INDIANA DEPARTMENT OF REVENUE
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COMPLIANCE DIVISION
NONPROFIT SECTION
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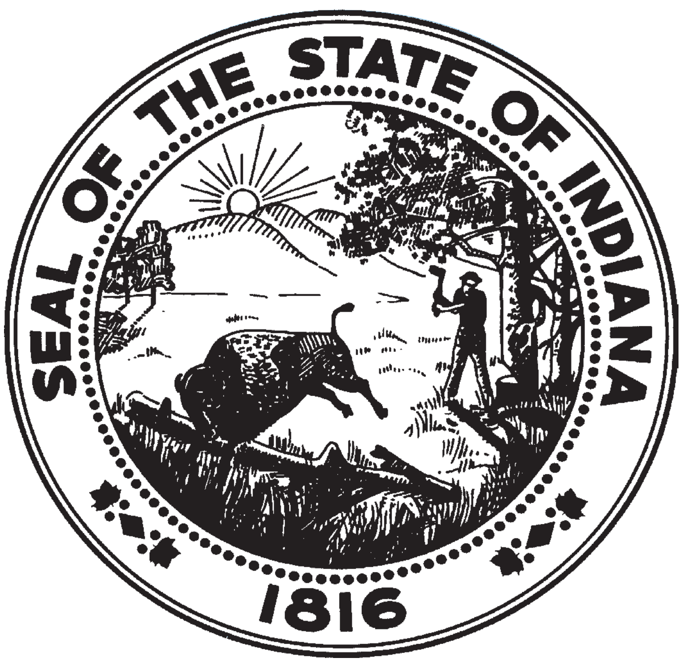
## State of Indiana

# Nonprofit Organization
# Unrelated Business Income Tax Booklet
# 2003 Form IT-20NP




This booklet contains forms and instructions for preparing the Indiana adjusted gross income tax return on unrelated income of nonprofit organizations.

# 2003 Nonprofit Organization Unrelated Business Income Tax Return

## Administrative and Legislative Highlights

### Internal Revenue Code References

Public Law 105-2003 updates references to the Internal Revenue Code in certain Indiana income tax statutes. For tax year 2003, any reference to the Internal Revenue Code means the Internal Revenue Code of 1986, as amended, and in effect on January 1, 2003. *Citations affected: IC 6-3-1-3.5, 6-3-1-11 and 6-3-1-33. Effective: January 1, 2003 (retroactive). HEA 1728, SECTION 2.*

Not included in the above reference to the Internal Revenue Code are any provisions in Public Law 108-27, **The Jobs and Growth Tax Relief Reconciliation Act,** which was signed by the President on May 28, 2003.

### Modification to Eliminate Bonus Depreciation

Add or subtract the amount attributable to bonus depreciation in excess of any regular depreciation which would be allowed had not an election under IRC Section 168(k) been made that substitutes for regular depreciation as applied to property in the year that it was placed into service. *HEA 1728 SECTIONS 4 and 5.*

On Form IT-20NP use the other adjustment line 6 to reflect certain federal provisions that may not be used to arrive at Indiana adjusted gross income. Explain your adjustments on an attached statement. See line 6 instructions for a list of these adjustments.

### Two New Enterprise Zones Established

The Indiana Enterprise Zone Board designated areas in the cities of Frankfort and Salem as two new enterprise zones. The designation is effective for January 1, 2003 through December 31, 2012 and applies to taxable years beginning after December 31, 2002.

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

### Charity Gaming Activities

If your organization conducts bingo games, raffles, charity game nights, or other games of chance, you need to know about the licensing, reporting, and withholding rules. Legal charity gaming is limited to bingo, raffles, door prizes, charity gaming nights, a festival event, and the sale of pull tabs, punchboards, or tip boards. Each of these activities require notification and/or licensing.

All nonprofit organizations planning to conduct charity gaming activities must be registered with the Indiana Department of Revenue by filing Form CG-1, Indiana Charity Gaming Qualification Application. Activities such as auctions, midway-style games, and games of skill are not regulated by the charity gaming law.

