

Indiana Department of Revenue 2009
Qualified Patents Exemption Schedule

PART 1

Name of Corporation, Nonprofit Organization, or Individual:	Check one: ☐ SSN ☐ FID ☐ PTIN
Enter NAICS Code*:	Enter ID Number:

*Visit www.naics.com for a complete listing of business codes.

PART 2

Name of Patent:	Patent Issue Date:
Description of Patent:	Number of Employees on Patent Issue Date:

PART 3

(Column 1) Claiming Exemption for (List Tax Period Ending)	(Column 2) Amount of Income from a Qualified Patent	(Column 3) Multiply by Percentage Allowed	(Column 4) Amount of Exemption Claimed
1st year _____		x 0.50	
2nd year _____		x 0.50	
3rd year _____		x 0.50	
4th year _____		x 0.50	
5th year _____		x 0.50	
6th year _____		x 0.40	
7th year _____		x 0.30	
8th year _____		x 0.20	
9th year _____		x 0.10	
10th year _____		x 0.10	

Enclose this schedule with Form IT-20, IT-20NP, IT-40, or IT-40PNR.



Instructions for Schedule IN-PAT

Qualified Patents Exemption

PL 223-2007 SECTIONS 1, 2, and 11 amends IC 6-3-1-3.5 and adds IC 6-3-2-21.7, effective Jan. 1, 2008. Income from qualified patents included in federal taxable income is exempt from the adjusted gross income of individuals, corporations, and insurance companies for taxable years beginning after Dec. 31, 2007.

- A qualified patent is a utility patent or a plant patent issued after Dec. 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent.
- The exemption from income includes licensing fees or other income received for the use of the patent, royalties received for the infringement, receipts from the sale of a qualified patent, or income from the taxpayer's own use of the patent to produce the claimed invention.

Who Should File Schedule IN-PAT?

Any individual Indiana resident, any corporation (including affiliates) that has fewer than 500 employees and is domiciled in Indiana, and any nonprofit organization that is domiciled in Indiana should complete Schedule IN-PAT if they are subject to the adjusted gross income tax and they have income from a qualified patent. Schedule IN-PAT should be enclosed with your Indiana tax return (Form IT-40, Form IT-20, or Form IT-20NP).

Carryforward Years

The exemption may not be claimed for more than 10 years. For the first 5 years, 50 percent of the amount of income received from the patent is exempt; the percentage declines by 10 percent each year starting in the sixth year that the exemption is claimed. The total amount of exemptions a taxpayer may claim in a taxable year may not exceed \$5 million.

For more information, get Income Tax Information Bulletin #104 at www.in.gov/dor/3650.htm

PART 1

Enter the name of the individual, corporation, or nonprofit organization claiming the exemption.

Enter the Social Security number, federal ID number, or personal tax identification number.

Enter the North American Industry Classification System (NAICS) business code for the patent. You can find a listing of all the NAICS codes at www.naics.com

This exemption applies only to utility patents issued under 35 U.S.C. 101 and plant patents issued under 35 U.S.C. 161 for inventions resulting from development processes conducted in Indiana. The exemption does not include design patents issued under 35 U.S.C. 171.

PART 2

Enter the name and issue date of the patent. Enter a description of the patent. Enter the number of employees the entity had on the patent issue date. To qualify for this exemption, the entity must have fewer than 500 employees.

PART 3

Column 1. Fill in the tax years for which you are taking the qualified patents income exemption. The exemption can be claimed for up to 10 years.

Column 2. Enter the amount of income earned from the patent. The total amount of exemptions claimed in a taxable year may not exceed \$5 million.

Column 3. Multiply the amount of income earned from the patent by the corresponding percentage. For the first 5 years, 50 percent of the amount of income received from the patent is exempt; the percentage declines by 10 percent each year starting in the sixth year that the exemption is claimed.

Column 4. Enter the amount of the exemption you are claiming (Column 2 multiplied by Column 3). Enter this amount on Form IT-20 (line 10), Form IT-20NP (line 4), Form IT-40 Schedule 2 (under line 11), or Form IT-40PNR Schedule C (under line 11).

Enclose this schedule with your Indiana tax return.

If you have any questions regarding Indiana's treatment of the qualified patents income exemption, contact:

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

