Schedule M for line 23 - Alternate Adjusted Gross Income Tax Calculation

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

To be eligible for the tax rate of 5%, the corporation must locate all or part of its operations in a qualified MBEA. A qualified area means:

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

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

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

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

(5) A qualified MBEA(s) established under IC 36-7-34, located in Indiana.

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

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

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

Enter total value of operations for each column.

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

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

5. *Divide line 4 by 3 if all factors are present; otherwise, divide by number of remaining factors* ..... 5 _____%

6. **Enter total taxable Indiana adjusted gross income from line 21 of Form IT-20** ..... 6 $_____

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

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

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

Carry grand total from line 9 to line 23 of Form IT-20. Check box on line 23 for alternate tax rate calculation and enclose a complete copy of this schedule with your return.

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