To obtain Charity Gaming Publication #2, or for more information, call (317)23-BINGO.

### Repeal of Gross Income Tax and Supplemental Net Income Tax

P.L. 192 2002(ss) repealed the gross income tax, and the supplemental net income tax. The bank tax, the savings and loan tax, and the production credit association tax were also repealed, as well as the credit for property taxes paid on inventory. *Citations affected: IC 6-2.1 and 6-3-8. Effective: January 1, 2003. HB 1001(ss), SECTION 191.*

### Adjusted Gross Income Tax Rate Increase

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

### Utility Receipts Tax Effective January 1, 2003

P.L. 192-2002(ss) created a utility receipts tax that is imposed at the rate of 1.4% of the taxable gross receipts of a utility. Gross receipts are defined as the value received for the retail sale of utility services. Pass through entities are subject to the utility receipts tax at the entity level. The utility services subject to tax include: electrical energy, natural gas, water, steam, sewage, and telecommunications.

Any taxpayer subject to the utility receitps tax is required to complete Form URT, which is the annual return. The taxpayer's first taxable year is from January 1, 2003 until the end of their normal taxable year. *New Citations: IC 6-2.3 Effective: July 1, 2002 and January 1, 2003. HB 1001(ss), SECTIONS 47, 196, 201.*

### 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 1, 2004. Please come and share your ideas on how the Department can better administer Indiana tax laws. The hearing will be held at 9 a.m., in the Indiana Government Center South, Conference Center - Room 1, 402 West Washington Street, Indianapolis, Indiana. If you are unable to attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 North Senate Avenue, Indianapolis, Indiana, 46204.

## General Instructions for 2003 Form IT-20NP

**Please attach a copy of federal Form 990 or 990T, if required to be filed, to Form IT-20NP.**

**Who Must File Form IT-20NP**

All nonprofit organizations, must file Form IT-20NP to report any unrelated business income. Political organizations and homeowner's associations are not considered nonprofit organizations and, therefore, must file as regular corporations on Form IT-20.

For further information concerning filing requirements and how to obtain status as a nonprofit organization, request Income Tax Information Bulletin #17 from the Compliance Division, Nonprofit Section, (317) 232-2188.

**Accounting Methods**

The accounting method for a nonprofit organization shall conform with the method used on the federal return.

**Due Date for Filing Form IT-20NP**

Form IT-20NP return is due on or before the fifteenth (15th) day of the fifth (5th) month following the close of the tax year.

When an organization does not file a federal return pursuant to the Internal Revenue Code, its tax year shall be the calendar year unless permission is otherwise granted.

**Exempt Organization**

A nonprofit organization with an exempt purpose must have on file Form NP-20A, Application to File as a Nonprofit Organization, to receive an Indiana nonprofit registration number. **Form IT-20NP is not required to be filed annually by a exempt organization unless the organization has unrelated business income over $1,000 during the tax year.** The unrelated business income of an exempt organization is subject to the Adjusted Gross Income Tax and must be reported on Form IT-20NP.

If any part of the gross income received by such organizations is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate, such organization will not be granted an exemption. The term "private benefit or gain" shall not include reasonable compensation paid to employees for work or services actually performed.

To preserve the exemption, a specific group or organization cannot be organized or maintained for private gain or profit.

Effective beginning January 1, 2003, all nonprofit organizations are required to file an annual report, Form NP-20, with the Department which is due on the fifteenth (15) day of the fifth (5th) month following the close of the organization's tax year. (P.L. 192-2002ss, SECTION 53)

**Extensions for Filing Return**

The Department normally recognizes the Internal Revenue Service application for automatic extension of time to file, Form 8868. **Do not file a separate copy of your federal extension with the Department to request an Indiana extension of time to file.**

A copy of the federal extension must be attached to the Indiana return when filed. Returns postmarked within thirty (30) days after the last date indicated on the federal extension will be considered timely filed. If a federal extension is not needed, a taxpayer may request, in writing on or before the original due date, an Indiana extension of time to file from the Indiana Department of Revenue, Corporate Income Tax Section, Returns Processing Center, Room N203, 100 N. Senate Avenue, Indianapolis, Indiana 46204-2253.

