted gross income tax of the reporting period, or Indiana insurance premium tax paid by domestic insurance companies; the remainder (supplemental net income) is taxed at the rate of 4.5%. Supplemental net income can never be negative. If it is less than zero, enter zero on the appropriate line.

Quarterly Estimated Payments (I.C. 6-3-4-4.1)

Effective on January 1, 2003, a corporation whose estimated adjusted gross income tax liability exceeds $1,000 for a taxable year must file quarterly estimated tax payments.

Estimated income tax payments are submitted with the Indiana quarterly estimated return, Form IT-6, or by electronic funds transfer when the average quarterly liability exceeds $10,000. If the corporation has overpaid estimated payments, a credit must be claimed on the annual corporate return, Form IT-20, to obtain a refund or to carryover the excess to the following year's estimated tax account.

If an estimated account needs to be established, contact the Department to remit the initial payment and to request preprinted quarterly estimated IT-6 returns. Use the federal identification number of the reporting taxpayer.

The quarterly due dates for estimated income tax payments for calendar year corporate taxpayers are April 20, June 20, September 20 and December 20 of the taxable year. Fiscal year and short tax year corporate filers must remit by the 20th day of the 4th, 6th, 9th and 12th month of their tax period. For further instructions, refer to Income Tax Information Bulletin #11.

Penalty for Underpayment of Estimated Taxes (I.C. 6-8.1-10-2.1 b)

Corporations required to estimate their income taxes will be subject to a ten percent (10%) underpayment penalty if they fail to timely file estimated tax payments or fail to remit a sufficient amount. To avoid the penalty, the required quarterly estimated payments must be at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) of the corporation's final income tax liability for the previous tax year.

Use Schedule IT-2220 Fiscal 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 twenty-five percent (25%) 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 Taxes.

Electronic Funds Transfer Requirements

Corporate quarterly estimated tax is required to be remitted by Electronic Funds Transfer (EFT) if the amount of the corporate adjusted gross income tax imposed on a corporation exceeds an average liability of $10,000 per quarter (or $40,000 annually). However, the Department encourages all corporate taxpayers not required to remit by EFT to participate voluntarily in our EFT program because there is no minimum amount of payment. Note: Taxpayers remitting by EFT do not file quarterly IT-6 coupons. The only reconciliation is 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% 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. Nevertheless, if either is paid by EFT, be certain to also claim any EFT payment as an extension or estimated payment credit. Do not file a return indicating an amount due if you have paid, or will pay, any remaining balance by EFT.

If the corporation determines that it meets the requirements to remit by Electronic Funds Transfer (EFT), contact the Indiana Department of Revenue, EFT Section, by calling (317) 615-2695.

Consolidated Reporting

Both the Gross Income Tax Act and Adjusted Gross Income Tax Act provide for an election to file consolidated returns for qualified groups. To file a consolidated return through calender year 2002 for gross income tax purposes, all corporations must constitute an affiliated group. Affiliated means one (1) corporation owns at least eighty percent (80%) of the voting stock of another corporation. An affiliated group is a group of such corporations linked together by eighty percent (80%) ownership of one with another. Each corporation in the affiliated group electing to file consolidated must be either incorporated in Indiana or registered with the Secretary of State to do business in Indiana. **All affiliated groups filing consolidated income tax returns with the Department must attach Schedule 8-D to the return.**

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

If such an election is made for Indiana tax purposes, the Department should be notified by attaching a statement using the front page format of Schedule 8-D to the return indicating the affiliated corporations included in the consolidated return. In addition, a spreadsheet and Schedule 8-D must accompany the annual return reflecting the adjusted gross income or loss of each of the participating affiliates.

If an affiliated group elects to file a consolidated return under either the Gross or Adjusted Gross Income Tax Act, the

Department strongly urges the affiliated group to file a consolidated return under both Acts. If each member of an affiliated group files separately under one Act and consolidated under the other Act, the burden will be on each member to provide a complete breakdown of that member's final gross income tax, adjusted gross income tax, final supplemental net income tax, estimated tax payments, and other credits.

An election to file a consolidated adjusted gross income tax return for Indiana purposes must be made by filing the consolidated tax return by the due date, including any extensions of time to file. Once an affiliated group elects to file consolidated for Indiana purposes, the group must follow that election for all subsequent years of filing. 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

Indiana taxpayers must petition to file their corporate return on a combined basis if this method will "more fairly reflect" their income derived from Indiana sources. A taxpayer must petition to file on a domestic (water's-edge) unitary basis. A petition to file on a combined basis must be filed with the Indiana Department of Revenue, Tax Policy Division, 100 N. Senate, N248, Indianapolis, IN, 46204, within 30 days following the close of the tax year, I.C. 6-3-2-2(q). (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.)

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 a combined group must be included. Supporting Indiana Unitary Schedules 1 and 2 showing federal taxable income, dividend deductions, modifications, and nonbusiness income must also be attached. 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 sales factors.

Note: Unitary (combined) filing does not apply to gross income tax. Additional information concerning unitary requirements may be obtained from the Tax Policy Division, (317) 232-7282. Refer to Tax Policy Directive #6, issued June 1992.

Treatment of Partnership Income

Gross Income Tax: The portion of net distributive shares of income to corporate partners are subject to gross income tax, at the high rate of 1.2%, to the extent the income from the partnership is attributable to Indiana on or before 12-31-2002 using a three-factor apportionment formula where the sales factor is not double-weighted. Refer to 45 I.A.C. 1.1-2-13. However, the total distributive partnership income received by non-controlling limited partners of a partnership is not subject to gross income tax (nor included in gross receipts) unless the partner's commercial domicile is Indiana, 45 I.A.C. 1.1-1-3 (b)(7).

Adjusted Gross Income Tax and Supplemental Net Income Tax: 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 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 (unapportioned) 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 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 I.A.C. 3.1-1-153.

For non-unitary partners, taxable partnership distributions included in federal adjusted gross income are deducted on line 32 of Schedule B. Non-unitary partnership income attributed to Indiana, including any apportioned pro rata modifications, is added back on line 36 of Schedule B. 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 I.R.C. Section 704.

Extensions for Filing Return

The Department normally recognizes the Internal Revenue Service's application for automatic extension of time to file (Form 7004). Do not file a separate copy of Form 7004 with the Department to request an Indiana extension.

The federal extension form must be attached when the Indiana return is filed. Returns postmarked within thirty (30) days after the last date indicated on the federal extension will be considered timely filed.

If a federal extension form is not needed, a corporation may request, in writing, an Indiana extension of time to file from the Indiana Department of Revenue, Corporate Income Tax Section, Returns Processing Center, 100 N. Senate Avenue, Indianapolis, Indiana, 46204-2253.

Penalty for late payment will not be imposed if at least 90% of the tax is paid by the original due date. The extension payment should be sent with the previous pre-printed Indiana Form IT-6, as a fifth quarter estimated payment for your taxable year or on a company's statement by the due date of the return. Any tax paid after the original due date must include interest. Contact the Department for the current rate of interest charged for late payments.

Automatic Extension of Time to File: *If the fiscal year ends before July 1, 2003, taxpayers are given an automatic sixty (60) day extension of time to file beyond the normal due date.*

Amended Returns

Form IT-20X must be completed to amend an Indiana corporation income tax return. Always use Form IT-20X to comply with I.C. 6-3-4-6, which requires a taxpayer to notify the Department of any modifications (federal adjustment, R.A.R., 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 carryback of a net operating loss deduction, Indiana generally follows federal regulations.

Also, I.C. 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 6 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, then the period for filing a claim for refund is likewise extended.

Instructions for Completing Form IT-20 Fiscal

Identification Section

File a 2002 Form IT-20 Fiscal for a taxable year beginning in 2002 and ending in 2003. If the short year also ends in 2002, cross out the 2003 and write-in your ending date on line BB.

All corporations filing an Indiana corporation income tax return must complete the top portion of the form including questions *K* through *Z*. Please use the full legal name of the corporation and present mailing address.

Note: For question S, check box #2 only if the corporation is dissolved, liquidated or has withdrawn from the state.

Domestic insurance companies must check box S4 in question S. Farmer's cooperatives must check box S5. 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.

If the corporation is registered as a collection agent for the State of Indiana for sales and/or withholding tax, enter the assigned Indiana Taxpayer Identification (TID) number as 10 digits by dropping the trailing three-digit location numbers. This number should be referenced on all returns and correspondence filed with the Department.

