

STATE OF INDIANA

Partnership Return Booklet

2010 Form IT-65

This booklet contains:

Form IT-65 - Indiana Partnership Return
IT-65 - Schedule IN K-1 - Partner's Share of Indiana Adjusted Gross Income
Worksheet for Partnership Distributive Share Income, Deductions and Credits
Worksheet for Attributing Partnership Income for Unitary Corporate Partners
Schedule E Apportionment of Income for Indiana
Schedule IT-65COMP - Partners' Composite Adjusted Gross Income Tax Return
Form DB020W-NR - Indiana Withholding Tax for Nonresidents
Sales/Use Tax Worksheet
Pass-through Tax Credits Available to Partners

Indiana Department of Revenue

2010 IT-65 - Indiana Partnership Return Booklet

Who Must File and When

Partnerships conducting business within Indiana must file an annual return (Form IT-65) and an information return (IT-65 IN K-1) with the Department. These forms must disclose each partner's share of distributed and undistributed income. These forms are due on or before the 15th day of the fourth month following the close of the partnership's tax year.

Enclose with Form IT-65 the first four pages of the U.S. Partnership Return of Income, Form 1065 or 1065B. Also enclose Schedule M-3. Federal Schedules K-1 should not be enclosed but must be made available for inspection upon request by the Department.

Any partnership doing business in Indiana or deriving gross income from sources within Indiana is required to file a return. The following activities occurring in Indiana constitute doing business or deriving income from Indiana sources:

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

The term "partnership" includes a syndicate, group, pool, joint venture, limited liability company, limited liability partnership, or other unincorporated organization that is not, within the meaning of Indiana Code (IC) 6-3-1, a corporation, a trust, or an estate. Banks with common trust funds filing U.S. Form 1065 must file partnership Form IT-65 and comply with the provisions of Treas. Reg. 1.6032-1 when reporting for Indiana purposes.

References to the Internal Revenue Code

Public Law (PL) 113-2010, SEC. 54 updates references to the Internal Revenue Code in certain Indiana tax statutes. For tax year 2010, any reference to the Internal Revenue Code and subsequent regulations means the Internal Revenue Code of 1986, as amended and in effect on Jan. 1, 2010.

Utility Receipts Tax

A Utility Receipts Tax is imposed at the rate of 1.4 percent of the taxable receipts from the retail sale of utility services. Use Form URT-1 for this tax. Gross receipts are defined as the value received for the retail sale of utility services. The utility services subject to tax include:

- Electric energy;
- Natural gas;
- Water;
- Steam;
- Sewage; and
- Telecommunications.

If you have more than \$1,000 in gross receipts from the sale of utility services, you may be required to file Form URT-1 (Utility Receipts Tax Return), in addition to Form IT-65. Refer to Commissioner's Directive #18 at www.in.gov/dor/3617.htm

Utility Services Use Tax

An excise tax known as the utility services use tax is imposed on the retail consumption of utility services in Indiana where the utility receipts tax is not paid by the utility providing the service. This tax is imposed at the rate of 1.4 percent.

You might be liable for this tax if you purchase utility services from outside Indiana (or anywhere if for resale) and become the end user in Indiana of any part of the purchase. The person who consumes the utility service is liable for the utility services use tax. The tax is based on the price of the purchase. Unless the seller of the utility service is registered with the Department to collect the utility services use tax on your behalf, you must remit this tax on Form USU-103. For more information, refer to Commissioner's Directive #32 at www.in.gov/dor/3617.htm

General Filing Instructions

Liability of the Partnership

Partnerships as entities are not subject to income taxes. However, publicly traded partnerships treated as corporations pursuant to IRC Section 7704 are classified for Indiana tax purposes in the same manner as they are classified for federal tax purposes. A limited liability company classified as a corporation for federal tax purposes should file Form IT-20.

Partnerships are considered to be the taxpayer with respect to the payment of amounts required to be withheld at source. See the section "Withholding Tax Liabilities of Partnerships" on page 3 for more information.

Partnerships are subject to the use tax. Use tax is due on the storage, use, or consumption of tangible personal property purchased in a transaction in Indiana or elsewhere. The exception is if the transaction is exempt from the sales and use tax by law or the sales tax due and paid on the transaction equals the use tax due.

See the instructions for the Sales/Use Tax Worksheet on page 19.

An apportionment schedule must be included with the return if the partnership is doing business both within and outside Indiana and has any partners not domiciled in Indiana. See the instructions for IT-65 Schedule E Apportionment of Income for Indiana on page 20.

Any partnership that has nonresident partners must also file a composite return for all its nonresident partners. It must do so even if a nonresident partner has other income from Indiana. Any partnership that fails to file a composite return that includes all its nonresident partners will be assessed a penalty of \$500.

To avoid penalty and interest charges for delinquent filing of returns, a partnership should verify its tax status and withholding responsibilities before commencing business in Indiana.

Withholding Tax Liabilities of Partnerships

The following instances require the partnership to register with the Department and become an Indiana withholding agent on behalf of each of the following:

Withholding on Residents

A partnership must withhold for Indiana tax purposes if:

- It is making payments of salaries, wages, tips, fees, bonuses, and commissions;
- These payments are subject to Indiana state and/or county income taxes; and
- The partnership is required by the IRC to withhold federal taxes on these types of payments

The partnership must remit payment of amounts withheld to the Department on the proper WH-1 withholding return by its due date. If a return and/or payment of the proper amount of tax withheld is not paid by the due date, penalty and interest will be added. A partner may be personally subject to criminal prosecution if the failure to pay and/or file a withholding return is due to fraud or tax evasion.

Withholding on Nonresidents

Employees – A partnership must withhold Indiana state and/or county income taxes from employees who work in Indiana but are not residents of Indiana. However, withholding on compensation of nonresident team members of certain professional sports organizations is based on duty days performed in Indiana.

Refer to Income Tax Information Bulletin #88, available at www.in.gov/dor/3650.htm

If an employee resides in a state that has entered into a reciprocal agreement with Indiana, an exception from withholding applies. However, this does not affect county taxation.

For purposes of withholding county income taxes, the term “nonresident” refers to a nonresident of the county where the partnership has locations or is located.

Individual Partners – A partnership must withhold state income tax at the rate of 3.4 percent on the apportioned distributive shares of partnership income (on current-year earnings derived from Indiana sources). It must do this each time it pays or credits any of its nonresident and part-year resident individual partners. This does not apply to residents of reverse credit states who are subject to and pay

income taxes at rates of 3.4 percent or higher to their resident states.

The reverse credit states are:

- Arizona;
- California [see note];
- Oregon; and
- Washington, D.C.

Note: Indiana state withholding is required whenever a California resident partner is included in an Indiana composite tax return.

Withholding at the appropriate adopting county’s nonresident tax rate is required on each Indiana nonresident partner whose principal place of business or employment on January 1 is located in an Indiana county that has adopted a county income tax. Use Departmental Notice #1 to determine county tax withholding rates. It is available at www.in.gov/dor/3618.htm To verify a county’s rate, visit the Department’s Web site or call our main tax line at (317) 233-4016.

Corporate Partners – Partnerships must withhold on income distributions to all corporate partners that are not registered with the Indiana Secretary of State. This withholding must be an amount reflecting the ultimate Indiana tax liability due by respective partners because of the partnership’s activities.

A corporation is subject to AGI tax at the rate of 8.5 percent.

A partnership must withhold and remit the Indiana Financial Institution Tax (FIT) if:

- The partnership conducts the business of a financial institution;
- The partnership has nonresident corporate partners; and
- The partners transact the business of a financial institution.

An FIT of 8.5 percent must be withheld on the respective nonresident corporate partner’s share of partnership income as computed under IC 6-5.5-4. However, if a written declaration that the partner is not subject to the FIT exists, the withholding is not required. In this instance only, corporate AGI tax must be withheld from the nonresident corporate partner’s distributive share of income apportioned to Indiana.

Caution: The withholding provisions on nonresidents do not apply to partners who are any one of the following entities:

- An Indiana-domiciled corporation registered with the Indiana Secretary of State;
- A non-Indiana domiciliary corporation registered with the Indiana Secretary of State;
- A nontaxable trust or estate;
- An S corporation; or
- A wholly exempt nonprofit organization with no unrelated trade or business partnership income.

A partnership must withhold tax from income distributions to an S corporation, a fiduciary, or another partnership passing through Indiana income to:

- A nonresident shareholder;
- A beneficiary; or
- A partner.

It must also designate as a “Nominee” the ultimate recipient as if there were no other intermediary entities. The upper-tier partnership passing through Indiana income to its partners must withhold tax for nonresident nominees on a final pro rata basis without reapportioning the income at the lower level. See Income Tax Information Bulletin #85 at www.in.gov/dor/3650.htm for more information.

Withholding Amounts on Nonresident Partners – The partnership’s withholding of state and/or county tax from nonresident partners is payable quarterly if the monthly average is less than \$50. This is paid on Form WH-1. This form must be filed by the last day of the month following the end of each quarter where a distribution was made. For example, if a current distribution is made on June 17, 2010, the withholding tax is remitted with Form WH-1 for June and is due on July 30, 2010.

A partnership having one distribution credited to partners during the year or at the close of the partnership’s fiscal year may be permitted to file Form DB020W-NR. This creates a nonresident withholding account if one does not exist. It also allows the respective state and county withholding tax amounts on nonresidents to be paid at one time when a nonresident withholding account is established. This withholding return is due by the 15th day of the third month following the end of the taxable year. For example, if a single annual distribution for a calendar year is made on Dec. 31, 2010, the withholding tax is due March 15, 2011. Advances or drawings against a partner’s distributive share of income are deemed paid on the last day of the partnership’s tax year. A copy of the withholding return is included on page 18.

The partnership is liable for any delinquent penalty and interest in addition to the amount withheld or required to be withheld and paid to the Department.

Note: Compliance with the act of withholding will not relieve any non-Indiana-domiciled partner from annual filing requirements (except individuals included in a composite return) or the payment of any unpaid tax, penalties, and interest.

How to Register as a Withholding Agent

A partnership with any withholding liability as previously described is required to register as an Indiana withholding agent. The Department assigns an Indiana TID. This TID consists of:

- A 10-digit number exclusive to the taxpayer; and
- A 3-digit number for the location being registered.

The partnership has two options in registering as a withholding agent:

- It can request and file the Indiana Department of Revenue Business Tax Application, Form BT-1, for the partnership. You can request Form BT-1 and the Instructions for Withholding Registration by calling the Tax Administration at (317) 233-4015. It takes approximately two to three weeks to process an application that has been mailed to the Department. However, any initial withholding payments can be remitted with the application. The BT-1 can also be completed online at <https://secure.in.gov/apps/dor/bt1>
- The second option is to visit the downtown Indianapolis office of the Department or one of the district offices located throughout the state to get registered the same day.

Note: Beginning Jan. 1, 2010, new businesses that register with the Indiana Department of Revenue to collect sales or withholding taxes are required to file using INtax, per legislation (IC 6-2.5-6-1 and IC 6-3-4-8.1). For more information, and to get registered, visit www.intax.in.gov

How to Submit the Withholding Payment

The periodic payment of amounts withheld from nonresident partners should be included in the remittance with Form WH-1. This form is also used to remit amounts withheld on employees. Withholding agents are assigned to an annual, a quarterly, or a monthly status. Those businesses not registered with INtax (www.intax.in.gov) are mailed a voucher packet. This packet contains the employer’s Withholding Tax Returns to be used for this purpose. Each return must be completed and mailed (postmarked) by its due date. It should include the total amount withheld for that period. By law, the withholding return must be filed even when no withholding amount is due.