Penalty for late payment will not be imposed if at least ninety (90) percent of the tax due is paid by the original due date. The extension payment should be sent with your previous pre-printed Indiana Form IT-6, or Form E-6, as a fifth quarter estimated tax payment.

**Amended Returns**

To amend a previously filed Form IT-20NP, a corrected copy of the original form must be filed with "AMENDED" marked clearly at the top of the form. To claim a refund of an overpayment, the return must be filed within three (3) years from the latter of the date of overpayment or the due date of the return.

I.C. 6-8.1-9-1 entitles a taxpayer to claim a refund because of a reduction in tax liability resulting from a federal modification. The claim for refund should be filed within six (6) months from the date of modification by the Internal Revenue Service. If an agreement to extend the statute of limitations for an assessment is entered into between the taxpayer and the Department, the period for filing a claim for refund is likewise extended.

**Estimated Quarterly Tax Payments**

A nonprofit organization whose adjusted gross income tax liability on unrelated business income exceeds $1,000 for a taxable year must file quarterly estimated tax payments.

The estimated tax payment is submitted with an Indiana estimated quarterly return, Form IT-6, or by electronic funds transfer if the average quarterly liability exceeds $10,000. If the organization's estimated payments exceed the tax liability, credit should be claimed on the annual return, Form IT-20NP, to request a refund or carryover the excess amount to the next year's estimated tax account. If an estimated account needs to be established, obtain Form E-6 to remit the initial payment and to request preprinted quarterly estimated IT-6 returns.

Estimated tax payments for calendar year organizations are due on April 20, June 20, September 20, and December 20. Estimated tax payments for fiscal year and short tax year filers are due by the 20th day of the 4th, 6th, 9th, and 12th month of the taxable year. For further instructions, refer to Income Tax Information Bulletin #11.

### Penalty for Underpayment of Estimated Taxes

Organizations required to estimate their income taxes will be subject to a ten (10) percent underpayment penalty if they fail to timely file estimated tax payments or fail to remit a sufficient amount. To avoid the penalty, the required quarterly estimated payments must be at least twenty (20) percent of the total income tax liability for the current taxable year or twenty-five (25) percent of the organization's final income tax liability for the previous tax year. The penalty for the underpayment of estimated tax is assessed on the difference between the actual amount paid by the organization for each quarter and twenty-five (25) percent of its final income tax liability for the current tax year. Refer to the instructions for Schedule IT-2220, Penalty for the Underpayment of Corporate Income Taxes, which is available from the Department upon request.

Use Schedule IT-2220 to show an exception to the penalty if the not-for-profit organization underpaid its income tax for any quarter. If an exception to the penalty is not met, payment of the computed penalty must be included with the return.

### Electronic Funds Transfer Requirements

A nonprofit organization's quarterly estimated tax must be remitted by Electronic Funds Transfer (EFT) if the amount of tax on unrelated business income imposed of an organization exceeds an average liability of $10,000 per quarter (or $40,000 annually). Because there is no minimum amount of payment, the Department encourages all taxpayers not required to remit by EFT to participate voluntarily in our EFT program.

**Note:** Taxpayers remitting by EFT should not file quarterly IT-6 coupons. The amounts are reconciled when filing the annual income tax return.

If the Indiana Department of Revenue notifies an organization of its requirement to remit by EFT, it must:

1) Complete and submit the EFT Authorization Agreement (Form EFT-1); and,
2) Begin remitting tax payments by EFT by the date/tax period specified by the Department.

Failure to comply will result in a ten (10) percent penalty on each quarterly estimated income tax liability not sent by EFT. Note: The Indiana Code does not require the extension of time to file payment or final payment due with the annual return to be paid by EFT. One must be certain to claim any EFT payment as an extension or estimated payment credit. Do not file a return indicating an amount due if you have paid, or will pay, any remaining balance by EFT.