List the name of the county in Indiana where you have a primary business location. Place "O.O.S." in the county box 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 list of these codes is available through the Department's Internet address at www.in.gov/dor/resources/

The Department is mandated under I.C. 6-8.1-6-5 to request information concerning the number of motor vehicles owned or leased by a corporation, and whether or not those vehicles are registered in Indiana. A motor vehicle for purposes of this section is a car, a motorcycle, or a truck having a declared gross weight of 11,000 pounds or less, and is subject to the motor vehicle excise tax. This information must be provided by answering questions *Q* and *R* on the front of Form IT-20 Fiscal. Also, an explanation must be given if any of the vehicles are not registered in Indiana. Attach additional sheets if necessary.

IT-20 Fiscal Schedule A - Final Gross Income Tax Calculation on Gross Receipts Received through December 31, 2002 by All Taxpayers Subject to Gross Income Tax

The corporation's total gross receipts from all sources without regard to either the cost of goods sold, expenses, or any other deductions should be reported on lines 1 through 13. Receipts that are nontaxable under Indiana law should be deducted on line 15 and explained on Schedule G. Consolidated filers must complete Schedule 8-D, Consolidated Gross Income Tax Schedule, which is available from the Department upon request. **Note:** Negative figures cannot be reported on Schedule A.

Column A: Lines 1 through 7.

Line 1. Enter the total amount of commissions and fees actually or constructively received for services performed.

Line 2. Enter the amount of interest and dividends actually or constructively received. **Note:** Interest from obligations of the United States and Indiana governmental units is exempt and may be deducted on Schedule G. Interest from obligations of other states or their political subdivisions is taxable for gross income tax purposes. Refer to Income Tax Information Bulletin #19.

Line 3. Enter the total amount of gross receipts from the rental of real or personal property regardless of where the property may be located or used. In addition, the total proceeds from real estate sales before making any deductions must be included on this line.

Line 4. Enter the gross receipts from the sale of securities and other miscellaneous personal property. Include sales of depreciable non-capital assets returned to inventory.

Line 5. Gross Earnings: Trust companies, insurance companies (refer to insurance IT-20 Schedules 4-A, 7-A and 9-A), dealers in securities, commercial paper brokers, certain investment companies, certain grain dealers and handlers, and certain wholesale grocers, must report qualifying business receipts on the gross earnings basis. Also, drug wholesalers (other than manufacturers) will report their sales of legend drugs on the gross earnings basis.

Gross earnings consist of:

1. The total gross amounts derived (without any deductions whatsoever) from transactions forming a part of usual or normal business functions such as: commissions, fees, rentals, and services, but not limited thereto;
2. The gross difference, on the sale or other taxable disposal of tangible or intangible property acquired in transactions forming a part of normal business, between the initial cost of such property to the seller at the time the property was acquired and the total selling price without any deductions; and,
3. In regard to rights acquired in margin transactions, gross earnings shall be the difference between the initial cost of such rights to the owner and the total disposal price of such rights without any other deductions.

The above taxpayers may not include in gross earnings any receipts under the classification realized through business activities that are not a part of their regular and ordinary functions. Income from the sale of property or fixtures used in carrying on the business or receipts from any other kind of activity or business, such as operating a farm, store, office building, apartment house, etc., will be subject to taxation at the applicable rate. Other miscellaneous gross receipts of high rate income not used for reserves of an insurance company will be added to taxable gross earnings.

Caution: Taxpayers who derive 80% or more of gross income from extending credit or making loans cannot file Form IT-20. Instead, request the Financial Institution Tax Booklet from the Indiana Department of Revenue and file Form FIT-20.

Line 6. Enter all receipts derived from the performance of contracts, excluding income specifically identified as materials becoming an integral part of the project(s) to be reported on line 8. For lump-sum and fixed price contracts refer to 45 I.A.C. 1.1-2-12. The completed contract method and percentage of completion method are not allowed in computing Indiana gross income tax. The taxpayer is limited to the cash method of reporting if either of these methods is used for federal income tax purposes.

Line 7. Enter all receipts derived from miscellaneous sources including receipts derived from coin-operated laundries and dry cleaning equipment, and apportioned partnership distributions through December 31, 2002.

See special note under Summary of Apportioned Income for Indiana, Schedule E with regard to reporting partnership distributive share income.

Column B: Lines 8 through 13.

Line 8. Enter all receipts derived from the sale of material used as an integral part in the completion of project(s) under contract. The contractor must be regularly and occupationally engaged in purchasing and providing the tangible personal property under contract to a final user from an established place of business. The sales value of the material used as an integral part of the project(s) in said contract(s) must be segregated from the other charges and substantiated by receipts on a per contract basis. This segregation must be maintained in a manner acceptable to the Department. Any portion of the receipts claimed as sales of materials provided under contract(s) not supported by proper segregation is reported on line 6 at the higher tax rate. The right to segregate and calculate tax at the lower rate does not apply to income from a transaction where title to real estate is transferred. For lump-sum and fixed price contracts refer to 45 I.A.C. 1.1-2-12.

Line 9. Enter all receipts derived from the sale of merchandise by a corporation regularly engaged in purchasing tangible personal property and selling the same to its customers at a fixed and established place of business, except those sales by contractors reported on line 8. If such sale is made for the purpose of resale, it is properly reportable as a wholesale sale and should be entered on line 12.

Miscellaneous gross receipts of low rate income will be reported in Column B and taxed at the low rate.

Line 10. Enter the receipts derived from laundering, dry cleaning (excluding receipts from coin-operated equipment), industrial processing and commercial printing (excluding photocopying). Report intrastate miscellaneous receipts earned by insurance companies and attach supporting schedule.

Receipts from the business of dry cleaning and laundering, excluding the operation of coin operated laundry and dry cleaning equipment, are reported on this line.

The essential requirements of industrial processing, are as follows: (1) the property processed or serviced must be tangible personal property; (2) the property must be owned by the processor's customer who is a manufacturer, assembler, constructor, refiner, or processor; and (3) in the case of enameling and plating, the property serviced must be for sale by the processor's customer either as a completed article or as an integral part of property produced for sale by the processor's customer.

Line 11. Enter the receipts derived from the sale of farm products by corporations engaged in the business of agriculture.

Line 12. Enter the receipts derived from sales made by manufacturers to others for resale and other wholesale sales.

Line 13. Enter hotel and motel rental receipts for accommodation periods of less than 30 days.

Columns A and B: Lines 14 through 20.

Line 14. Add the amounts in each column, lines 1 through 13. Also, add in any taxable gross income of certain insurance companies, if not already included on line 5 and/or line 10, and attach the appropriate calculation schedule.

Line 15. The nontaxable receipts listed on Schedule G or 8-D, Consolidated Income Tax Schedule for an Indiana Affiliated Group, should be totaled and entered in the appropriate columns on line 15. *Prorate the amount of deduction for the resource recovery system depreciation by the number of months of the fiscal year attributable within calendar year 2002.*

For further information on nontaxable receipts, see instructions for Schedule G.

Line 16. *The annual $1,000 basic deduction from taxable gross receipts is prorated by the number of months of the taxable year in calendar year 2002.* This amount may first be applied to the high rate, then to the low rate along columns A and B; however, the total may not exceed $1,000.

Taxpayers subject to gross income tax for less than twelve months may deduct $83.33 per month times the number of month(s) of their tax year in calendar year 2002.

Taxpayers filing consolidated returns are entitled returns one annual exemption per tax year, regardless of the number of corporations included in the return. *In no case shall the total exemption (sum of columns A and B) exceed $83.33 times the number of months of the taxable year in 2002.*

Line 19. Multiply amount entered on line 18, column A, by 1.2% (.012) and enter the result for column A. Multiply amount entered on line 18, column B, by .3% (.003) and enter the result for column B.

Line 20. Final Gross Income Tax for Tax Period: Enter the total of columns A and B from line 19.

IT-20 Fiscal Schedule B
Adjusted Gross Income Tax Calculation

For unitary filers, use the combined group's totals and relative formula percentage for entries on all lines except lines 36 and 38. Compute the Indiana portion of a net operating loss deduction, if any, on line 38 based on the relative formula percentage as applied for the loss year.

Line 21. Enter the federal taxable income (as defined under I.R.C. Section 63) before any federal net operating loss deduction and/or special deductions from Form 1120, or pro forma U.S. Corporation Income Tax Return.

Line 22. Enter the special deductions from Schedule C, federal Form 1120 excluding NOL. Use the amount reportable to Indiana if filing as a consolidated group.

Line 23. Subtract the amount on line 22 from line 21.

Line 24. Enter all taxes measured by income levied by any state, including Indiana gross income tax from all sources 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 for under I.C. 6-3-1-3.5(b) (unapportioned).

Line 25. Enter all charitable contributions deducted when computing federal net taxable income.

Line 26. 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 27. 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 28. Enter the sum: add lines 24 and 25, subtract lines 26 and 27.