For more information about remitting Form WH-1, visit <http://www.in.gov/dor/4183.htm>

If the partnership pays or credits amounts to its nonresident partners only one time each year, it might be permitted to file a designated nonresident withholding return to pay the withholding tax from income distributions made to the nonresident partners. The initial use of Form DB020W-NR filed with WH-18 copies will result in the creation of a separate withholding account aside from any existing payroll withholding account. The payment due date on this type of account is automatically extended to the 15th day of the third month following the end of the partnership’s taxable year. Form DB020W-NR is included on page 18.

If payment is made for any composite tax due on Form IT-65 and is filed past the due date of the withholding return, the partnership will owe penalty and interest. Penalty charges can be avoided by timely paying withholding tax liabilities.

Form WH-3 – The withholding agent must complete and file an annual Withholding Tax Reconciliation Return, Form WH-3, by the end of February following the close of each calendar year. The agent must include the following:

- The Indiana taxpayer identification number (TID);
- The partnership’s name; and
- The calendar year.

Form WH-3 is used to reconcile the monthly, quarterly, or annual WH-1 returns. When remitting this form, the business must also remit the supporting W-2 and WH-18 reports. Although you can use magnetic tape to transmit W-2 information, you must enclose paper copies of Form WH-18 with the WH-3 when submitting it.

Note that effective July 1, 2010, any employer that files more than 25 W-2s in a calendar year is required to file both the WH-3 form and their W-2s electronically. This new law (IC 6-3-4-16.5) applies to W-2s filed after Dec. 31, 2010.

To learn how to remit the WH-3 electronically, visit www.in.gov/dor/4455.htm

How Fill out Form WH-3 – On Form WH-3, the withholding agent enters the total annual amount of state and county income taxes or other taxes withheld from employees and nonresidents

receiving income subject to Indiana withholding. These amounts must match what is listed on federal Form W-2 and Indiana Form WH-18. The amount of county tax withheld during the year is separated according to the amounts withheld for each county.

If the withholding agent has overpaid the withholding liability for the year, it is entitled to a refund. Enter the amount to be refunded on Form WH-3. Also, provide an explanation. If the withholding agent has underpaid the payroll or nonresident partner withholding liability for the year, do not submit the payment with Form WH-3. Instead, complete Form WH-1U and submit the payment under separate cover. Form WH-1U is included with the WH-3 packet. The Indiana TID and the period to which the payment should be applied must also be indicated. (Use Form DB020W-NR on page 18 to make an initial payment of the withholding tax due on once-a-year income distributions to nonresident partners.)

Specific instructions for completing Form WH-18 are found on the reverse side of that form. This form is available at <https://forms.in.gov/Download.aspx?id=7259>

Partner's Liability and Filing Requirements

A partner's share of profit or loss from a partnership is included in the partner's calculation of federal AGI. It is generally subject to the same rules for arriving at Indiana AGI. Thus, a partner's distributive share, before any modifications required by Indiana statutes, is the same ratio and amount as determined under IRC Section 704 and its prescribed regulations. The partners include their share of all partnership income, whether distributed or undistributed, on their separate or individual Indiana income or franchise tax returns. Each partner's distributive share of income is adjusted by modifications provided for in IC 6-3-1-3.5(a) or (b).

Individual Partners

Residents – A resident partner reports the entire distributive share of partnership income (loss) as adjusted, no matter where the partnership's business is located or in which states it does business. Individual partners must complete Form IT-40, Indiana Individual Income Tax Return.

Nonresidents – Part- and full-year nonresident partners must report their shares of partnership income (loss) as adjusted. This is derived from or attributed to sources within Indiana as determined by the use of the apportionment formula described in IC 6-3-2-2(b). Whenever a partnership has a nonresident partner and conducts business within and outside Indiana, the partnership must include the apportionment worksheet with Form IT-65. The partner must complete Form IT-40PNR, Indiana Part-Year or Full-Year Nonresident Individual Income Tax Return. The partner must claim credit on that return for amounts withheld by the partnership from the partner's distributive share of income. Form WH-18, copy C, must be enclosed with the return to verify any such withholding credit amount.

Nonresident partners are exempt from the filing requirements of an Indiana Individual Income Tax Return only if they are properly included as members of a composite return.

A part-year nonresident partner must file Form IT-40PNR and report:

- The total amount of income (loss) received while residing in Indiana; and
- That part of Indiana source income received while a nonresident.

A part-year nonresident partner also reports apportioned Indiana income (loss), as modified, on Form IT-40PNR.

Note: Passive losses may not exceed the limits imposed by IRC Section 469. Losses also may not exceed the partner's investment. See IRC Section 704.

Corporate Partners

Corporate partners report their distributive share of the partnership income (loss) on one of the following:

- Form FIT-20;
- Form IT-20;
- Form IT-20S;
- Form IT20NP; or
- Form IT-41.

All distributions are fully taxable for AGI tax purposes. Taxable partnership income (loss) includes pro rata Indiana modifications. However, losses may not exceed the limits imposed by IRC Section 704.

Corporate partners doing business within and outside Indiana must also determine their taxable AGI from Indiana sources through the use of the allocation and apportionment provisions contained in IC 6-3-2-2(b)-(h). These generally follow the Uniform Division of Income for Tax Purposes Act. Thus, a multistate corporation must first determine what part of its AGI, which includes all partnership income, constitutes business income and what part is nonbusiness income. The relationship between the business of the corporate partner and the partnership controls the classification. Non-unitary partnership income distributions attributed at the partnership level to Indiana are treated as allocated income on the corporate partners' Indiana returns.

If the corporate partner's activities and the partnership's activities constitute a unitary business under established standards, disregarding ownership requirements, the business income of the unitary business attributable to Indiana is determined by a three-factor apportionment formula. The formula consists of property, payroll, and sales of the corporate partner and its actual share of the partnership's factors for any partnership year ending within or with the corporate partner's taxable year.

The partner's proportionate share of all of the partnership's (unapportioned) state income and other adjustments required under IC 6-3-1-3.5 must be added back in when determining AGI.

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 is 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 apportionment formula consisting of property, payroll, and sales of the partnership; or

2. If the partnership derives income from sources entirely within Indiana or entirely outside Indiana, the income is not subject to formula apportionment. See 45 IAC 3.1-1-153 for reporting requirements.

For non-unitary partners, taxable partnership distributions included in federal taxable income are deducted on the non-business and non-unitary income adjustment line of the corporation's return. Non-unitary partnership income attributed to Indiana is entered on the adjustment line used to report Indiana allocated non-business income and Indiana non-unitary partnership income. (This non-unitary partnership income includes apportioned pro rata modifications.) The corporate taxpayer's taxable income for Indiana equals:

- The apportioned business income, which includes unitary partnership income and non-unitary partnership income attributed to Indiana; plus
- The corporate partner's other non-business income allocated to Indiana; plus
- Modifications required by IC 6-3-1-3.5(b) for AGI.

Corporate partners subject to the Indiana financial institution franchise tax must include the corporation's percentage of partnership adjusted gross or apportioned income, as computed under IC 6-5.5-4. This is reported on Form FIT-20.

Use the worksheet on page 15 for Attributing Partnership Income for Unitary Corporate Partners to compute the portion of partnership income subject to tax under the Adjusted Gross Income Tax Act.

Basis of Partner's Interest in Partnership

For Indiana income tax purposes, the basis of the partnership interest is generally the same as its basis for federal income tax purposes. Adjustments to income and loss under the Indiana Adjusted Gross Income Tax Act (for the addback of income taxes and the deduction from income for U.S. government obligations) are limited to current reporting. However, they may also affect the basis of the partner's interest.

Indiana Partnership Income for Individuals

Examples: Taxpayer A is a resident of Indiana, and Taxpayer B is a nonresident of Indiana. Each has a 50 percent interest in ABC Company, an Indiana partnership doing business both within Indiana and outside Indiana.

ABC Company has income from operations of \$530,000 and expenses of \$500,000. Of these expenses, \$35,000 is an expense for state income tax. Taxpayers A and B each received a guaranteed payment of \$10,000.

Computations for ABC Company for a Taxable Period:

ABC Company computes its adjusted partnership income as follows:

Income from operations	\$530,000
Expenses	(500,000)
Addback modification	<u>+35,000</u>
Partnership income	\$65,000

Using the three-factor apportionment formula under IC 6-3-2-2(b), ABC Company determines its apportionment percentage as follows:

Property factor	80.00%
Payroll factor	40.00%
Sales factor (weighted)	<u>+120.00%</u>
	240.00%
Divide by factor values present:	10
Indiana apportionment percentage	24%

Computations for Taxpayers A and B:

Taxpayer A, as a resident of Indiana, must report his own entire share of partnership income to Indiana regardless of whether the partnership apportions its income. As a general rule, if Taxpayer A pays tax to another state (on a portion of partnership income), he can take a credit on his individual return.

Indiana adjusted partnership income for Taxpayer A is computed as follows:

Guaranteed payment	\$10,000
Distributive share (50% x \$65,000)	<u>+32,500</u>
Indiana adjusted distributive share of income	\$42,500

Taxpayer B, as a nonresident of Indiana, reports only her own share of partnership income and guaranteed payment apportioned to Indiana. As a general rule, if Taxpayer B is required to pay tax to another state on a portion of her income from ABC Company, she cannot take a credit on her Indiana return but must claim it from her state of residence.

Indiana adjusted partnership income for Taxpayer B is computed as follows:

Guaranteed payment	\$10,000
Distributive share (50% x 65,000)	+32,500
Total partnership share of income	\$42,500
Multiply by apportionment percentage	<u>x 24%</u>
Apportioned Indiana distributive share of income	\$10,200

Accounting Periods and Methods

The accounting period for Form IT-65 and the method of accounting adopted must be the same as used for federal income tax purposes.

Extended Due Date

The initial due date for filing is the 15th day of the fourth month following the close of the partnership's tax year. The Department accepts the federal extension of time application (Form 7004) or the federal electronic extension. If you have one, you do not need to contact the Department prior to filing the annual return. Returns postmarked within 30 days after the last date indicated on the federal extension form are considered timely filed.

Do not file a separate copy of this form with the Department to request an Indiana extension. If applicable, enclose a copy of the federal extension of time with the return when filing your state return. Check box Q1 on the front of the IT-65 return.

If a federal extension is not needed, a partnership can request a separate Indiana extension of time to file by writing to:

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

Any payment made after the original due date must include penalty and interest. **Caution:** The filing due date for the partnership return is different from the payment due date of income tax withholding and composite AGI tax on nonresident partners.

Amended Returns

If the partnership files an amended federal return and the change(s) affects the Indiana income or the taxable income reportable by the partners, both the partnership and the partners must file amended Indiana returns. They must do so within 120 days after the filing of the amended federal return.

Adjustments made by the IRS affecting the reportable Indiana income must be followed with an amended partnership return. This must be filed within 120 days after the adjustment becomes final. Check box A1 at the top of Form IT-65 if you are filing an amended return.

Instructions for Completing Form IT-65

Filing Period and Identification

File a 2010 partnership return for a tax year ending on Dec. 31, 2010; a short tax year beginning and ending in 2010; or a fiscal year beginning in 2010 and ending in 2011. For a fiscal or short tax year, fill in both the beginning month, day, and year and the ending month, day, and year at the top of the form.

Identification Section

Check box A1 at the top of the form if you are filing an amended return. For a name change, check box B1 at the top of the return. You must enclose with the return copies of amended articles filed with the Indiana Secretary of State.