Line 30. Adjustments -

Special Procedure for Taxable Year 2002: *You may have to adjust your return if you took advantage of any federal provisions that affect adjusted gross income allowed under Job Creation and Workers Assistance Act of 2002, HR 3090 or Victims of Terrorism Tax Relief Act of 2001, HR 2884. Use the adjustment line 30 to reflect certain federal legislative provisions in effect for 2002 that may not be used to arrive at Indiana adjusted gross income. Explain any adjustments on Schedule H of Form IT-20 Fiscal. See list of these provisions as highlighted on page 3.*

Other adjustments include:

- **Deduction for Foreign Source Dividends -** I.C. 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 one hundred percent (100%) if the corporation including the foreign source dividend in its adjusted gross income owns stock, possessing at least eighty percent (80%) of the total combined voting power of all classes of stock of the foreign corporation where the dividend is derived.
  (b) The percentage is eighty-five percent (85%) if the corporation including the foreign source dividend in its adjusted gross income owns stock, possessing at least fifty percent (50%) but less than eighty percent (80%) of the total combined voting power of all classes of stock of the foreign corporation where the dividend is derived.
  (c) The percentage is fifty percent (50%) if the corporation including the foreign source dividend in its adjusted gross income owns stock, possessing less than fifty percent (50%) of the total combined voting power of all classes of stock of the foreign corporation where the dividend is derived.

Complete the worksheet in Schedule H. *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 Prize Money** - Prize money from a winning Indiana lottery game or ticket included in federal taxable income should be excluded if received before July 1, 2002. Beginning after June 30, 2002, the proceeds of up to $1200 are deductible from each winning lottery game or ticket paid through the Hoosier State Lottery Commission *Explain deduction on Schedule H.*

Caution: Do not use line 30 to deduct out-of-state income. Instead, see the apportionment and allocation instructions for Schedules E and F.

Line 31. Add lines 29 and 30, enter the balance. If there is property, payroll, or sales outside Indiana, refer to the instructions for IT-20 Fiscal Schedule E and continue to line 32.

Line 32. Enter the net nonbusiness income (loss) and tiered/non-unitary partnership distribution from IT-20 Fiscal Schedule F, column C, line 10. You must also attach completed schedule.

Line 33. Deduct line 32 from line 31.

Line 34a-d. If applicable, enter the Indiana apportionment percentage (round to two decimal places, e.g. 98.46%) from the completed schedule. Check box 34a if using IT-20 Fiscal Schedule E, line 4c. Check box 34b if using Schedule E-7, Apportionment for Interstate Transportation. (Schedule is available upon request.) Check box 34c 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. *Starting January 1, 2003, 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 divided by premiums and annuity considerations everywhere.*

Line 35. Multiply line 33 by the apportionment percentage on line 34d, if applicable; otherwise, enter amount from line 33.

Line 36. Enter Indiana net nonbusiness income (loss) and Indiana tiered, non-unitary partnership income from IT-20 Fiscal Schedule F, column D, line 11.

Line 37. Enter the total of line 35 and line 36.

Line 38. The available portion of an Indiana net operating loss deduction is calculated on Schedule IT-20NOL. In no case should this entry exceed the amount entered on line 37. Schedule IT-20NOL MUST be attached to support the entry. *Please review separate schedule IT-20NOL and instructions before entering an amount on line 38.*

Line 39. Subtract line 38 from line 37.

Line 40. Indiana adjusted gross income tax for reporting period: multiply the amount on line 39 by the prorated adjusted gross income tax rate in effect for part of the taxpayer's fiscal year in calendar year 2002. *Apply the tax rate factor for Schedule B that is applicable to the federal taxable year from the beginning date to the ending date of the fiscal year. See Tax Rate Chart on page 3 of Form IT-20 Fiscal. If your taxable year has a different start or end date, or is less than 365 days, you must compute your tax rate* *according to the number of days of your taxable year in calendar year 2002 by the number of days in your full taxable year.*

If line 39 is a loss, enter zero.

Effective January 1, 2003, a domestic insurance company, as defined under I. C. 6-3-1-10, that reports on a fiscal year basis, must instead complete line 46.

IT-20 Fiscal Schedule C - Final Supplemental Net Income Tax Calculation

Line 41. Taxpayers must calculate the adjusted gross income on Schedule B, line 39, unless exempt under I.C. 6-3-2-2.8. Enter the figure from line 39 on line 41. If it is a loss, enter zero -0-.

A domestic insurance company must enter its separately calculated federal net taxable income, less interest from U.S. Government Obligations, determined under I.C. 6-3-8-2(c) using single direct premiums apportionment factor for interstate property and risks. This calculation may result in a different amount than what was computed for line 39.

If either of the calculated figures amounts to a loss, enter zero and do not calculate the supplemental net income tax.

Line 42. Enter the greater of either the final gross income tax as calculated on Schedule A, line 20, or the adjusted gross income tax on Schedule B, line 40. However, domestic insurance companies should enter either the gross tax or the greater of the gross tax (line 20) or the insurance premium tax paid (if an election was made to pay the gross premium privilege tax).

Line 43. Subtract line 42 from line 41. If this figure is zero or less, enter zero on lines 43 and 44. (Only domestic insurance companies should be using a separately calculated supplemental net income for line 41).

Line 44. Final Supplemental net income tax: multiply line 43 by the prorated supplemental net income tax rate in effect for part of the taxpayer's fiscal year in calendar year 2002. *Apply the tax rate factor for Schedule C that is applicable to the federal taxable year from the beginning date in 2002 through December 31, 2002. See Tax Rate Chart on page 3 of Form IT-20 Fiscal. If your taxable year has a different start or end date, or is less than 365 days, you must compute your tax rate according to the number of days of your taxable year in calendar year 2002 by the number of days in your full taxable year.*

All taxpayers, except financial institutions filing Form FIT-20, are subject to and must calculate the supplemental net income tax.

IT-20 Fiscal Schedule D Total Income Tax Calculation for Fiscal Year

Line 45. Enter the gross income tax liability (Schedule A, line 20) or adjusted gross income tax liability (Schedule B, line 40), whichever amount is greater. This must equal the same amount used on line 42 for the 2002 tax period. *However, a domestic insurance company electing to pay insurance premium tax must enter zero on line 20.*

Line 46. Adjusted gross income tax for 2003 period: multiply line 39 by the prorated adjusted gross income tax rate in effect for part of the taxpayer's fiscal year in calendar year 2003. *Apply the tax rate factor for Schedule D that is applicable to the federal taxable year from the beginning date to the ending date of the fiscal year. See Tax Rate Chart on page 3 of Form IT-20 Fiscal. If your taxable year has a different start or end date, or is less than 365 days, you must compute your tax rate according to the number of days of your taxable year in calendar year 2003 by number the of days in your full taxable year.*

Line 47. Add line 44 (supplemental net income tax), line 45 (net tax liability for 2002 period), and line 46 (adjusted gross income tax liability for 2003 period) to determine the total tax due.

IT-20 Fiscal Schedule E Apportionment of Adjusted Gross Income for Fiscal Year

Use of an Apportionment Schedule: If the adjusted gross income of a corporation is derived from sources both within and outside Indiana, the adjusted gross income attributed to Indiana must be determined by use of a three-factor apportionment formula except certain insurance companies that use a single factor for supplemental net income tax. The Department will not accept returns filed for adjusted gross income tax purposes using the separate accounting method. 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 I.A.C. 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.

Detailed Instructions:

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

Part I - Apportionment of Adjusted Gross Income for Indiana for Fiscal Year Beginning in 2002 and Ending in 2003

1. Property Factor: The property factor is a fraction. The numerator s the average value during the tax year of real and tangible personal property used in the business 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 year. If the values have fluctuated, the averaging of monthly values may be necessary to reflect the average value of the property for the tax year. 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 (8) times the net annual rental rate.

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

2. Payroll Factor: The payroll factor is a fraction. The numerator is the total wages, salaries, and other compensation paid to employees in Indiana for services rendered for the business, and the denominator is the total of such compensation for services rendered for the business everywhere. Normally, the Indiana payroll will match the unemployment compensation reports filed with Indiana as determined under the Model Unemployment Compensation Act. Compensation is paid in Indiana if (a) the individual's service is performed entirely within Indiana; (b) the individual's service is performed both within and outside Indiana, but the service performed outside Indiana is incidental to the individual's service within Indiana; (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. Payments to employees for service attributable to nonbusiness income should be excluded. The portion of an employee's salary directly contributed to a Section 401K plan is included in the factor; however, the employer's matching contribution is not included.

Enter payroll values in lines 2A and 2B. Divide the total in line 2A by the total from line 2B. Multiply by 100 and enter the percent in line 2C. Round percent to the nearest second decimal place.

3. Receipts Factor: The receipts factor is a fraction. The numerator is the total receipts of the taxpayer in Indiana during the tax year, and the denominator is the total receipts of the taxpayer everywhere during the tax year. 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 I.C. 6-3-4-14 shall be excluded.

All gross receipts of the taxpayer which are not subject to allocation are to be included in this factor. Do not include any previously apportioned income **or any partnership distribution.** The receipts factor is double-weighted in the apportionment of income formula when applied to adjusted gross income but not for gross income tax purposes.

The numerator of the receipts factor must include all sales made in Indiana, sales made from Indiana to the U.S. Government, and sales made from Indiana to a state not having jurisdiction to tax the activities of the seller. The numerator will also contain intangible income attributed to Indiana, including interest from consumer and commercial loans, installment sales contracts, and credit and debit cards as prescribed under I.C. 6-3-2-2.2.

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

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

Sales to the United States Government: The United States Government is the purchaser when it makes direct payment to the seller. A sale to the United States Government of tangible personal property is in 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 all the factors the portion of distributive share income derived from a previously apportioned partnership source [45 I.A.C. 3.1-1-153(b)].

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

4. Summary: Apportionment of Income for Indiana for Reporting Period

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

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

(c) *Divide the total percentage entered in line 4b by 4. Enter the average Indiana apportionment percentage (rounded to the nearest second decimal place) in line 4c and carry to line 34d, Schedule B of Form IT-20 Fiscal and check box 34a.*

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

Special Note for Gross Income Tax Application through Taxable Period Ending December 31, 2002: Corporate taxpayers are subject to gross income tax (at the high rate) on partnership distributive share income attributed to Indiana, as apportioned at the partnership entity level under the Adjusted Gross Income Tax Act. For gross tax purposes the distributive share income is directly taxable but should be computed using the three-factor apportionment method where the Indiana sales factor is not double-weighted. Therefore a partnership passing-through income attributed to Indiana, and having any corporate partners that are subject to gross income tax, must compute each corporate partner's share of its federal distributive share income for Indiana by apportioning income for both gross and adjusted gross income tax reporting purposes.

This information is to be reported on the Indiana partnership return, Form IT-65, and provided to each corporate partner/taxpayer along with their Indiana IT-65 Schedule IN K-1. Refer to the Indiana Partnership Return Booklet, Worksheets for Attributing Partnership Income to Unitary Corporate Partners and IT-65 ScheduleE, Part II.

Part II - Business/ Non Business Income Questionnaire

Complete all applicable questions in this section. If income is apportioned, list (a) all business locations where the corporation has operations. Indicate (b) the nature of the business activity at each location; whether a location (c) accepts orders in that state, (d) is registered to do business in that state, (e) files income tax returns in other states; and whether property in the other states is (f) owned, or (g) leased.

IT-20 Fiscal Schedule F
Allocation of Nonbusiness Income and Indiana Non-Unitary Partnership Income for Fiscal Year

The critical element in determining whether income is "business income" or "nonbusiness 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 business of the corporate partner and the partnership will control the classification. If the partnership's activities are closely related to the activities of the corporate partner, the corporate partner's share of partnership income will be apportioned the same as its other business income.

Nonbusiness Income is defined as all income not properly classified as business income. 45 I.A.C. 3.1-1-31. Some examples of nonbusiness 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 the 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 partnership's 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 apportionable 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 nonbusiness 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-affiliate 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 nonbusiness sources is allocated to Indiana if the commercial domicile is in Indiana. Generally, interest earned from long-term investments is considered nonbusiness 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 nonbusiness intangible personal property are allocated to Indiana if the taxpayer's commercial domicile is in Indiana.

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

(a) The property had situs in Indiana at the time of the sale: or,

(b) The taxpayer's commercial domicile is in Indiana, and the taxpayer is not taxed 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 nonbusiness income) are allocated to Indiana if the real property is located in Indiana.

Rents and royalties from nonbusiness 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 not related to the production of business income 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 Nonbusiness Income: Enter other nonbusiness income not provided for in lines (1) through (5) and line (9) if any portion of a partnership distribution is deemed nonbusiness income.

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

Line(8) Total Related Expenses from Column B, subtotals lines 1 through 6 (all related nonbusiness expenses attributed to excluded income other than state income taxes).

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 Nonbusiness Income (loss): Add all subtotals from column C. Also enter amount of column C on line 32 of Form IT-20 Fiscal.

Line (11) Total Indiana Nonbusiness Income and Indiana Non-Unitary Partnership Income: Add all subtotals from column D. Also enter amount of column D on line 36 of Form IT-20 Fiscal.

IT-20 Fiscal Schedule G
Nontaxable Items for All Tax Periods through December 31, 2002

Enter on the schedule nontaxable receipts for line 15 of Schedule A if not otherwise previously excluded. Explain the nature of each nontaxable receipt itemized in this schedule.

Receipts not taxable for Indiana gross income tax purposes include but are not limited to the following deductions:

1. Interstate and foreign commerce; refer to 45 I.A.C. 1.1-3-3, 1.1-2-5, 1.1-2-12, 1.1-3-5;
2. Interest on government obligations (federal, State of Indiana, and Indiana municipal obligations), refer to Income Tax Information Bulletin #19 for further information;
3. Intercompany transactions of a consolidated group when Schedule 8-D for consolidated gross income is attached to the return, 45 I.A.C.1.1-4-1, 1.1-4-5, 1.1-5-3;
4. Reimbursement such as refunds, rebates, and loan repayments less interest;
5. Receipts as a true agent, 45 I.A.C. 1.1-1-2, 1.1-6-10;
6. Accrual basis taxpayers may deduct bad debts in the same manner as provided in I.C. 6-2.5-6-9, refer to 45 I.A.C. 1.1-4-2;
7. Qualified increased enterprise zone gross income is exempt from gross income tax (Part 4, Schedule EZ must be attached);
8. Receipts from out-of-state business operations, I.C. 6-2.1-1-2(c)(6);
9. Mortgages and similar encumbrances existing upon real estate at the time of its sale, refer to Income Tax Information Bulletin #47;
10. Income received from commercial printing is exempt from gross income tax if it is shipped, mailed, or delivered to a site outside of Indiana, I.C.6-2.1-3-3.5;
11. Gross income from sale of Indiana lottery tickets and prize money from winning lottery tickets authorized by I.C. 4-30;
12. Gross income and deductions may be eliminated when received from transactions between members of a unitary group some of which become subject to the financial institution franchise tax, refer to I.C. 6-2.1-2-11; for a deduction from adjusted gross and supplemental net income, refer to I.C. 6-3-2-16;
13. Deduction of depreciation (ratable between both high and low tax rate receipts) on qualified resource recovery systems for hazardous or solid wastes, I.C. 6-2.1-4-3; and,
14. Payments made on customarily returned empty reusable containers, I.C. 6-2.1-4-5.

IT-20 Fiscal Schedule H
Additional Explanations

Explain on this schedule amounts entered on the return if an additional explanation is needed. Itemize each entry by schedule, line number, and amount. Subtotal each applicable schedule. The worksheet for computing the Foreign Source Dividends deduction is contained in this schedule.

Summary of Calculations for Fiscal Year

Line 48. Enter the total income tax from Schedule D, line 47. This figure cannot be less than zero.

Line 49. I.C. 6-2.5-3-2 imposes a use tax at the rate of five percent (.05) through November 30, 2002, **six percent (.06) starting on December 1, 2002**, 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.

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.

If you are a registered retail sales agent or out-of-state use tax agent for Indiana you must report nonexempt purchases used in your business on Form ST-103, Indiana annual, quarterly or monthly Sales or Use Tax Voucher. If you are not required to file Form ST-103, or have failed to properly include purchases now subject to use tax, complete the Sales/Use Tax Worksheet on form page 5 to compute any sales/use tax liability. For more information regarding use tax, call (317) 233-4015.

Carry the total calculated sales/use tax due to line 49 on the front of the return. **Caution:** Do not report your totals from ST-103 on this worksheet or on Form IT-20 Fiscal.

Line 51. Enter the amount of credit taken for charitable contributions to eligible colleges and universities located within Indiana. **Note:** Corporations liable for Indiana adjusted gross income tax may compute a credit against their adjusted gross income tax liability by completing Schedule CC-40. Corporations liable only for gross income tax (because their adjusted gross income tax is less than their gross income tax) may compute the credit by basing it on their adjusted gross income tax liability and taking credit for the amount of contributions made before January 1, 2003. Taxpayers having no taxable adjusted gross income will not be allowed to use this credit against their gross income tax liability.