The federal identification number shown in the box at the upper-right corner of the return must be accurate. It must also be the same as what's used on the U.S. Return of Partnership Income. Please use the correct legal name of the partnership and its current mailing address. List the name of the county in Indiana where you have a primary business location. Enter "O.O.S." in the county box D for an address outside Indiana. *For foreign addresses, please note the following:*

- Be sure to enter the name of the city, town, or village in the box labeled City;
- Be sure to enter the name of the state or province in the box labeled State; and
- Be sure to enter the postal code and the 2-digit country code in the box labeled ZIP Code.

Enter your principal business activity code in the designated block of the return. Use the six-digit activity code as reported on the federal tax return. This number is derived from the North American Industry Classification System (NAICS). A link to a list of these codes is available on the Department's Web site at www.in.gov/dor/3742.htm

Questions K through S and Other Fill-in Lines

All corporations filing an Indiana corporation income tax return must complete the top portion of the form. This includes questions K through S. Check or complete all the boxes that apply to your return:

- K. Indicate the date and place the partnership was organized.
- L. Indicate the partnership's state of commercial domicile.

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

N. Indicate the accounting method used.

O. Check box O-1 if you are filing an initial return.

Check box O-2 only if the partnership is dissolved, is liquidated, or has withdrawn from the state. Also, you must timely file Form BC-100 to close out any sales and withholding accounts. Go to www.in.gov/dor/3508.htm to complete this form online.

Check box O-3 if the partnership is in bankruptcy.

Check box O-4 if you are filing as a composite return for nonresident partners.

P. Enter the number of partners in the partnership in entry box P-1. Enter in entry box P-2 the number of all partners who are nonresidents of Indiana.

Q. Check box 1 if you have a valid extension of time or an electronic federal extension of time to file your return. If applicable, enclose a copy of federal Form 7004 when filing your state return.

S. Check box 1 if this partnership is a member of any other partnership.

Aggregate Partnership Distributive Share Income

Note: Please round all entries to the nearest whole dollar amount. Also, please do not use a comma in dollar amounts of four digits or more. For example, instead of entering "3,455" you should enter "3455."

Line 1. Enter the amount from the U.S. partnership return Schedule K:

- Net ordinary business income;
- Net income from real estate activities from Form 8825;
- Other rental income activities;
- Portfolio income and deductions;
- Royalties;
- Capital gains and losses;
- Guaranteed payments; and
- Other income.

You might be able to take the Section 179 deduction. You also might be able to deduct that portion of investment expenses that is included in federal Schedule K as part of line 13 and line 20 relating to investment portfolio (royalty) income and that flows to federal Schedule E. Do not deduct other expenses treated as federal itemized deductions.

Use the Worksheet for Partnership Distributive Share Income, Deductions, and Credits to help you calculate this figure. You must use the income worksheet if this partnership received any distributive income from one of the following:

- An owned partnership interest;
- An estate; or
- A trust.

See instructions on page 19 and worksheet on page 15.

If filing federal Form 1065B by an electing large partnership, use the amounts from line 1 through 8 of Schedule K. Convert distributive share of income items into a Form 1065 Schedule K format. Carry the figures to IT-65 and IT-65 IN K-1.

Required Indiana State Modifications - Lines 2a through 2f

Lines 2a through 2e. Enter any addbacks and deductions here. Enter the name of the addback/deduction, its 3-digit code, and its amount. Use a negative sign for negative amounts (-). Attach additional sheets if necessary.

The following addbacks and deductions should be entered on lines 2a through 2e:

- The addback of all state taxes based on or measured by income, levied by any state, deducted on the federal return. **(3-digit code: 100)**
- An amount attributable to bonus depreciation in excess of any regular depreciation that would be allowed if an election under IRC Section 168(k) had not been made as applied to property in the year that it was placed into service. Taxpayers that own property for which additional first-year special depreciation for qualified property was allowed in the current taxable year or in an earlier taxable year must add or subtract an amount necessary to make their AGI equal the amount computed without applying any bonus depreciation. The first-year special depreciation includes 50 percent bonus depreciation. The subsequent depreciation allowance must be calculated on the state's stepped-up basis until the property is disposed. Enclose a statement to explain your adjustment. **(3-digit code: 104)**

Example: If the IRC Section 179 deduction was elected on business equipment acquired during 2005 costing \$200,000, the capital expensing deduction was \$100,000. Also, it had a remaining basis of \$100,000. An additional 50 percent bonus depreciation of \$50,000 was elected. This left a basis of \$50,000 for a 5-year Modified Accelerated Cost Recovery System (MACRS) property (half-year convention) depreciation deduction of 20% (\$10,000). The total amount of federal deduction was \$160,000.

For state purposes, the bonus depreciation of \$50,000 was not allowed and must be added back. The IRC Section 179 deduction was capped at \$25,000. So the \$75,000 excess amount must be added back. These adjustments result in a stepped-up basis of \$175,000 for the state return. This is the amount on which you figure the allowable first-year MACRS property depreciation deduction of 20% (\$35,000) for 2005. This was a total state deduction of \$25,000 more than was already deducted under the General Depreciation System (GDS). The additional depreciation may be excluded in subsequent years from the amounts to be added back when excess IRC Section 179 deduction or bonus depreciation was elected.

Commissioner's Directive #19 (www.in.gov/dor/3617.htm) explains this initial required modification on the allowance of depreciation for state tax purposes.

- Your share of the IRC Section 179 adjustment claimed for federal tax purposes that exceeds the amount recognized for state tax purposes. **(3-digit code: 105)**

Indiana adopted the former expensing limit provided by the Jobs Creation and Workers Assistance Act of 2002.

Indiana has since specified an expensing cap of \$25,000. This modification affects the basis of the property if a higher Section 179 limit was applied. The increase to a \$100,000 deduction and a beginning \$400,000 phase-out limitation was not allowed for purposes of calculating Indiana AGI. The depreciation allowances in the year of purchase and in later years must be adjusted to reflect the additional first-year depreciation deduction until the property is sold. This first-year depreciation deduction includes the special depreciation allowance for 50% bonus depreciation property.

If a taxpayer placed any IRC Section 179 property in service in the current taxable year or in an earlier taxable year, you must add or subtract an amount necessary to make the taxpayer's AGI equal to the amount of AGI that would have been computed if an election had not been made for the year in which the property was placed in service to take deductions (as defined in IRC Section 179) in a total amount exceeding \$25,000.

Note: If the net amount determined for the net bonus depreciation allowance or excess IRC Section 179 deduction is a negative figure (because of a higher depreciation basis in subsequent years), use a negative sign to denote this. If the taxable income is a loss, this adjustment increases a loss when added back. Enclose a statement to explain your adjustment.

- Deduct interest income, less related expenses, from certain obligations of the U.S. government included as income on the federal return. Request Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm for a list of eligible items. **(3-digit code: 610)**
- Deduct Indiana lottery prize money. If you make a purchase of a winning Indiana lottery game or ticket, a portion of the prize money you receive and included in your federal taxable income should be excluded. The proceeds of up to \$1,200 are deductible from each winning lottery game or ticket paid through the Hoosier State Lottery Commission. Explain the deduction on an enclosed statement. **(3-digit code: 606)**
- Add back the deduction for deferral of business indebtedness discharge and reacquisition. Enter an amount equal to the amount claimed as a deferral of income arising from business indebtedness discharged in connection with the reacquisition after Dec. 31, 2008, and before Jan. 1, 2011, of an applicable debt instrument (as provided in Section 108(i) of the IRC), for federal income tax purposes. **(3-digit code: 107)**
- Add back the deduction for qualified restaurant property. Enter an amount equal to the amount you claimed as a deduction for federal income tax purposes for qualified restaurant property. The property must have been placed in service during the taxable year. It also must have been classified as a 15-year property under Section 168(e)(3)(E)(v) of the IRC. **(3-digit code: 108)**
- Add back the deduction for qualified retail improvement property. Enter an amount equal to the amount you claimed as a deduction for federal income tax purposes for qualified retail improvement property. The property must have been placed in service during the taxable year. It must also have

been classified as a 15-year property under Section 168(e)(3)(E)(ix) of the IRC. **(3-digit code: 109)**

- Add back the deduction for qualified disaster assistance property. Add or subtract an amount equal to the amount claimed as a deduction for the special allowance for qualified disaster assistance property under Section 168(n) of the IRC for federal income tax purposes. **(3-digit code: 110)**
- Add back the deduction for qualified refinery property. Enter an amount equal to the amount you claimed as a deduction for expense costs for qualified refinery property under Section 179C of the IRC for federal income tax purposes. **(3-digit code: 111)**
- Add back the deduction for qualified film or television production. Enter an amount equal to the amount you claimed as a deduction for expense costs for qualified film or television production under Section 181 of the IRC for federal income tax purposes. **(3-digit code: 112)**
- Add back the deduction for qualified preferred stock. Enter an amount equal to the amount you claimed as a deduction for a loss from the sale or exchange of preferred stock. Do this only if that loss was treated as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year. **(3-digit code: 113)**

The stock must be preferred stock in one of the following:

- The Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or
- The Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.)

Line 2f. Enter the total amount of addbacks and deductions from any additional sheets. If you need to claim more than five addbacks and/or deductions, attach additional sheets detailing them. Total the amounts from the additional sheets and enter the total here (use a negative sign to denote a negative amount).

Line 3. Add lines 1 through 2f.

Apportionment of Income

Partnerships deriving income from sources within and outside Indiana and having non-Indiana-domiciled partners or non-unitary corporate partners must complete line 4.

Line 4. Under the Adjusted Gross Income Tax Act, taxable income from a trade or business conducted within and outside Indiana is figured using a three-factor formula. This formula consists of:

- Property factor;
- Payroll factor; and
- Weighted sales factor.

Generally, apportioned income is determined by averaging a percentage of the three factors. The resulting percentage determines the Indiana net income of the nonresident individual partners, non-unitary corporations, and other member partnerships that pass through as a result of the partnership's activities everywhere.

See IT-65 Schedule E instructions beginning on page 20.

On line 4, enter the Indiana apportionment percentage if the partnership has any multistate business activities. If apportioning income, enter the Indiana percentage (rounded to two decimal places) from line 4(c) of IT-65 Schedule E, Apportionment of Income for Indiana. Do not enter 100 percent.

Before continuing to lines 5 through 16, complete IT-65 Schedule IN K-1 for each partner.

Summary of Calculations for IT-65

Sales/Use Tax Worksheet IC 6-2.5-3-2 imposes a use tax on 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. This rate is 7 percent. Examples of taxable items include:

- Magazine subscriptions;
- Office supplies;
- Electronic components; and
- Rental equipment.

Any property purchased free of tax by use of an exemption certificate is subject to the use tax. In addition any property purchased from out of state and converted to a nonexempt use by the business is subject to the use tax. Complete the Sales/Use Tax Worksheet on page 19 to compute any sales/use tax liability. For more information about use tax, call (317) 233-4015.

Note: If you are a registered retail sales or out-of-state use tax agent for Indiana, you must report your nonexempt purchases used in your Indiana business. You do this on Form ST-103, Indiana Annual, Quarterly, or Monthly Sales and Use Tax Voucher. If you do not pay your use tax by the original due date of the return, interest will be added to the amount due. A 10 percent penalty or \$5, whichever is greater, is charged on each unpaid use tax liability.

Caution: Do not report your totals from Form ST-103 on this worksheet or on Form IT-65.

Line 5. Enter the use tax due from the completed Sales/Use Tax worksheet.