Limitations: A corporation is allowed a tax credit for contributions to qualified Indiana institutions equal to fifty percent (50%) of the aggregate amount thereof, limited to the lesser of:

(1) Ten percent (10%) 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) One thousand dollars ($1,000).

Consolidated corporations may take the maximum credit for each member of the group making contribution(s), provided a separate Schedule CC-40 is completed (attachment sequence #8). See Income Tax Information Bulletin #14.

Line 52. Enter the allowable **Neighborhood Assistance Tax Credit** reflected on pre-approved Form NC-20. For further information, refer to Income Tax Information Bulletin #22. Attach Form NC-20 if claiming this credit.

Line 53. Enter the allowable **Indiana Research Expense Tax Credit** - Schedule IT-20REC, must be attached.

Line 54. Indiana Comprehensive Health Insurance Association Credit - An insurance company who is a member may elect to claim a credit (nonrefundable) against its income tax liability for the assessment paid to the Indiana Comprehensive Health Insurance Association. Enter the allowable amount of your available credit pursuant to I.C. 27-8-10-2.1. Please attach your computation for the credit and the remaining carryover amount.

Line 55. Enter the **Enterprise Zone Employment Expense Tax Credit** as calculated on Schedule EZ, Part 2, or the amount assigned or received from a pass-through entity. Attach the schedule to the return. For further information on this credit and other enterprise zone tax benefits, refer to Income Tax Information Bulletin #66.

Line 56. Enter the **Enterprise Zone Loan Interest Tax Credit** as calculated on Schedule LIC or amount assigned or received from a pass-through entity. Attach schedule to the return.

Line 57. Enter the total amount of other credits. See list under **Other Tax Credits.** The total of all credits is limited to the amount of tax due on line 48 unless otherwise noted. See lines 62 and 63 for certain refundable credits.

Line 58. Enter total tax credits reported on lines 51 through 57.

Line 59. Enter total tax due (subtract line 58 from line 50).

Line 60. Enter total amount of estimated quarterly income tax payments made during the fiscal tax year reported on Form IT-6 or via electronic funds transfer. Itemize each quarterly payment made in the spaces provided.

If a payment for the same taxable year was made on a previously filed return (using Form IT-20 or IT-20FY), it may now be claimed on this replacement form as part of the estimated credit on Form IT-20 Fiscal. Include that amount as part of the total estimate tax paid on line 60.

Line 61. Enter the amount previously paid with a valid extension of time to file and the amount of any prior year overpayment credit, if any. Enter the combined total.

Line 62. Enter the total amount of gross income tax paid on sales of real estate during the period on or before December 31, 2002. Copies of receipts for the amount claimed must be attached to the return or the credit will be reduced or disallowed.

Line 63. Enter any other credits attributed to the tax year and attach a complete explanation. Claim the EDGE credit here and any gross income tax withheld from nonresident contractors (attach WH-18, copy C).

Line 64. Add lines 60, 61, 62 and 63.

Line 65. Enter the net tax due (subtract line 64 from line 59).

Line 66. Enter the penalty for the underpayment of corporate taxes from Schedule IT-2220 Fiscal. Attach a completed copy of this schedule even if you meet an exception to the underpayment penalty.

Line 67. 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 Indiana Department of Revenue for the current rate of interest charged on late payments.

Note: An extension of time to file does not extend the time to pay any tax due; therefore, interest must be calculated on late payments.

Line 68. *Enter the penalty amount that applies:*

A. If the return with payment is made after the original due date, a penalty which is the greater of $5.00 or ten percent (10%), of the balance of tax due (line 65), must be entered. The penalty for paying late will not be imposed if *all three* of the following conditions are met:

(1) A valid extension of time to file exists;

(2) At least 90% of the tax liability was paid by the original due date; and,

(3) The remaining tax is paid by the extended due date.

B. If the return showing no tax liability (line 50) 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 69. If a payment is due, enter the total tax plus any applicable penalties and interest on this line and remit this amount. A separate

Continued on instruction page 16

Indiana Department of Revenue

Indiana Corporate Income Tax Return

for Fiscal Year

Form IT-20 Fiscal

State Form 51079 (5-03)

Beginning AA ____/____ 2002 and Ending BB ____/____ 2003

(Do not write above)

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

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 accounting method used for reporting income on Schedule A: 1 **Cash** 2 **Accrual**

P. Check box if the corporation paid any quarterly estimated tax using different Federal Identification Numbers. ☐ *(List on Schedule H other Federal Identification Numbers used to make payments).*

Q. Enter the number of motor vehicles operated by the corporation in the State of Indiana on the last day of the taxable year ________

R. Check box if all these vehicles are registered in the State of Indiana. ☐ *(If not, explain on Schedule H listing the reason(s) why some vehicles are not registered with Indiana).*

S. Check all boxes that apply to entity: 1 Initial Return 2 Final Return 3 In Bankruptcy 4 Insurance Co. 5 Farmer's Cooperative

T. Is 80% or more of your gross income derived from making, acquiring, selling or servicing loans or extensions of credit? 1 Yes 2 No *(If yes, do not file Form IT-20 Fiscal: You must file Form FIT-20).*

U. Is this a consolidated return for gross income tax? 1 Yes 2 No *(If yes, complete Schedule 8-D).*

V. Is this a consolidated return for adjusted gross income tax? 1 Yes 2 No *(If yes, complete consolidated listing on Schedule 8-D).*

W. Is return filed on a combined unitary basis? 1 Yes 2 No *(If yes, include unitary apportionment addendum).*

X. Is this corporation filing unitary reports with other states? 1 Yes 2 No

Y. If filing unitary, have there been any material changes in the factual circumstances since the last petition was filed? 1 Yes 2 No

Z. Is an extension of time to file attached? 1 Yes 2 No

Summary of Calculations for Fiscal Year

Line		
48. Total income taxes (from Schedule D, line 47) (cannot be less than zero)		48
49. Sales/use tax due from worksheet on page 5		49
50. SUBTOTAL: Add lines 48 and 49		
51. College and University Contribution Credit (CC-40)	51	
52. Neighborhood Assistance Tax Credit (NC-20)	52	
53. Indiana Research Expense Tax Credit (IT-20REC)	53	
54. Indiana Comprehensive Health Insurance Association Credit	54	
55. Enterprise Zone Employment Expense Tax Credit (EZ 2)	55	
56. Enterprise Zone Loan Interest Tax Credit (LIC)	56	
57. Other Non-refundable Credits (see instructions)	57	
58. Total Income tax reduction (51 through 57). (Attach supporting schedule(s) for credit(s) claimed.) (May not exceed line 48)		
59. TOTAL TAX DUE: Subtract line 58 from line 50 (cannot be less than zero)		59

2002 to 2003 IT-20 Fiscal Year Return

Estimated Credits and Other Payments for Fiscal Year

Line		
60. Total amount of estimated income taxes paid (itemize quarterly IT-6/EFT payments below) 1 ____ 2 ____ 3 ____ 4 ____	60	
61. Enter prior year overpayment credit $ a ____ from tax year ending b ____ Enter this year's extension payment $ c ____ Enter combined amount	61	
62. Gross income tax paid on sales of real estate on or before December 31, 2002	62	
63. Other credits (attach supporting evidence)	63	
64. TOTAL PAYMENTS AND CREDITS: Add lines 60 through 63		
65. BALANCE OF TAX DUE: If line 59 is greater than line 64, enter the difference		
66. PENALTY FOR THE UNDERPAYMENT OF INCOME TAXES from Schedule IT-2220 Fiscal		66
67. INTEREST: If payment is made after the original due date, compute interest. (Contact the Department for current interest rate)		67
68. LATE PENALTY: If paying late enter 10% of line 65; see instructions. If line 50 is zero enter $10 per day filed past due date		68
69. TOTAL AMOUNT OWED: Add lines 65 through 68. Make check payable to **Indiana Department of Revenue.** PAY THIS AMOUNT		69
70. OVERPAYMENT: If sum of lines 59, 66 and 68 is less than line 64, enter the difference	70	
71. REFUND: Enter portion of line 70 to be refunded	71	
72. OVERPAYMENT CREDIT: Amount of line 70 to be applied to the following year's estimated tax account		72

Due the 15th day of the 4th month following close of the fiscal year

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

(For Department Use Only) DD

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

Company's e-mail address EE

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

VN

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

(All regular corporations having taxable fiscal years starting in 2002 must complete these schedules)

Partial Fiscal Year

Schedule A - Final Gross Income Tax - Calculation for fiscal year beginning in 2002 to December 31, 2002

	Column A 1.2% (.012) High Rate Receipts	Column B .3% (.003) Low Rate Receipts
1. Commissions and fees		
2. Interest and dividends		
3. Rents, leases, and sales of real estate (without deductions)		
4. Sale of securities, personal property, and depreciable assets (without deductions)		
5. Gross earnings (see instructions)		
6. Contractor receipts and other service receipts		
7. Partnership distributions, other receipts (attach explanation)		
8. Contractor's sale of materials		
9. Selling at retail		
10. Laundering, drycleaning, industrial processing (excluding receipts from coin-operated equipment), and commercial printing (excluding photocopying)		
11. Sales of agricultural products		
12. Sales at wholesale		
13. Hotel and motel rental receipts (for less than 30 days)		
14. SUBTOTALS **(add lines 1-7 in column A and lines 8-13 in column B)**	14A	14B
15. Nontaxable receipts prorated for amounts in 2002 (explain in Schedule G)	15A	15B
16. Exemption ($83.33 for each month in fiscal year through 12-31-2002)	16A	16B
17. Line 15 plus line 16 of each column		
18. Amounts subject to tax (line 14 minus line 17). If less than zero, enter zero		
19. Enter the amounts from line 18 multiplied by the respective tax rate for each column. Multiply line 18 Column A by .012 or 1.2%. Multiply line 18 Column B by .003 or .3%	19A	19B
20. TOTAL FINAL GROSS INCOME TAX : (add lines 19A and 19B)		20

Schedule B - Adjusted Gross Income Tax Calculation for fiscal year beginning in 2002 and ending in 2003

Whole Fiscal Year

21. **Federal taxable income (before federal net operating loss deduction and special federal deductions)** for fiscal year		21
22. Enter net qualifying dividends deduction from federal Schedule C, Form 1120	22	
23. Subtract line 22 from line 21		23
24. Add back: All state income taxes (taxes based on income)	24	**See New Tax Rate Chart for Lines 40, 44 & 46 on page 3**
25. Add back: All charitable contributions	25	
26. Deduct: Interest on U.S. Government obligations less related expenses	26	
27. Deduct: Foreign gross up (attach federal Form 1118)	27	
28. Total modifications (add lines 24 and 25, subtract lines 26 and 27)		
29. Subtotal (add lines 23 and 28)		29
30. Foreign Source Dividends (Schedule H) and other adjustments. Enter deductions in <brackets>	30	**Explain on Schedule H**
31. Subtotal (add lines 29 and 30)		
32. Deduct: Nonbusiness income and non-unitary partnership distributions from IT-20 Fiscal Schedule F, column C, line (10)		32
33. Taxable business income (line 31 minus line 32)		33
34. Indiana apportionment percentage for fiscal year, if applicable. Check method used and attach completed schedule. IT-20 Fiscal Schedule E, line 4c 34a Schedule E-7 34b or Other Apportionment Method 34c		34d (Do not enter 100%) __ __ . __ __ %
35. Indiana apportioned business income (multiply line 33 by percent on line 34d, if applicable, ***otherwise*** enter amount from line 33)		35
36. Add: Indiana nonbusiness income and Indiana non-unitary partnership income from Schedule F, column D, line (11) (attach Schedule F)		36
37. Total Indiana adjusted gross income before net operating loss deduction (line 35 plus line 36)		37
38. Indiana portion of net operating loss deduction to the extent applied (attach Schedule IT-20NOL). Enter as a positive figure		38
39. Total Indiana corporate adjusted gross income for fiscal year (line 37 less line 38).		39
40. Multiply line 39 by your fiscal year's ADJUSTED GROSS INCOME TAX rate for line 40. See Tax Rate Chart		40

Schedule C - Final Supplemental Net Income Tax - Calculation for fiscal year beginning in 2002 and ending in 2003

41. Enter Indiana adjusted gross income for period from line 39. (If a loss is shown on line 39, enter zero and proceed to line 45)	
42. Enter greater of: final gross income tax (line 20) or adjusted gross income tax for period (line 40)	
43. Supplemental net income for period (line 41 minus line 42). If less than zero, enter zero here and on line 44	
44. Multiply line 43 by your fiscal year's SUPPLEMENTAL NET INCOME TAX rate for line 44. See Tax Rate Chart	44

Schedule D - Total Income Tax Calculation for Fiscal Year

45. Enter the greater of: gross income tax or adjusted gross income tax for 2002 tax period (amount from line 42)	
46. Multiply line 39 by your fiscal year's ADJUSTED GROSS INCOME TAX rate for line 46. See Tax Rate Chart	
47. TOTAL INCOME TAXES: Add lines 44, 45 and 46. Enter here and carry to Summary of Calculations, line 48, on the front of form	

Tax Rate Chart for Corporate Adjusted Gross and Supplemental Net Income Taxes

Effective prorated tax rates for:

Fiscal Year Beginning	Fiscal Year Ending	2002 Adjusted Gross Income Schedule B, Line 40	2002 Supplemental Net Income Schedule C, Line 44	2003 Adjusted Gross Income Schedule D, Line 46
February 1, 2002	January 31, 2003	.0311	.0412	.0072
March 1, 2002	February 28, 2003	.0285	.0377	.0137
April 1, 2002	March 31, 2003	.0256	.0339	.0210
May 1, 2002	April 30, 2003	.0228	.0302	.0279
June 1, 2002	May 31, 2003	.0199	.0264	.0352
July 1, 2002	June 30, 2003	.0171	.0227	.0422
August 1, 2002	July 31, 2003	.0143	.0189	.0494
September 1, 2002	August 31, 2003	.0114	.0150	.0566
October 1, 2002	September 30, 2003	.0086	.0113	.0636
November 1, 2002	October 31, 2003	.0057	.0075	.0708
December 1, 2002	November 30, 2003	.0029	.0038	.0778

Use the following proration formula for determining the effective tax rate for a tax year with different starting or ending dates than those shown above.

For line 40

The rate of Adjusted Gross Income Tax imposed on the 2002 taxable portion of the fiscal year's income is equal to the sum rounded to the nearest one-hundredth of one-percent (0.01%):

$$\text{Effective AGIT rate for 2002 period} = \frac{0.034 \text{ X Taxable Days in 2002}}{\text{Number of Days in Taxable Year}}$$

Example for line 40:
For a fiscal year starting July 1, 2002 and ending June 30, 2003:
Schedule B, line 40 effective rate for 2002: $\frac{0.034 \text{ X } 184}{365} = .0171 \ (1.71\%)$

For line 44

Supplemental Net Income Tax is imposed on the whole fiscal year's net income based on the total number of days of the taxable fiscal year in 2002. The rate of tax of four and five-tenths percent (4.5%) is multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred before January 1, 2003, and the denominator of which is the total number of days in the taxable year rounded to the nearest one-hundredth of one-percent (0.01%):

$$\text{Supplemental Net Income Tax rate} = \frac{0.045 \text{ X Taxable Days in 2002}}{\text{Number of Days in Taxable Year}}$$

Example for line 44:
For of a fiscal year starting August 1, 2002 and ending July 31, 2003:
Schedule C, line 44 effective rate for 2002: $\frac{0.045 \text{ X } 153}{365} = .0189 \ (1.89\%)$

For line 46

The rate of Adjusted Gross Income Tax imposed on the 2003 taxable portion of the fiscal year's income is equal to the sum rounded to the nearest one-hundredth of one-percent (0.01%):

$$\text{Effective AGIT rate for 2003 period} = \frac{0.085 \text{ X Taxable Days in 2003}}{\text{Number of Days in Taxable Year}}$$

Example for line 46:
For a fiscal year starting October 1, 2002 and ending September 30, 2003:
Schedule D, line 46 effective rate for 2003: $\frac{0.085 \text{ X } 273}{365} = .0636 \ (6.36\%)$

Indiana Department of Revenue

IT-20 Fiscal Schedule E

Apportionment of Adjusted Gross Income for Indiana

State Form 49105 (5-03)

For Fiscal Year Beginning AA_____/_____ **2002 and Ending** BB_____/_____ **2003**

Name as shown on return	Federal Identification Number
B	A

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

Part I - Apportionment of Adjusted Gross Income for Fiscal Year Beginning in 2002 and Ending in 2003

	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 used in the business 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 for Fiscal Year: Add lines 1(a) through 1(e)	1A	1B	1C ___ . __ %
2. Payroll Factor - Wages, salaries, commissions, and other compensation of employees related to business income and pro rata share of payroll reportable on the return.			
Total Payroll Value for Fiscal Year:	2A	2B	2C ___ . __ %

3. Receipts Factor (less returns and allowances) - Include all non-exempt apportioned gross business income. Do not include non-unitary partnership distributions or previously apportioned income that must be reported with allocable non-business income on Schedule F. Complete classification questionnaire on Part II.