Line 6. Enter the total tax liability of the nonresident members from line 15G of Schedule IT-65COMP (columns D plus E minus F). Enclose composite Schedule IT-65COMP.

Line 7. Total tax: Add the tax shown on lines 5 and 6.

Line 8. Enter the total amount of withholding. Be sure to attach WH-18 statements for composite members.

Line 9. Enter any other payments and credits belonging to the partnership. This line may include an Economic Development for a Growing Economy (EDGE) job retention credit or media production credit that was not otherwise passed through to the partners. For EDGE credit information, see the section on Pass-through Tax Credits. For information on the media production credit, get Commissioner's Directive #36 (www.in.gov/dor/3617.htm). A detailed explanation must be enclosed for any credits claimed on this line.

Line 10. Subtotal: Subtract lines 8 and 9 from line 7. If a balance due remains, proceed to lines 11, 12, and 13.

Line 11. Enter the total interest due.

Caution: Two separate calculations of interest and penalty might be required:

1. Interest is computed on the net amount of the composite tax on line 10 paid after the 15th day of the third month following the end of the partnership's taxable year. Interest is calculated from the day following the due date for payment of the composite tax to the actual date the balance is paid with the IT-65 return.
2. Interest on use tax is calculated on the amount of use tax on line 10 that is paid after the original due date of the IT-65 return.

Contact the Department for the current rate of interest by calling (317) 233-4015 or getting Departmental Notice #3 at www.in.gov/dor/3618.htm

Line 12. Enter the total penalty due. The penalty for late payment is 10 percent of the amount (but not less than \$5) of any composite tax due on line 10 paid after the 15th day of the third month following the end of the partnership's taxable year. (See the caution note on line 11.) The penalty is still due on use tax paid after the original due date of the return.

If a return showing no liability on line 7 is filed late, the penalty for failure to file by the due date is \$10 per day the return is past due, up to a maximum of \$250.

In addition, a separate \$10 penalty is assessed on each Schedule IN K-1 information return that is filed late.

Line 13. A penalty of \$500 is assessed to any partnership that fails to file a composite return for all its nonresident partners* (PL 211-2007 SEC. 27, 44, 58). If you fail to include all your nonresident partners on your composite return, please remit that penalty here.

***Exception:** Certain partners will not be included in the composite filing. See the exceptions listed under "Filing Requirements for 2010 Composite Return" on page 22.

Keep track of the names of the partners not included on the composite return and who do not meet the above exception because the Department may request this information at a later date.

Line 14. Amount due: If line 10 is greater than zero, add lines 10 through 13 and enclose a separate remittance for the total amount owed for each Form IT-65 filed. Please pay in U.S. funds. If paying by check, make your check payable to Indiana Department of Revenue.

Line 15. Overpayment: If the total of lines 8 and 9 exceeds line 7, subtract the total of lines 11 through 13 from line 10. If the result is less than zero, this is your net overpayment. If penalties and interest are due because of a delinquent filing or payment, the overpayment must be reduced by these charges. If the result is a balance due, enter the difference on line 14.

Line 16. Enter the same amount from line 15 to be refunded directly to you. An overpayment credit may not be carried over to the following year.

Certification of Signatures and Authorization Section

Be sure to sign, date, and print your name on the return. If a paid preparer completes your return, you can authorize the Department to discuss your return with the preparer by checking the authorization box above the signature line.

An officer of the corporation must show his title and sign and date the tax return. Please enter your daytime telephone number so we can call you if we have any questions about your tax return. Also, enter your e-mail address if you would like us to contact you via e-mail.

Personal Representative Information

Typically, the Department contacts you if we have any questions or concerns about your tax return. If you want the Department to be able to discuss your tax return with someone else (e.g., the person who prepared it or a designated person), you must complete this area.

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

Next, enter:

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

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

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

Paid Preparer Information

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

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

The paid preparer must provide:

- The name and address of the firm that he/she represents;
- His/her identification number (check one box for federal number, PTIN, or Social Security number);
- His/her telephone number;
- His/her complete address; and
- His/her signature with date.

Be sure to keep a copy of your completed return.

Indiana Department of Revenue
Indiana Partnership Return
for Calendar Year Ending December 31, 2010

2010

or Other Tax Year Beginning

2010 and Ending

Check box if amended.

Check box if name changed.

Name of Partnership		Federal Identification Number	
Number and Street		Indiana County or O.O.S.	
City		Principal Business Activity Code	
State		ZIP Code	
		Telephone Number	

K. Date of organization _____
In the State of _____
L. State of commercial domicile _____
M. Year of initial Indiana return _____
N. Accounting method: _____
☐ Cash ☐ Accrual ☐ Other

O. Check all boxes that apply to entity: ☐ Initial Return ☐ Final Return ☐ In Bankruptcy ☐ Composite Return
P. Enter total number of partners: _____ Enter number of nonresident partners: _____
Q. Do you have on file a valid extension of time to file your return
(federal Form 7004 or an electronic extension of time)? ☐ Y ☐ N
R. Are you a limited liability company electing partnership treatment on your federal return? ☐ Y ☐ N
S. Is this partnership a member of any other partnership(s)? ☐ Y ☐ N

Aggregate Partnership Distributive Share Income (see worksheet)

Round all entries

1. Total net income (loss) from U.S. partnership return, Form 1065 Schedule K, lines 1 through 11 less line 12, and a portion of line 13 related to investment income (see instructions); use minus sign for negative amounts.....	1		00
2a. Enter name of addback or deduction (see instructions) _____ Code No. _____	2a		00
2b. Enter name of addback or deduction _____ Code No. _____	2b		00
2c. Enter name of addback or deduction _____ Code No. _____	2c		00
2d. Enter name of addback or deduction _____ Code No. _____	2d		00
2e. Enter name of addback or deduction _____ Code No. _____	2e		00
2f. Enter the total amount of addbacks and deductions from any additional sheets (use a minus sign for negative amount)	2f		00
3. Total partnership income, as adjusted (add lines 1 through 2f)	3		00
4. Enter average percentage for Indiana apportioned adjusted gross income from IT-65 Schedule E line (4c), if applicable.....	4		%
5. Sales/use tax due on purchases subject to use tax from Sales/Use Tax worksheet (from page 19).....	5		00
6. Total composite tax from completed Schedule IT-65COMP (15G). Attach schedule.....	6		00
7. Total tax (add lines 5 and 6). Caution: If line 7 is zero, see line 12 late file penalty.....	7		00
8. Total amount of withholding (attach WH-18 statement(s) for composite members)	8		00
9. Other payments/credits belonging to the partnership (attach documentation)	9		00
10. Subtotal (line 7 minus lines 8 and 9). If total is greater than zero, proceed to lines 11, 12, and 13.....	10		00
11. Interest: Enter total interest due; see instructions (contact the Department for current interest rate).....	11		00
12. Penalty: If paying late, enter 10% of line 10. If line 7 is zero, enter \$10 per day filed past the due date; see instructions	12		00
13. Penalty: If failing to include all nonresident partners on composite return, enter \$500; see instructions.....	13		00
14. Total Amount Due (add lines 10 through 13). If less than zero, enter on line 15. Make payment in U.S. funds.....	14		00
15. Overpayment (line 8 plus line 9, minus lines 7, 11, 12, and 13)	15		00
16. Refund: Amount from line 15. No carryforward allowed. Enter as a positive figure	16		00

Certification of Signatures and Authorization Section

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

I authorize the Department to discuss my return with my personal representative (see page 11) ☐ Y ☐ N

Partnership's E-mail Address

EE

Signature of Corporate Officer _____ Date _____

Print or Type Name of Corporate Officer _____ Title _____

Personal Representative's Name (Print or Type)

Telephone Number _____

Address _____

City _____

State _____

Zip Code + 4 _____

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

Check One: ☐ Federal ID Number ☐ PTIN ☐ Social Security Number

Telephone Number _____

Address _____

City _____

State _____

Zip Code + 4 _____

Paid Preparer's Signature _____

Date _____

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



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IT-65 2010 Schedule IN K-1

State Form 49181 (R9/8-10)

Indiana Department of Revenue

Partner's Share of Indiana Adjusted Gross Income, Deductions, Modifications, and Credits

Tax Year Beginning

2010 and Ending

Name of Partnership

Federal Identification Number

Distributions - Provide IN K-1 to each partner. Enlose IN K-1 with IT-65 return. For information on the acceptable electronic data file format, visit the Department's Web site at www.in.gov/dor/3772.htm Pro rata amounts for lines 1 through 26 of any nonresident partner must be multiplied by the Indiana apportionment percent, if applicable, from IT-65, line 4.

Part 1 – Partner's Identification Section

(a) If Partner Is an Individual (please print clearly)

Last Name:

First Name:

a1

a2

a3

(b) If Partner Is an Other Entity (please print clearly)

Name:

b1

b2

(c) Partner's State of Residence or Commercial Domicile c1

(d) Indiana Tax Withheld for Nonresident Partner (on WH-18) d

(e) Partner's Federal Pro Rata Percentage e

(f) Partner's Tax as Computed on IT-65COMP Column f

Social Security Number:

Federal Identification Number:

00

%

00

Part 2 - Distributive Share Amount (use apportioned figures for nonresident partners)

1. Ordinary business income (loss) 00

2. Net rental real estate income (loss) 00

3. Other net rental income (loss) 00

4. Guaranteed payments 00

5. Interest income 00

6. Ordinary dividends 00

7. Royalties 00

8. Net short-term capital gain (loss) 00

9. Net long-term capital gain (loss) 00

10. Net IRC Section 1231 gain (loss) 00

11. Other income (loss) 00

12. IRC Section 179 expense deduction 00

13a. Portion of expenses related to investment portfolio income, including investment interest expense and other (federal nonitemized) deductions 00

13b. Other information from line 20 of federal K-1 related to investment interest and expenses not listed elsewhere 00

14. Total pro rata distributions (Add lines 1 through 11; subtract lines 12, 13a, and 13b when applicable.) 00

Continued on next page ►



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Part 3 - State Modifications Add or subtract the following. Designate the distributive share amount of each modification for Indiana adjusted gross income from line 2 on the front of Form IT-65. For nonresidents, apply apportioned figures. (Use a minus sign to denote negative amounts.)

15. State income taxes deducted		00
16. Net bonus depreciation allowance		00
17. Excess IRC Section 179 deduction		00
18. Interest on U.S. obligations		00
19. Indiana lottery prize money		00
20. Deferral of business indebtedness discharge and reacquisition addback		00
21. Qualified restaurant property addback		00
22. Qualified retail improvement property addback.....		00
23. Qualified disaster assistance property addback.....		00
24. Qualified refinery property addback		00
25. Qualified film or television production addback.....		00
26. Qualified preferred stock addback.....		00
27. Total distributive share of modifications (add lines 15 through 26 and carry total to Column B on Schedule IT-65COMP)		00

Part 4 - Pro Rata Share of Indiana Pass-through Tax Credits from Partnership

28. Enter the name of the tax credit program, its three-digit ID code, and the dollar amount of the partner's distributive share for each allowable credit

Name of Credit:

ID Code:

a _____ b _____ c

d _____ e _____ f

g _____ h _____ i

29. Total pass-through credits (add lines 28c, 28f, and 28i)..... 00



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Worksheet for Partnership Distributive Share Income, Deductions and Credits

Use this worksheet to compute the entry for line 1 of Form IT-65 and to assist in computing amounts reported on IT-65 Schedule IN K-1. Enter the total distributive share of income from each item as reportable on Form 1065, Schedule K. Do not complete Column B and C entry lines unless the partnership received distributive share or tiered income from other entities.