	Column A	Column B	Column C
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 for Fiscal Year: Add column A receipts lines 3(a) through 3(f) and enter in line 3A. Enter all receipts in line 3B, on column B	3A	3B	

4. Summary - Apportionment of Income for Indiana for Fiscal Year

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

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

(c) **Indiana Apportionment Percentage for Fiscal Year:** Divide line 4b by 4 if all three factors are present. Carry result to apportionment line on return . **4c** __ . __ %

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

Part II - Business/Non Business Income Questionnaire

1. List all business locations where the taxpayer has operations/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. Describe briefly the nature of the Indiana business activities including the exact title and principal business activity of any partnership in which the corporation has an interest:

3. Indicate any partnership in which you have a unitary or general partnership relationship:

4. Describe briefly 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) where the purchaser is 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 (here and on IT-20Fiscal Schedule F) source of any directly allocated income from other partnerships, estates and trusts not in taxpayer's apportioned tax base:

Schedule G - Nontaxable Items for Tax Period **(List nontaxable items reported on line 15, Schedule A)**
(This section must be completed - attach additional sheets if necessary)

Column A Line	Column B Item Deducted	Column C Deducted at higher rate		Column D Deducted at lower rate	

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

Column A	Column B	Column C Explanation	Column D Amount	
Reference to schedule and line number				
Schedule B, line 30		**Foreign Source Dividends Deduction** (excluding Foreign Gross Up) for dividends reported on federal Schedule C included in taxable income.		

Percentage of Voting Stock	Column E **Remainder of Federal Taxable Dividends** (after Schedule C special deductions) from foreign corporations	Column F **Dividend Deduction Rate**	Column G **Dividend Deduction** Col. E x Col. F (enter as negative value)	
80% or more of stock owned:	$	100%	(	)
50% but less than 80%:	$	85%	(	)
Less than 50% of stock owned:	$	50%	(	)
Foreign Source Dividends Deduction from adjusted gross income (Subtotal of Column G)			(	)
Add subtotal from column D and subtotal of column G, of above Schedule H. Carry to IT-20 Fiscal Schedule B, line 30				

Sales/Use Tax Worksheet for Line 49, Form IT-20 FISCAL ✎

(5/03)

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

Description of personal property purchased from out-of-state	Purchase(s) made prior to 12-1-2002 **Column A**	Purchase Price of Property(ies) from Column A **Column B**	Purchase(s) made on or after 12-1-2002 **Column C**	Purchase Price of Property(ies) from Column C **Column D**
Magazine subscriptions:				
Mail order purchases:				
Internet purchases:				
Other purchases:				

1. Total purchase price of property subject to the sales/use tax: Enter total of Columns B and D	1B		1D	
2. Sales/use tax: Multiply line 1B by .05 (5%); multiply line 1D by .06 (6%)	2B		2D	
3. Sales tax previously paid on the above items (up to 5% per item in Column B; up to 6% per item in Column D)	3B		3D	
4. Total amount due: Subtract line 3B from line 2B and line 3D from line 2D. Add lines 4B and 4D. Carry to Form IT-20 Fiscal, line 49. If the amount is negative, enter zero and put no entry on line 49 of the IT-20 Fiscal	4B		4D	

IT-20 Fiscal Schedule F
State Form 49104
(5-03)

Indiana Department of Revenue

Allocation of Nonbusiness Income and Indiana Non-Unitary Partnership Income

For Fiscal Year Beginning AA______/________ **2002 and Ending** BB______/________ **2003**

Name as shown on Return	Federal Identification Number
B	A

Complete all applicable sections. See separate instructions for Schedule F in income tax booklet. Attach additional sheets if necessary.

Identify each item of income. Indicate amount of related nonbusiness 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. **Omit Cents.**

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

Continued on form page 7.

IT-20 Fiscal Schedule F continued

Indiana Department of Revenue

Allocation of Nonbusiness Income and Indiana Non-Unitary Partnership Income

(Omit Cents)

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 Nonbusiness 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 Nonbusiness & Non-Unitary Partnership Income (add subtotals in column C, lines 1C through 6C plus line 9C) .... *Carry total of line 10C to line 32 of Form IT-20 Fiscal, or line 11 of Form IT-20SC Fiscal*		**10C**	
(11) Total Net Nonbusiness & 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 36 of Form IT-20 Fiscal, or line 15 of Form IT-20SC Fiscal*			**11D**

Schedule IT-2220 Fiscal
State Form 51076
(5-03)

Indiana Department of Revenue
Penalty for Underpayment of Corporate Income Taxes

For Fiscal Year
Beginning AA_______/______2002
and Ending BB______/_______2003
Attachment sequence #9

Name of Corporation or Organization	Federal Identification Number
B	A

Part I - How to Figure Underpayment of Corporate Taxes

1. Enter total calculated **adjusted gross income tax**..	1	
2. Enter total calculated **gross income tax** through December 31, 2002 (if less than $1,000 enter -0-).....	2	
3. Subtract line 2 from line 1 and enter difference (if less than $1,000 enter -0-, continue to lines 4 and 5)........	3	
4. Enter total calculated **supplemental net income tax** (if less than $1,000 enter -0-)............................	4	
5. Add lines 2, 3 and 4. If zero, do not complete rest of schedule...	5	
6. Enter total **tax reduction credits** excluding estimated taxes paid (cannot exceed total on line 5)..........	6	
7. Subtract line 6 from line 5. If zero, stop; you do not owe an underpayment penalty............................	7	

Part II - How to Figure Exception to Underpayment Penalty

8. Multiply line 7 by 80% and enter result here..	8	
9. Enter 100% of prior year's final income tax liability net of tax reduction credits (do not reduce by estimated taxes paid). See instructions..	9	
10. Enter line 8 or line 9, whichever amount is less...	10	

Short period filers see note on reverse following line 22 instructions.

Quarterly Estimated Periods:		**(a) 1st quarter**	**(b) 2nd quarter**	**(c) 3rd quarter**	**(d) 4th quarter**
11. 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..	11				
12. Enter the actual amount of estimated tax paid or credited on or before the due date of the installment for each quarter......................	12				
13. Enter the overpayment, if any, **from the preceding column** that exceeds any remaining prior <underpayments> shown on line 16.....	13				
14. Add line 12 and line 13 for each column..	14				
15. Divide line 10 by four; enter result in columns (a) through (d).........	15				
16. Subtract line 15 from line 14 for each quarter. If the result is a negative figure, you have **not** met any exception to the penalty for the quarter..	16				

Part III - How to Figure Penalty

17. Enter the overpayment, if any, **from the preceding column** that exceeds any remaining prior <underpayments> shown on line 20..	17				
18. Add line 12 in Part II, and line 17 above, for each quarter.......................	18				
19. Divide line 7 in Part I by four (4); enter result in columns (a) through (d)..	19				
20. Subtract line 19 from line 18. If the result is a negative figure, this is your <underpayment> for the quarter..	20				
21. If line 16 shows zero or more for the quarter, the overpayment exception is met. Enter zero on line 21. **Otherwise, compute 10% penalty on the <underpayment> shown on line 20 for each column.** Enter the penalty, if any, for the quarter as a positive figure...	21				

22. Add line 21, columns (a) through (d). This is your total **underpayment penalty.** Enter here and carry to the appropriate line of Form IT-20 Fiscal, IT-20SC Fiscal, IT-20NP Fiscal or IT-20S	22	

IT-20 Fiscal Schedule IT-2220 Instructions

Who Should File?

Schedule IT-2220 must be completed and attached to the annual corporate Form IT-20 Fiscal, IT-20NP Fiscal or IT-20SC Fiscal anytime the corporation did not pay the required amount of gross, adjusted gross, or supplemental net 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 Prior to the Repeal of the Gross Income Tax and Supplemental Net Income Tax on January 1, 2003?

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

Quarterly payments for: 1) gross income tax are due anytime the annual gross income tax exceeds $1,000 for a taxable year, or 2) whenever the adjusted gross income tax liability (after credit for tax imposed on gross income) exceeds the annual gross income tax by $1,000 or more. Also, quarterly estimated payments for supplemental net income tax are due anytime the annual supplemental net income tax is $1,000 or more for the year.

The qualified estimated payments should equal 25% of the total income tax due for the year. To avoid the penalty, the quarterly estimate must equal at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) 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 Fiscal, IT-20NP Fiscal and IT-20SC Fiscal filers in determining whether or not the minimum amount of tax was paid timely.

1. Enter the annual adjusted gross income tax from Schedule B of Form IT-20Fiscal, IT-20S, Schedule A of Forms IT-20SC Fiscal, or Schedule C of Form IT-20NP Fiscal.

2. Enter the annual gross income tax from Schedule A of Form IT-20 Fiscal, or Schedule A and B of Form IT-20NP Fiscal. If total gross income tax is less than $1,000, enter zero. Form IT-20SC Fiscal filers enter zero.

3. Subtract line 2 from line 1. Enter zero if difference is less than $1,000.

4. Enter the annual supplemental net income tax from Schedule C of Form IT-20 Fiscal, Schedule B of IT-20SC Fiscal, or Schedule D of Form IT-20NP Fiscal. If total supplemental net income tax is less than $1,000, enter zero.

5. Add lines 2, 3 and 4. If the total is zero, STOP. You owe no penalty and you do not need to complete this schedule.

6. Enter your total tax reduction (nonrefundable) credits (college credit, neighborhood assistance credit, etc.) reported on line 58 of Form IT-20 Fiscal; line 24 of Form IT-20NP Fiscal; or line 37 of Form IT-20SC Fiscal. Also include applicable WH-18 withholding credits and any gross income tax paid on sales of real estate. **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 5.

7. Subtract line 6 from line 5. 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

I.C. 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% of the total income tax liability for the taxable year or 25% of the final income tax liability for the previous tax year.

If the previous year was for a period of less than twelve months, the exception may be met by demonstrating what the liability would have been if a twelve-month return had been filed. For example, if the previous year was for 6 months, double the total tax for that year and enter 25% of this total. If last year's tax was zero, enter zero on line 9.

9. Enter 100% of your prior year's final income tax liability (total tax less nonrefundable credits and any withholding and gross tax credits) before applying estimated tax credits.

11. 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, September 20 and December 20 of the taxable year. Fiscal year and short tax year filers must remit by the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxable year. Short period filers see note following line 22 instructions.

12. Enter the amount of estimated taxes 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 6. **STOP.** Complete lines 13 through 16 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. Divide line 10 by four (4) and enter the result in each column. NOTE: Short period filers must apply the instructions following line 22 instructions.

16. Subtract line 15 from line 14 for each column. If line 14 is less than line 15, enter the resulting underpayment in <brackets>. If line 15 is equal to or greater than line 14, the difference is an overpayment and you have met an exception to the penalty for the quarter. See instructions for line 13.

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 recompute 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 twenty-five percent (25%) of the final tax liability for the current year. **If any underpayment is shown on line 16 continue by completing lines 17 through 21 in each column before proceeding to the next column.**

17. Enter the remaining overpayment, if any, from line 20 of the preceding quarter, as adjusted after deducting any previous <underpayment> balance.

19. Enter current year's quarterly tax due: divide line 7, in Part I, by four (4) and enter result in each column.

20. Subtract line 19 from line 18. If line 18 is less than line 19, enter the resulting underpayment in <brackets>. If line 18 is greater than line 19, the difference is carried as an overpayment to line 17 of the next column after deducting any remaining <underpayments> shown on line 20 of the preceding columns.

21. Multiply the amount of <underpayment> on line 20 for each column by 10% if an exception to penalty for the quarter was not met on line 16. Enter zero on line 21 if line 16 is zero or greater for the quarter.

22. Add the amounts on line 21 for all quarters and enter result here. This is your total underpayment penalty due. Carry this amount to the appropriate line on the front of Form IT-20 Fiscal, IT-20NP Fiscal or IT-20SC Fiscal.

Short Period Returns: Lines 15 and 19 must be changed to correspond with your short period return. Do not enter 25% of line 7 or 10; instead, divide lines 7 and 10 by 3 for returns consisting of three quarterly periods. Divide lines 7 and 10 by 2 for returns consisting of two quarterly periods. Use the entire amount from lines 7 and 10 for returns consisting of one quarterly period. For lines 11 through 21, complete only those columns corresponding with the number of quarters being filed.

Continued from page 14

payment must accompany each return filed. All payments to the Department must be made with U.S. funds.

Lines 70, 71 and 72. If the corporation has overpaid its tax liability, enter the result of line 64 minus lines 59, 66 and 68.

If the return is timely filed, a taxpayer may elect to have a portion or all of its overpayment credited to the next taxable year's estimated adjusted gross income tax account. Enter on line 72 the amount of overpayment from line 70 to be credited to the estimated account for the taxpayer's next fiscal or taxable year. The portion to be refunded should be entered on line 71. The total of lines 71 and 72 must equal the amount shown on line 70.

If the overpayment is reduced because of an error on the return or an adjustment by the Department, the amount refunded (line 71) will be corrected before any changes are made to the amount on line 72. A refund may be set-off and applied to other liabilities under I.C. 6-8.1-9-2(a) and 6-8.1-9.5.

Please mail completed returns to:

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

Other Tax Credits

See instructions for lines 62 and 63 for other refundable credits.

Nonrefundable credits are as follows:

Guaranty Association Credit - An insurance company may claim a tax credit up to 20% of an assessment paid to either the Indiana Insurance Guaranty Association or the Indiana Life and Health Insurance Guaranty Association (see I.C. 27-6-8-15 and I.C. 27-8-8-16).

Historic Rehabilitation Tax Credit - I.C. 6-3.1-16-7 provides a tax credit for rehabilitating historic properties. The credit is 20% of the total cost of certified rehabilitation expenses of at least $10,000 made to a registered Indiana historic structure that is at least 50 years old, owned by the taxpayer, and actively used in a trade or business.

Contact the Division of Historic Preservation and Archaeology, at (317) 232-1646, to obtain more information and instructions for approval of this credit.

Maternity Home Tax Credit - An income tax and unused carryover credit is allowed for maternity home owners providing a temporary residence to at least one pregnant woman for at least 60 consecutive days during the pregnancy. If more than one entity has an ownership interest in a maternity home, each may claim the credit in proportion to its ownership interest.

A copy of the application approved by the State Department of Health must be attached to verify the credit claimed. Contact the Maternal and Child Health Division at (317) 233-1261 for the application and more information about this credit.

Prison Investment Tax Credit - An income tax credit is allowed under I.C. 6-3.1-6 for amounts invested in Indiana prisons to create jobs for prisoners. The amount is limited to 50% of the investment in a qualified project approved by the Department of Corrections, plus 25% of the wages paid to inmates. The maximum credit a taxpayer may claim is $100,000 per year. *Effective January 1, 2002, pass-through entities are eligible for the credit.*

Twenty-First Century Scholars Program Support Fund - (I.C. 6-3-3-5.1). Use Schedule TCSP-40 to compute credit for contributions made to this fund. The credit is equal to 50% of the contributions made during the year, limited to the lesser of 10% 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. Attach Schedule TCSP-40.

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

The following programs are administered by the Indiana Department of Commerce. To request additional information regarding the definitions, procedures, and qualifications for obtaining these credits, contact: Indiana Department of Commerce, One North Capitol, Suite 600, Indianapolis, Indiana, 46204, or call (317) 232-8911. Internet address: www.in.gov/doc

Capital Investment Tax Credit - Effective January 1, 2001, a taxpayer or a pass-through entity is eligible for a capital investment cost tax credit provided by I.C. 6-3.1-13.5 based on certain qualified capital investments made in Shelby County. The credit, if certified by the Indiana Department of Commerce, is equal to 14% of the amount of the approved qualified investment and is ratable over a seven-year period. Contact: Development Finance Division, (317) 232-8782.

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

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

Individual Development Account Tax Credit - A tax credit is available equal to 50% of the contribution, if not less than $100 and not more than $50,000, which is made to a community development corporation participating in an Individual Development Account program. Pass through entities are eligible for the credit.

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

Industrial Recovery Tax Credit - I.C. 6-3.1-11 provides for a state tax liability credit based upon a taxpayer's qualified investment in a vacant industrial facility within a designated industrial recovery site. If the enterprise zone board approves the application and the plan for rehabilitation, the taxpayer is entitled to a credit based upon the "qualified investment."

A lessee of property in an industrial recovery site may be assigned tax credits based upon the owner's or developer's qualified investment within the designated industrial recovery site.

Investment Cost Credit - A limited liability company is entitled to an enterprise zone investment cost credit against its adjusted gross income tax liability provided under I.C. 6-3.1-10-4 for a qualified investment made in a designated zone *located in Vigo County, Indiana*. The limited liability company may carry over any excess credit to succeeding taxable years.

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

A claimant may also be a lessee of property in a military base recovery site and assigned part of the tax credit based upon the owner's or developer's qualified investment within a military recovery site. 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).

Rerefined Lubricated Oil Facility Tax Credit - A taxpayer or a pass through entity may be eligible as determined by the Indiana Department of Commerce, for a state tax credit against its income and sales and use tax liabilities. The credit is based on a percentage of the real and personal property taxes paid by an entity that processes rerefined lubrication oil as defined in I.C. 6-3.1-22.2. Contact: Developement Finance Division, (317) 232-8782.