Distributive Share Amounts:

Partnership's Distributive Share of Items

1. Ordinary business income (loss)
2. Net rental real estate income (loss)
3. Other net rental income
4. Guaranteed payments
5. Interest Income
- 6a. Ordinary dividends.....
7. Royalties
8. Net Short-term capital gain (loss)
- 9a. Net long-term capital gain (loss)
10. Net IRC Section 1231 gain (loss)
11. Other income (loss)

Less allowable deductions for state tax purposes:

12. IRC Section 179 expense deduction
- 13A. Portion of expenses related to investment portfolio income including investment interest expense and other (federal non-itemized) deductions.....
- 13B. Other information from line 20 of federal K-1 related to investment interest and expenses not listed elsewhere
14. **Carry total on line 14A to Form IT-65 line 1, on front page of return**

15. Total of Indiana state modifications to distributive share income (see line 2, Form IT-65)

16. Net other Indiana adjusted gross income distributions from partnerships, estates, and trusts (add line 14C and 15C).....
17. Enter amount of Indiana pass-through credits attributed from other partnerships, estates, and trusts, if any

A. Partnership Income All Sources

B. Distributions from Partnerships/ Estates/Trusts Everywhere

C. Distributions Attributed to Indiana

		Enter for line 14B below total distributive share income received by the partnership from all other non-unitary partnerships, estates, and trusts. Enter for line 15B an amount equal to required state modifications for Indiana Adjusted Gross Income (see page 19 instructions).	Enter for line 14C below, total distributive share income received by the partnership from other partnerships, estates, and trusts that were derived from or allocated to Indiana. Enter for line 15C an amount equal to the Indiana modifications to adjusted gross income attributed to Indiana.
		↓	↓
14A		14B	14 C
		15B	15 C
			16 C
			17 C

Worksheet for Attributing Partnership Income for Unitary Corporate Partners

Use the worksheet whenever partnership income is being distributed to a corporate partner having a unitary relationship with the partnership. A unitary business relationship means maintaining business activities or operations that are of mutual benefit, dependent upon, or contributory to one another in transacting business between a corporate partner and the partnership. Unity may be established whenever there is unity of operation and use evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction between a corporate partner and the partnership.

If a corporate partner and a partnership maintain a unitary business relationship as described above, the partnership distribution shall be distributed to the partner without any apportionment by the partnership. If the partner derives income from sources both within and outside Indiana and is required to apportion its income, the partner's apportionment factors shall include the partner's proportionate share of the apportionment factors of the partnership.

Use the following table to show apportionment factors' values from the partnership assigned to the unitary corporate partner. Partnerships deriving income from sources both within and outside Indiana or having any corporate partners must complete the IT-65 Apportionment Schedule E.

Enter the partner's pro rata amounts as determined by the partnership entity's completed IT-65 Apportionment Schedule E. Duplicate this worksheet for each corporate partner. (These amounts are to be included with the corporate partner's own apportionment factors.)

IT-65 Apportionment Schedule E:	Property Factors	Payroll Factors	Receipts Factors
Total from Indiana Sources	Line 1A	Line 2A	Line 3A
Total from All States	Line 1B	Line 2B	Line 3B

Schedule E

Form IT-20/20S/20NP/IT-65

State Form 49105

(R9 / 8-10)

Name as shown on return

**Indiana Department of Revenue
Apportionment of Income for Indiana**

For Tax Year Beginning

2010 and Ending

Federal Identification Number

Each filing entity having income from sources both within and outside Indiana must complete a three-factor apportionment schedule except financial institutions and certain insurance companies that use a single receipts factor. Interstate transportation entities must use Schedule E-7. Combined unitary filers must use the apportioning method (relative formula percentage) as outlined in Information Bulletin #12 and Tax Policy Directive #6. Omit cents; percents should be rounded two decimal places; read apportionment instructions.

**Part I - Indiana Apportionment of
Adjusted Gross Income**

1. Property Factor - Average value of owned property from the beginning and the end of the tax year. (Value of and pro rata share of real and tangible personal property at original cost.)

- (a) Property reported on federal return (average for tax year)
- (b) Fully depreciated assets still in use at cost (average value for tax year) ..
- (c) Inventories, including work in progress (average value for tax year)
- (d) Other tangible personal property (average value for tax year)
- (e) Rented property (8 times the annual net rental)

Total Property Values: Add lines 1(a) through 1(e)

2. Payroll Factor - Wages, salaries, commissions, and other compensation of employees and pro rata share of payroll reportable on the return.

Total Payroll Value:

3. Sales/Receipts Factor (less returns and allowances) - Include all non-exempt apportioned gross business income. Do not use non-unitary partnership income of previously apportioned income that must be separately reported as allocated income.

Sales delivered or shipped to Indiana:

- (a) Shipped from within Indiana
- (b) Shipped from outside Indiana

Sales shipped from Indiana to:

- (c) The United States government
- (d) Purchasers in a state where the taxpayer is not subject to income tax (under P.L. 86-272)
- (e) Interest & other receipts from extending credit attributed to Indiana
- (f) Other gross business receipts not previously apportioned

Total Receipts: Add column A receipts lines 3(a) through 3(f) and enter in line 3A. Enter all receipts in line 3B of column B

4. Summary - Apportionment of income for Indiana for tax years beginning in 2010

(a) **Receipts Percentage** for factor 3 above: Divide 3A by 3B, enter result here:

%

Multiply result by 18

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

(c) **Indiana Apportionment Percentage:** Divide line 4b by 20 if all three factors are present. Enter here and carry to apportionment line on the tax return

Note: If either the property or payroll factor for column B is absent, divide line 4b by 19.

If the receipts factor (3B) is absent, you must **divide line 4b by 2. See instructions.**

Part II - Business/Other Income Questionnaire

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

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

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

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

4. Briefly describe the nature of activities of sales personnel operating and soliciting business in Indiana:

5. Do Indiana receipts for line 3A include all sales shipped from Indiana to (1) the U.S. government; or (2) locations where this taxpayer's only activity in the state of the purchaser consists of the mere solicitation of orders? ☐ Y ☐ N If no, please explain:

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



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Schedule IT-65COMP

State Form 49180
(R9 / 8-10)

Indiana Department of Revenue

Name of Partnership

Federal Identification Number

Partners' Composite Indiana Adjusted Gross Income Tax ReturnPartnership's Tax Year **2010** or Other Year Beginning

2010 and Ending

See instructions on page 22. Enclose with Form IT-65 (use additional sheets if necessary).

List name, distributive amount, composite tax, and credits for each composite return member. **Omit cents.****Attach WH-18,
copy C for each
nonresident
composite partner.**

Name	Enter Pro Rata Share		Composite Adjusted Gross Income Tax			Credits	Total Tax
	A	B	C	D	E	F	G
	Apportioned distributive income attributed to Indiana from IN K-1, line 14	Indiana modifications from IN K-1, line 27	Adjusted gross income (Add A + B)	State tax multiply C x 3.4% (cannot be less than zero)	County tax multiply C by nonresident county tax rate (if applicable)	Enter pro rata credits from IN K-1, line 29 (may not exceed D)	Enter partner's tax liability (D + E - F)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13. Subtotals for columns D, E, F, and G.....							
14. Carryover totals from additional sheets							
15. Total tax (13G + 14G)							

Carry total tax and credits from line 15G to Summary of Calculations. Enter total tax on Form IT-65, line 6.



13410111594

State Form
49100
(R/8-10)

FORM DB020W-NR

Payment of Indiana Withholding Tax for Nonresident Shareholders, Partners, or Beneficiaries of Trusts and Estates

INDIANA TAXPAYER IDENTIFICATION NUMBER:

(IF NONE, INDICATE FEDERAL ID NUMBER BELOW)

LOCATION

TAXPAYER'S NAME AND ADDRESS:

NAME _____

STREET _____

CITY _____

STATE _____ ZIP CODE _____

ENTER YOUR FEDERAL IDENTIFICATION NUMBER:

IS THIS A ONE-TIME ANNUAL DISTRIBUTION? ☐ YES ☐ NO

X _____

AUTHORIZED SIGNATURE _____

DATE _____ DAYTIME TELEPHONE NUMBER () _____

TAX PERIOD ENDING:

M M

Y Y Y Y

(CODE-DEPT. USE ONLY)

A.

TOTAL AMOUNT OF PAYMENT

B.

TOTAL AMOUNT DUE

DO NOT SEND CASH
MAKE CHECK OR MONEY ORDER
IN U.S. FUNDS PAYABLE TO:
INDIANA DEPARTMENT OF REVENUE

MAIL COMPLETED FORM TO:
INDIANA DEPARTMENT OF REVENUE
P.O. BOX 6197
INDIANAPOLIS, IN 46206-6197

DO NOT USE THIS FORM FOR REPORTING PAYROLL WITHHOLDING TAX

Use this form (if you have not established a separate non-resident withholding account) to remit Indiana state income tax withholding on annual income distributions to nonresident shareholders, non-resident partners, or nonresident beneficiaries of trusts and estates. Also, include county income tax withholding for an Indiana tax-adopting county if on January 1 of the tax year, this was the non-resident's principal place of business or employment. If already registered as a nonresident withholding agent, use the designated Form WH-1 (Indiana Withholding Tax Voucher).

Payment is generally due within 30 days following the end of the tax year or quarter (if the liability for a quarterly period exceeds \$150). However, if an entity pays or credits amounts to its non-resident shareholders, partners, or beneficiaries one time each year, the withholding payment is due on or before the 15th day of the third month after the end of the taxable year. **Caution:** This form will establish a separate nonresident withholding account followed by a letter requesting any additional information needed to complete the registration.

- Complete Form DB020W-NR by entering the assigned Indiana taxpayer identification number. Indicate the withholding liability reporting period by entering a six-digit number corresponding to the ending month and year in the blocks provided.
- Enter your full name and address in the space provided.
- Line A: Enter the withholding tax paid with this return for the tax period indicated. Do not include penalty and interest if paying late. The Department will calculate and bill for penalty and interest if payment is received after the due date.

- Line B: Enter the total withholding tax due for the ending tax period indicated. Do not include penalty or interest. If the remittance is equal to the total amount due, the amount reported on A and B should be the same.
- Sign and date the form. List your daytime telephone number and enter your federal identification number for prompt processing of this form. Upon proper registration, the Department will mail an Indiana nonresident withholding return coupon(s) for the next tax year for use in filing the required monthly, quarterly, or annual withholding returns.

Note: Form WH-3 (Annual Withholding Reconciliation and Transmittal Form) and state copies of Form WH-18 (Indiana Miscellaneous Withholding Tax Statement) must be filed annually on or before the end of February. The Department may permit an entity paying or crediting amounts to its nonresidents only one time each year an extension of time to file Form WH-3, until March 15 following the close of the calendar year in which the taxable year ends. However, the payment of withholding tax on the one-time annual distribution is required to have been remitted (and the withholding statement provided to the payee) 2 1/2 months after the end of the entity's taxable year.

An extension of time to file Form WH-3 may be requested in writing if the information on the distributive share of income reportable on Form WH-18 is not available by the due date. However, an extension of time to file Form WH-3 does not extend the time to pay withholding tax due on Form WH-1 or DB020W-NR.

If you have any questions regarding this form or the withholding tax, please call the Indiana Department of Revenue, Tax Administration at (317) 233-4016.



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Sales/Use Tax Worksheet

List all purchases made during 2010 from out-of-state companies.

Column A Description of personal property purchased from out-of-state retailer	Column B Date of Purchase(s)	Column C Purchase Price
Magazine subscriptions:		
Mail order purchases:		
Internet purchases:		
Other purchases:		
1. Total purchase price of property subject to the sales/use tax	1	
2. Sales/use tax: Multiply line 1 by .07 (7%)	2	
3. Sales tax previously paid on the above items (up to 7% per item)	3	
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-65, line 5. If the amount is negative, enter zero and put no entry on line 5 of the IT-65.....	4	

IT-65 Schedule IN K-1

Partner's Share of Indiana Adjusted Gross Income, Deductions, Modifications, and Credits

Enclose a copy of each partner's IN K-1 with Form IT-65. Also provide a completed copy of Schedule IN K-1 to each partner.

Note: Contact the Department for alternative filing options for IT-65 Schedule IN K-1 at (317) 233-4015. For information on the acceptable electronic data file format, visit the Department's Web site at www.in.gov/dor/3772.htm

Part 1 – Partner's Identification Section

Complete a separate IT-65 IN K-1 to identify each partner:

- (a) Enter the partner's name and Social Security number, if an individual.
- (b) Enter another entity name and the federal identification number if the partner is another entity.
- (c) Enter the partner's state of residence or commercial domicile.
- (d) Enter the amount of tax withheld on income distributions derived from Indiana sources for any nonresident partner for the taxable year. A WH-18, Indiana Miscellaneous Withholding Tax Statement for Nonresidents, must be prepared for the nonresident partner. Do not include any penalty or interest paid on delinquent withholding tax. If no withholding tax was paid or if additional withholding tax is due, see the instructions for filing Form DB020W-NR. Credit for any amount withheld must be claimed on the partner's Indiana individual composite or the corporation's income tax return.
- (e) Enter the applicable pro rata percentage of the partner's interest in the partnership. The percentage should be adjusted to an annual rate if necessary.
- (f) Enter the partner's tax as computed on IT-65COMP column G.

Part 2 – Distributive Share Amount

Complete lines 1 through 14 for the partner. Also provide the partner with an IN K-1 showing her share of income, credits, and modifications. If filing federal Form 1065-B, convert taxable income distributions to federal Form 1065 Schedule K-1 format.

Line 1 through Line 13b. For full-year Indiana resident partners, complete these lines as shown on the federal Schedule K-1, Form 1065 or Form 8865.

For most corporate partners and all nonresident individual partners, the federal Schedule K-1 amounts should be multiplied by the apportionment percentage calculated on the IT-65 Schedule E. See the instructions beginning on page 20. You should enter the apportioned amounts on lines 1 through 13b.

Line 6, Ordinary dividends, corresponds to line 6a on the federal K-1. Line 9, Net long-term capital gain (loss), corresponds to line 9a on the federal K-1.

On line 13a or 13b, include investment interest expenses attributed to royalty income. Also include all other federal deductions. However, do not include those deductions treated as itemized deductions. Do not report any other type of investment interest expense, itemized deduction, or carryover loss on this line.

Note: If the partnership has received any distributions from other entities having income previously apportioned to Indiana, use the following methodology to report distributive share income for IT-65 IN K-1.

Alternative Completion of IT-65 Schedule IN K-1 Information for Part 2

An alternative application of IT-65 Schedule IN K-1 must be used for the following:

- Members who are nonresident individuals;
- Corporate partners; and
- Other partnerships if they had income from outside Indiana.

Use the following method to complete Schedule IN K-1 when the partnership had any apportioned income from outside Indiana or is otherwise required to complete the Indiana apportionment schedule.

Modify each required Schedule IN K-1 line by recalculating the pro rata share of total partnership income reported on line 1 of Form IT-65. Be sure to include all required Indiana modifications to AGI. Use the pro rata amount from line 14A on the Worksheet for Partnership Distributive Share Income, Deductions, and Credits by following these steps:

Step 1. Deduct from the above pro rata share the respective pro rata amount of line 14B and line 15B of the worksheet.

Step 2. Multiply the result by the Indiana apportionment percent reported on line 4 of Form IT-65. This can also be found on line 4c of Schedule E. This amount should reflect the partner's proportionate share of this partnership's activity in Indiana.

Step 3. Add to the above amount the pro rata share of any other (entity) source income this partnership received that was previously apportioned or allocated as distributive share income derived from Indiana. This can be found on line 16C of the worksheet. The result is the modified Indiana partnership income from Indiana sources. It should be reported on the appropriate lines of Schedule IN K-1 of nonresident individuals, corporations, and partnerships for AGI purposes.

Also use the Worksheet for Attributing Partnership Income to Unitary Corporate Partners to compile additional information for reporting distributive share income. Certain corporate partners require these additional income figures from the partnership to properly report their own distributive share incomes and to compute their Indiana state income tax liabilities as a result of the partnership's activity in Indiana.

Part 3 – State Modifications

Lines 15 - 26. Enter the Indiana modifications from the front of Form IT-65, lines 2a - 2e (and any additional sheets) as percentage applied. In the case of nonresident individuals, enter them as apportioned. List the pro rata share amount of each modification on the appropriate line. (Use a negative sign to denote negative amounts.)

Line 27. Enter the total distributive share of modifications. Add lines 15 through 26. Use a negative sign to denote negative amounts. Carry this total to column B of Schedule IT-65COMP.

Part 4 – Pro Rata Share of Indiana Pass-through Tax Credits from Partnership

Line 28. If the partnership has available any eligible Indiana credits flowing through to the partners, enter the following:

- The name of the credit;
- Its three-digit code number; and
- The pro rata amount of credits allotted to each partner.

You must also enclose a completed credit schedule with Form IT-65 to support this credit distribution.

See the descriptive list of pass-through tax credits that may be available to a pass-through entity on page 23. Each credit is assigned a three-digit code number. This should be used for identification

purposes when reporting and claiming these credits. For further information, get Income Tax Information Bulletin #59 at www.in.gov/dor/3650.htm

Instructions for IT-65 Schedule E Apportionment of Income for Indiana

Complete the apportionment of income schedule whenever the partnership has income derived from sources both within and outside Indiana and has any nonresident or corporate partners. The income attributed to Indiana must be determined by a three-factor apportionment formula under IC 6-3-2-2. The Department will not accept returns filed for AGI tax purposes on the separate accounting method.

For taxable years beginning after Dec. 31, 2006 and before Jan. 1, 2008, the numerator of the fraction is the sum of the property factor, plus the payroll factor, plus the product of the sales factor multiplied by 3, and the denominator of the fraction is 5.

For taxable years beginning after Dec. 31, 2007 and before Jan. 1, 2009, the numerator of the fraction is the sum of the property factor, the payroll factor, and the product of the sales factor multiplied by 4.67, and the denominator of the fraction is 6.67.

For taxable years beginning after Dec. 31, 2008, and before Jan. 1, 2010, the numerator of the fraction is the sum of the property factor, the payroll factor, and the product of the sales factor multiplied by 8, and the denominator of the fraction is 10.

For taxable years beginning after Dec. 31, 2009, and before Jan. 1, 2011, the numerator of the fraction is the sum of the property factor, the payroll factor, and the product of the sales factor multiplied by 18, and the denominator of the fraction is 20.

For all taxable years beginning after Dec. 31, 2010, Indiana's apportioned income will be determined by using only the sales factor.

This apportionment formula must be used unless written permission from the Department is granted. Also see 45 IAC 3.1-1-153, adjusted gross tax treatment for unitary corporate partners.

Note: Interstate transportation companies should consult Schedule E-7 for details concerning apportionment of income. You can get this schedule at www.in.gov/dor/4179.htm

Part I – Apportionment of Adjusted Gross Income

1. Property Factor: The property factor is a fraction. The numerator is the average value during the tax year of real and tangible personal property used within Indiana (plus the value of rented property). The denominator is the average value during the tax year of such property everywhere.

The average value of property is determined by averaging the values of the beginning and the end of the tax period. (Beginning value + ending value divided by 2 = average value.) If the values have fluctuated, you might need to average the monthly values to reflect the average value of the property for the tax period. In the calculation of the property factor, the average values of properties might be composed of a combination of values. If so, enclose 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 on a capitalization of rents paid, which cannot be checked against the balance sheet or the profit and loss statement, must be supported. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate.

Total Property Values for 2010

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

2. Payroll Factor: The payroll factor is a fraction. The numerator is the total wages, salaries, and other compensation paid to employees in Indiana. The denominator is the total of such compensation for services rendered for the business everywhere. Normally, the Indiana payroll matches the unemployment compensation reports filed with the state as determined under the Model Unemployment Compensation Act. Compensation is paid in Indiana if:

- (a) The individual performed the service entirely within Indiana;
- (b) The individual performed the service both within and outside Indiana, but the service performed outside Indiana is incidental to the individual's service within Indiana; or
- (c) Some of the service was 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. That portion of an employee's salary directly contributed to a Section 401K plan should be in the factor. However, the employer's matching contribution should not be included.

Total Payroll Value for 2010

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

3. Sales/Receipts Factor: The receipts factor is a fraction. For 2010, the value of the receipts factor is to be multiplied by 18 in the apportionment of income formula. The numerator is the total receipts of the partnership in Indiana during the tax year. The denominator is the total receipts of the partnership everywhere during the tax year.

All gross receipts of the partnership that are not subject to allocation must be included in this factor. Do not include any previously apportioned income or any partnership distribution. The numerator of the receipts factor must include the following:

- All sales made in Indiana;
- All sales made from Indiana to the U.S. government; and
- All sales made from Indiana to a state not having jurisdiction to tax the activities of the seller.

Destination sales to locations outside Indiana by an Indiana seller that has activities in the state of destination, other than mere solicitation, are not included in the numerator of the sales factor.

This is true regardless of whether the destination state levies a tax. The numerator also contains intangible income attributed to Indiana, including the following:

- Interest from consumer and commercial loans;
- Installment sales contracts; and
- Credit and debit cards as prescribed under IC 6-3-2-2.2.

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

Sales or receipts not specifically assigned above are 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 of the use of tangible personal property are in Indiana if the property is in Indiana. If the 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 partnership 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 attributable to Indiana if the security or sale property is located in Indiana. Consumer loans not secured by real or tangible personal property are attributable to this state if the loan is made to an Indiana resident. Commercial loans and installment obligations not secured by real or tangible personal property are attributable to Indiana if the proceeds of the loans are to be applied in Indiana. The following are attributable to the state where the card charges and fees are regularly billed:

- Interest income;
- Merchant discounts;
- Travel and entertainment credit card receivables; and
- Credit card holder's fees.

Receipts from the performance of fiduciary and other services are attributable to the state where the benefits of the services are consumed. Receipts from the issuance of traveler's checks, money orders, or U.S. savings bonds are attributable to the state where those items are purchased.

Receipts in the form of dividends from investments are attributable to Indiana if the commercial domicile is in Indiana; and

- (4) Gross receipts from the performance of services are in Indiana if the services are performed in this state. If such services are performed partly within and partly outside Indiana, a portion of the gross receipts from the performance of the services are attributed to Indiana based on the ratio the direct costs incurred in Indiana bear to the total direct costs of the services. That is, unless the services are otherwise directly attributed to Indiana according to IC 6-3-2-2.2.

Sales to the United States Government: The U.S. government is the purchaser when it makes direct payment to the seller. A sale to the U.S. government of tangible personal property is in Indiana if it is shipped from an office, a store, a warehouse, or another place of storage in Indiana. See the previous rules for sales other than tangible personal property if such sales are made to the U.S. government.

Other Gross Receipts: Under (f) Other, report other gross business receipts not included elsewhere. Also report pro rata gross receipts from unitary-partnership(s). However, be sure to exclude from the factor that portion of distributive share income derived from a previously apportioned partnership source according to regulation 45 IAC 3.1-1-153(b).

Total Sales/Receipts Value for 2010

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

4. Summary: Apportionment of Income for Indiana for Tax Years Beginning in 2010

- Divide the sum on line 3A by the total on line 3B. Multiply by 100 to get a percentage rounded to the nearest second decimal place. Enter the quotient on the 4(a)1 space provided, and then multiply by 18 for tax years beginning in 2010. Enter the product on line 4a of column C.
- Add the entries on lines 1C, 2C, and 4a of column C. Enter the sum of the percentages on line 4b.
- Divide the total percentage entered on line 4b by 20. Enter the average Indiana apportionment percentage (round to the nearest second decimal place) on line 4c, and carry it to line 4 of Form IT-65.

The property and payroll factors are each valued as a factor of 1 in the apportionment of income formula. The receipts factor value is 18 for tax year 2010. The combined three-factor denominator equals 20 for tax year 2010. 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.

Part II – Business/Other Income Questionnaire

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

- All business locations where the partnership has operations;
- The nature of the business activity at each location, including whether a location accepts orders in that state, is registered to do business in that state, files income tax returns in other states, and whether the property in the other states is owned or leased.

You must enclose the completed IT-65 Schedule E (Apportionment of Income) with your return.

Filing Procedure for 2010 IT-65COMP Composite Return

Effective for taxable years beginning after Dec. 31, 2007, any partnership that has partners who are nonresidents of Indiana must file a composite return and include all its nonresident partners. A partnership will be assessed a penalty of \$500 if it fails to file a composite return that includes all its nonresident partners. See the instructions for line 13 on page 10 for more information. The composite return must be filed with and have the same due date as the partnership return. If the IRS allows the partnership an extension to file its tax return, the due date for its Indiana return is automatically extended for the same period, plus 30 days.

Composite income is each nonresident partner's distributive share of income derived from sources within Indiana as determined by the use of the apportionment formula described in IC 6-3-2-2(b) plus Indiana modifications. The partnership must file a composite return as well as Form WH-1 (Employer's Withholding Tax Return). The WH-1 is used for submitting withholding tax payments for all nonresident partners, along with any withholding for employees. The partnership must file it on a monthly, a quarterly, or an annual basis. Withholding is not required on residents of reverse credit states, though. These states are:

- Arizona;
- California;
- Oregon; and
- Washington, D.C.

However, withholding is required when a California resident is included on the Indiana composite return.

The amount of tax withheld on partners is shown as a credit on Form WH-18 (Indiana Miscellaneous Withholding Tax Statement for Nonresident). Copy A of Form WH-18 must be filed with the Department with Form WH-3, Annual Withholding Reconciliation, on or before the last day of February.

Filing Requirements for 2010 Composite Return

Any partner within the following categories must, in all cases, be excluded from the composite return:

- Any partner that is a corporation, partnership, or fiduciary;
- Any partner who received a distribution(s) during the year in excess of his distributive share of net ordinary income from partnership operations; or
- Any partner who sold any portion of his interest in the partnership during the year.

The following limitations and conditions apply to each partner included as a member in the 2010 composite return:

- Any short-term capital gain (loss) plus any long-term capital gain (loss) specifically allocated for a partner is allowed, subject to any "passive activity" loss limitations pursuant to IRC Section 469 and capital loss limitations imposed on noncorporate taxpayers by IRC Section 1211;
- No deduction is permitted for interest paid on investment indebtedness under IRC Section 163(d) (limitation on interest investment indebtedness);
- No deduction is permitted for carryover of net operating losses or capital losses;

- (d) No personal exemption is permitted;
- (e) No deduction is allowed for charitable contributions allowed or allowable pursuant to IRC Section 170;
- (f) No credit is permitted for taxes paid to other states;
- (g) No credit carryovers are permitted; and
- (h) All other credits that flow through to partners on a pro rata basis are limited to the partner's state income tax liability. See the list of Pass-through Tax Credits.

The partnership filing a composite return is liable for the tax shown on the return. It is also liable for any additional tax, interest, and penalty as a result of a subsequent audit or examination. Any refund of state or county tax as a result of filing a composite return will be remitted directly to the partnership. The partnership should send a copy of the general Indiana filing requirements to each nonresident partner.

Instructions for Completing the 2010 Composite Return

Indicate the name of each partner included in this composite return. Subject to the limitations and conditions specified in the filing requirements, separately compute the state tax liabilities and credits on the composite return attributable to each partner. To verify a county's rate, visit the Department Web site at www.in.gov/dor or call (317) 233-4016 for assistance.

Column E. If a nonresident individual is engaged in principal work activity in an adopting county on January 1, the county tax should be calculated. Multiply column C by the applicable nonresident county tax rate. Use Departmental Notice #1 to determine whether a composite member is subject to a county tax, and use the county income tax chart as directed on Form IT-40PNR to verify the county's tax rate. The Indiana individual forms are available online at www.in.gov/dor/3510.htm

Column F. The amount of pro rata pass-through credit available to each composite member is limited to the respective amount of tax calculated in column D. Insert the total state and county liabilities and pass-through credits of those partners included in the composite return to the appropriate lines on Form IT-65.

Column G. The amount of tax liability for each shareholder is limited to the respective amount of tax minus the amount of credit (column D + column E - column F).

Note: A federal Schedule K-1 for each partner is not required to be enclosed but must be made available for inspection upon request by the Department.

If you have any questions, contact the Department at (317) 233-4015.

Pass-through Tax Credits

Each partner is allowed a pro rata share of the income tax credits available to the partnership. Each partner's share of an available credit is reported on IT-65 Schedule IN K-1, line 28. It must be supported by enclosing the properly completed tax credit schedule or form with the partnership's return.

Note: Enterprise zone credits and most other tax liability credits may not be applied against the partnership's withholding, composite, or use tax liabilities on Form IT-65.

Caution: A taxpayer cannot be granted more than one of the following credits for the same project:

- Capital investment credit;
- Community revitalization enhancement district credit;
- Enterprise zone investment cost credit;
- Hoosier business investment credit;
- Industrial recovery credit;
- Military base investment cost credit;
- Military base recovery credit; and
- Venture capital investment credit.

Apply this restriction first when figuring allowable credits. Get Commissioner's Directive #29 at www.in.gov/dor/3617.htm for more information.

The following credits have been assigned a three-digit code for identification purposes. Use the code when reporting and claiming any of these credits. Refer to Income Tax Information Bulletin #59 at www.in.gov/dor/3650.htm for more information.

Airport Development Zone Tax Credits

Certain areas within Indiana have been designated as airport development zones (ADZs). These zones are established to encourage investment and job growth in distressed urban areas. Airport development zone tax credits are based on the same tax credits and benefits available within designated Indiana enterprise zones. The Gary-Chicago ADZ was designated in July 1993. Currently, areas within Allen County are eligible to be designated as ADZs.

Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm has more information on how to calculate credit.

Following are the three available airport development zone tax credits:

Airport Development Zone Employment Expense Credit 800

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

Get Indiana Schedule EZ Parts 1, 2, and 3 online at www.in.gov/dor/3515.htm for more information on how to calculate this credit.

Airport Development Zone Investment Cost Credit 801

This credit is based on qualified investments made within Indiana. It can be up to a maximum of 30 percent of the investment. The amount depends on the following:

- Number of employees;
- Type of business; and
- Amount of investment in the ADZ.

Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm has more information on how to calculate this credit. Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204. You can also call them at (317) 232-8827 or visit their Web site at www.in.gov/iedc/ for more information about this credit.

Use credit ID code number 801 and enclose supporting documentation if claiming this credit.

Airport Development Zone Loan Interest Credit **802**

This credit can be for up to 5 percent of the interest received from all qualified loans made during a tax year for use in an Indiana ADZ.

Get Indiana Schedule LIC at www.in.gov/dor/3515.htm for more information on how to calculate this credit.

Blended Biodiesel Credits **803**

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

You must enclose an approved Form BD-100 to verify the claimed credit. Contact the Indiana Economic Development Corporation, Biodiesel Credit Certification at One North Capitol, Suite 700, Indianapolis, IN 46204. You can also call them at (317) 232-8827 or visit their Web site at www.in.gov/iedc/ for more information.

Also, get Income Tax Information Bulletin #91 at www.in.gov/dor/3650.htm for additional information.

Capital Investment Credit **804**

This credit is available on certain qualified capital investments made in Shelby County. The IEDC certifies this credit. It is equal to 14 percent of the amount of the approved qualified investment and is ratable over a seven-year period.

For information on the definitions, procedures, and qualifications for obtaining this credit, contact the Indiana Economic Development Corporation, Enterprise Zone Board, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc/

Coal Combustion Product Tax Credit **805**

A manufacturer who uses coal combustion products for the manufacturing of recycled components in an Indiana facility may be eligible for this credit. (Coal combustion products are a byproduct of the combustion of coal.) To be eligible for this credit, the taxpayer must be an existing business that manufactures recycled components. The taxpayer must also have increased its acquisitions of coal combustion products by 10 percent over the average amount obtained in the previous three years is also. **Note:** A taxpayer that gets a property tax deduction for investment property purchased by the manufacturer of coal combustion products is not eligible for this credit.

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

Enclose your approved Form CCP-100 with your return.

Coal Gasification Technology Investment Tax Credit **806**

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

You must file an application for certification with the IEDC. If the credit is assigned, it must be approved by the utility regulatory commission and taken in 10 annual installments. The amount of credit for a coal gasification power plant is 10 percent of the first \$500 million invested and 5 percent for any amount over that. The amount of credit for a fluidized bed combustion technology is 7 percent of the first \$500 million invested and 3 percent for any amount over that.

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

Also get Income Tax Information Bulletin #99 at www.in.gov/dor/3650.htm

Community Revitalization Enhancement District Credit **808**

A state and local income tax liability credit is available for a qualified investment for redevelopment or rehabilitation of property within a community revitalization enhancement district. The expenditure must be approved by the IEDC before it is made. The credit is equal to 25 percent of the qualified investment made by the taxpayer during the taxable year.

The Department has the authority to disallow any credit if the taxpayer:

- Ceases existing operations;
- Substantially reduces its operations within the district or elsewhere in Indiana; or
- Reduces other Indiana operations to relocate them into the district.

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

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

Economic Development for a Growing Economy (EDGE) Job Retention Credit **839**

This credit is a refundable tax liability credit for businesses that conduct certain activities designed to foster job creation or job retention in Indiana. You must enclose the approved credit agreement letter from the IEDC with your return. You must also enclose a computation of the credit. Otherwise, this credit will not be allowed.

Contact the IEDC at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. You can also visit www.in.gov/iedc/ for additional information.

An EDGE credit that passes through to the partner must be claimed according to the instructions on the partner's income tax return. A copy of the entity's approval letter must be provided to the partners for enclosure with their returns.

The EDGE credit that is qualified for direct refund at the entity level is claimed as a refundable credit on line 9 of the IT-65.

Employer Health Benefit Plan Tax Credit 842

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

The employer is required to make health insurance available to its employees for at least two years after the employer first offers the health benefit plan.

Income Tax Information Bulletin #101 at www.in.gov/dor/3650.htm has more information.

Enclose with the return proof of your continued eligibility for the credit. Also enclose proof of any expenditures necessary to calculate the credit.

Enterprise Zone Employment Expense Tax Credit 812

This credit is available for employers based on qualified investments made within Indiana. It is the lesser of 10 percent of qualifying wages or \$1,500 per qualified employee, up to the amount of tax liability on income derived from an active enterprise zone. Enclose the completed Schedule EZ 2 with the IT-65 return to claim this credit.

Get Indiana Schedule EZ Parts 1, 2, and 3 online at www.in.gov/dor/3515.htm for more information.

Enterprise Zone Loan Interest Tax Credit 814

This credit can be for up to 5 percent of the interest received from all qualified loans made during a tax year for use in an active Indiana enterprise zone.

Get Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule LIC at www.in.gov/dor/3515.htm for more information on how to calculate this credit. Enclose your completed enterprise zone Schedule LIC with your IT-65 return.

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

Ethanol Production Tax Credit 815

An Indiana facility with a capacity to produce 40 million gallons of grain ethanol per year may be eligible for a credit. If the credit

is granted, it may not be sold, assigned, conveyed, or otherwise transferred. Effective for tax years beginning after Dec. 31, 2007, an additional tax credit for cellulosic ethanol production is available. Taxpayers who produce at least 20 million gallons of cellulosic ethanol in a taxable year can apply this credit. However, they can only apply it against the state tax liability attributable to business activity taking place at the Indiana facility at which the cellulosic ethanol was produced.

File an Application for Ethanol Credit Certification, State Form 52302, with the Indiana Economic Development Corporation, Ethanol Credit Certification, One North Capitol, Suite 700, Indianapolis, IN 46204. You can also call them at (317) 232-8827 or visit their Web site at www.in.gov/iedc/ for additional information.

You must enclose proof of information for the credit calculation plus a copy of the Certificate of Qualified Facility issued by the Indiana Recycling and Energy Development Board with your return to verify this credit. Get Income Tax Information Bulletin #93 at www.in.gov/dor/3650.htm for more information.

Headquarters Relocation Tax Credit 818

A business with annual worldwide revenue of \$100 million and at least 75 employees that relocates its corporate headquarters to Indiana may be eligible for a credit. The credit may be as much as 50 percent of the cost incurred in relocating the headquarters.

For more information, including limitations and the application process, get Income Tax Information Bulletin #97 at www.in.gov/dor/3650.htm

Historic Building Rehabilitation Tax Credit 819

A credit is available for the rehabilitation or preservation of historic property if it:

- Is listed on the Indiana Register of Historic Sites and Structures;
- Is at least 50 years old; and
- Is income-producing.

The cost of certified rehabilitation or preservation expenses must exceed \$10,000. The credit is 20 percent of the qualified expenses. Any unused balance of the credit can be carried forward for up to 15 years.

For additional information, visit the Department of Natural Resources online at www.in.gov/dnr/historic or call them at (317) 232-1646. You can also get Income Tax Information Bulletin #87 at www.in.gov/dor/3650.htm

You must enclose a certification from the Division of Historic Preservation and Archaeology with your return.

Hoosier Business Investment Tax Credit 820

This credit is for qualified investments, which include the purchase of any of the following new equipment as long as it is directly related to expanding the workforce in Indiana:

- Fabrication;
- Finishing;
- Manufacturing;
- Processing;
- Production;

- Refining; or
- Telecommunications.

Qualified investments also include:

- Onsite infrastructure improvements;
- Construction costs;
- Costs of retooling existing machinery and equipment; and
- Costs associated with special-purpose buildings and foundations.

It does not include property that can be readily moved out of Indiana. This credit is administered by the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204. Visit their Web site at www.in.gov/iedc/ or call them at (317) 233-3638 for additional information. Also, get Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm

You must submit a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year.

Indiana Research Expense Tax Credit 822

Indiana has a research expense credit similar to the federal credit (Form 6765) for increasing research activities for qualifying expenses paid in carrying on a trade or business in Indiana. Compute the credit using Schedule IT-20REC, which you can get at www.in.gov/dor/4179.htm

You must complete this form and enclose a copy of it to claim this credit. For more information, visit the Department's Web site at www.in.gov/dor

Individual Development Account Tax Credit 823

A credit is available for contributions made to a community development corporation participating in an Individual Development Account (IDA) program. The IDA program is designed to help qualifying low-income residents accumulate savings and build personal finance skills. The organization must have an approved program number from the Indiana Housing and Community Development Authority (IHCDA) before a contribution qualifies for preapproval. The credit is equal to 50 percent of the contribution, which must be more than \$100 and less than \$50,000.

Applications for the credit are filed through the IHCDA using Form IDA-10/20. You must enclose an approved Form IDA-20 with your return if claiming this credit. To request more information about the definitions, procedures, and qualifications for this credit, contact the Indiana Housing and Community Development Authority at 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204 or by calling (317) 232-7777.

Military Base Investment Cost Tax Credit 826

This credit is available to taxpayers who provide a qualified investment in a business located in one of the following:

- A current or former military base;
- A military base reuse area;
- An economic development area;
- A military base recovery site; or
- A military base enhancement area.

The amount of the credit depends on the type of business, the number of jobs created, and the amount of the investment.

A taxpayer making a qualified investment in a business located in a county where the Crane military base is located is also eligible for this credit. A military base enhancement area is extended to comprise portions of three counties that are outside the certified technology park adjoining the Crane military base. These counties are:

- Greene;
- Lawrence; and
- Martin.

The taxpayer's qualified investment must be in a business that meets one of the following criteria:

1. The business must be a participant in the technology transfer program conducted by the qualified military base; or
2. The business and the qualified military base must have a mutually beneficial relationship evidenced by a memorandum of understanding.

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

To receive credit, you must submit documentation of the qualified investment and certification of the percentage credit allowed by the IEDC.

Military Base Recovery Tax Credit 827

A taxpayer who is an owner or a developer of a military base recovery site might be eligible for a credit. To qualify, the taxpayer must be investing in the rehabilitation of real property located in a military base recovery site according to a plan approved by the IEDC. The maximum credit is 25 percent of the cost of the rehabilitation of real property located in a designated military base recovery site based on the age of the building.

Lessees of property in a military base recovery site are also eligible if they are assigned part of the tax credit based on a 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 returns for the year of assignment. The lessee can use the credit to offset their total state income tax liability. However, any excess credit must be carried forward to the immediately following tax year(s).

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

Neighborhood Assistance Tax Credit 828

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

You must enclose approval Form NC-20 with your return to claim this credit. For more information, get Form NC-10 at www.in.gov/dor/3508.htm and Income Tax Information Bulletin #22 at www.in.gov/dor/3650.htm

New Employer Credit **850**

A credit is allowed for a corporation or pass-through entity if the business employs at least 10 new qualified employees and, after Dec. 31, 2009, the business:

- Relocates or locates its operations in Indiana;
- Incorporates in Indiana; or
- Expands its operations in Indiana.

This credit is equal to 10% of the wages paid to qualified employees. A qualified employee is one who is:

- A full-time employee first hired by a new Indiana business;
- A resident of Indiana; and
- Not more than a 5 percent shareholder, partner, member, or owner of the business as determined by the IEDC.

To qualify for the credit, the taxpayer must submit an application to the IEDC. Contact the Indiana Department of Correction, Office of the Commissioner, 302 W. Washington Street, Room E334, Indianapolis, IN 46204, for additional information. You can also visit their Web site at www.in.gov/idoc

For more information, see Income Tax Information Bulletin #106 at www.in.gov/dor/3650.htm

Enter **850** on lines 29a - 31a under Other Nonrefundable Credits if claiming this credit.

Prison Investment Tax Credit **829**

A credit is allowed for amounts invested in Indiana prisons to create jobs for prisoners. The amount is limited to 50 percent of the investment in a qualified project approved by the Department of Corrections, plus 25 percent of the wages paid to inmates. The maximum credit a taxpayer can claim is \$100,000 per year.

Contact the Indiana Department of Correction, Office of the Commissioner, Indiana Government Center South, Room E334, Indianapolis, IN 46204 for additional information.

School Scholarship Credit **849**

A credit is available for contributions to school scholarship programs. A taxpayer that makes a qualifying contribution to a scholarship granting organization (SGO) is entitled to a credit against their state tax liability in the taxable year in which the contribution is made. The amount of a taxpayer's credit is equal to 50% of the amount of the contribution made to the SGO for a school scholarship program.

To qualify for the credit, the taxpayer must:

- Make a contribution to a scholarship granting organization that is certified by the Department of Education under IC 20-51;
- Make the contribution directly to the SGO;
- Designate in writing to the SGO that the contribution is to be used solely for a school scholarship program or have written confirmation from the SGO that the contribution will be used solely for a school scholarship program.

Although there are no limits on the size of a qualifying contribution to an SGO, the entire tax credit program has a limit of \$2.5 million in credits per state fiscal year (July 1 – June 30).

You must enclose Schedule IN-SSC to claim this credit. For more information about this credit, see the instructions for Schedule IN-SSC at www.in.gov/dor/4179.htm

Small Employer Qualified Wellness Program Credit **843**

Small employers are entitled to a tax credit if they provide qualified wellness programs for their employees. The credit is equal to 50 percent of the costs the taxpayer incurred during the taxable year for providing the wellness program. To qualify for the credit, the taxpayer must:

- Be actively engaged in business;
- Have between 2 and 100 eligible employees; and
- Have a majority of its employees working in Indiana.

The wellness program must be certified by the State Department of Health (DOH). You must enclose the certificate with your tax return before the credit can be approved. The credit can be carried forward but cannot be carried back or refunded. For more information, contact the DOH at www.IN.gov/isdh

Also get Income Tax Information Bulletin #102 at www.in.gov/dor/3650.htm

Venture Capital Investment Tax Credit **835**

An entity that provides qualified investment capital to a qualified Indiana business may be eligible for this credit. Currently, this credit is limited to investments that occur before Jan. 1, 2013. The carryforward provision is limited to 5 years.

You can get certification for this credit from the Indiana Economic Development Corporation Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204. You can also call them at (317) 232-8827 or visit their Web site at www.in.gov/iedc/

When filing your tax return, you must submit a copy of the certificate and proof that the investment capital was provided to the qualified business within two years after the certification of the investment plan.

Voluntary Remediation Tax Credit **836**

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

Prior unused credit may be carried back only one year or carried forward up to five years. For more information, contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, Indianapolis, IN 46204, or visit their Web site at www.in.gov/idem/

Reminders

1. Complete the partnership's identification section.
2. If the partnership's name has changed, check the box at the top of the return. Enclose with the return copies of the articles of amendment filed with the Indiana Secretary of State.
3. List the name of the Indiana county; enter "O.O.S." in the county box to indicate an out-of-state business operation.
4. Partnerships filing on a fiscal-year basis must enter their tax year beginning and ending dates.
5. A composite return must be filed on Schedule IT-65COMP.
6. Enclose IT-65 Schedule E- Apportionment of Income, if applicable.
7. Enclose the first four pages of the U.S. Partnership Return of Income, Form 1065 or Form 1065 B, and Schedule M-3.
8. Use Form DB020W-NR (for an initial payment) or the designated Form WH-1 to pay withholding tax on income distributions to nonresident partners.

For Other Indiana Department of Revenue Forms:

Web site: www.in.gov/dor/

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

Tax Forms Order Line: (317) 615-2581

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue will conduct an annual public hearing on Tuesday, June 7, 2011. Please come and share your ideas on how the Department can better administer Indiana tax laws. The hearing will be held from 9 a.m. to 11 a.m. in the Indiana Government Center South, Conference Center - Room 18, 402 W. Washington St., Indianapolis, Indiana. If you are unable to attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 N. Senate Ave., Indianapolis, IN 46204.

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To take advantage of this free service, visit www.in.gov/dor/3963.htm