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

## Instructions for Completing Form IT-20NP

File a 2003 Form IT-20NP return for a taxable year ending December 31, 2003, a short tax year beginning in 2003 and ending in 2003, or a fiscal tax year beginning in 2003 and ending in 2004. For a short or fiscal tax year, fill in at the top of the form the beginning month and day and ending date of the taxable year.

### Identification Section

The identification section of the return must be completed regarding the tax year, name, address, county, date organized, federal identification number, business activity code number, and Indiana taxpayer identification number (see note below).

Please use the full legal name of the organization and current mailing address. The federal identification number shown in the box at the upper right hand corner of the return must be accurate and the same as used for federal purposes.

**Note:** For question K, check box #2 if the organization dissolved, liquidated or has withdrawn from the state. Enter the number of your business activity code in the designated box under the federal identification number. Use the six-digit principal business activity code, derived from the North American Industry Classification System (NAICS), as reported on your federal (Form 990-T) income tax return. A listing of these codes may be found through the Department's website: **www.in.gov/dor/resources**.

Other **Unrelated Business Activity** numbers which may be applicable:

| | |
|---|---|
| 900000 | Unrelated debt-financed activities - (other than rental or real estate) |
| 900001 | Investment Activities by Section 501(c) (7), (9), or (17) organizations |
| 900002 | Rental of personal property |
| 900003 | Passive income activities with controlled organizations |
| 900004 | Exploited exempt activities |
| 999999 | Unclassified establishments (unable to classify) |

A condensed list is published as part of the Indiana Business Tax Application, Form BT-1. This form is available through our Tax Forms Order Line at (317) 615-2581, through our Indiana TaxFax System at (317) 233-2329 by using retrieval code 5000, or at **www.in.gov/dor/taxforms**.

**Note:** If registered as a collection agent for the State of Indiana for sales and/or withholding tax, enter the assigned Indiana Taxpayer Identification (TID) number as 10 digits by dropping the trailing three digits. The Indiana Department of Revenue issues the TID Number.

### How to Report Charity Gaming Receipts

Exempt nonprofit organizations do not pay any income taxes on the proceeds from licensed charity gaming events. For further information, see Charity Gaming Publication #2, which is available upon request.

All nonprofit organizations must report, unrelated business income. The adjusted gross income tax return on unrelated business income must be completed.

### Report of Unrelated Business Income

All organizations, exempt under I.C.6-2.5-5-21 described in Internal Revenue Code 501(c) and I.R.C. 401(a) including churches, religious organizations, hospitals, social organizations, business leagues, pension trusts, and all other institutions, which are subject to the tax imposed by I.R.C. 511 are also subject to Indiana adjusted gross income tax on their unrelated business income.

I.C. 6-3-2-3.1 provides that only the unrelated business income (as defined in I.R.C. 513) of an organization otherwise exempt from adjusted gross income tax under I.C. 6-3-2-2.8(1) is subject to adjusted gross income tax. (This section will not apply to the United States, its agencies or instrumentalities, or to the State of Indiana, its agencies or political subdivisions.)

Pension trusts that would be taxed as a trust were it not for the exemption under I.R.C. Section 501(a) will be taxed as a trust on any unrelated business income (as defined in I.R.C. Section 513) and should file a Form IT-41 for Indiana tax purposes. Income from bingo events, raffles, door prizes, charity game nights, festival events, the sale of pull tabs, punch boards and tips boards would be considered unrelated income unless the organization uses completely volunteer labor and the organization is properly registered with the Indiana Department of Revenue to conduct such activities.

The organization may have income from the sources enumerated on IT-20NP schedules which is not subject to tax as unrelated business income. To be subject to tax the income must be from a trade or business activity carried on a regular basis by the non profit organization which is not substantially related to its exempt purpose. Indiana follows the Internal Revenue Service's rulings as to what types of income is substantially related to or not related to an organization's exempt purpose. Refer to Internal Revenue Service Publication #598.

### Exclusions from Unrelated Business Income

Exceptions that do not constitute income from an "unrelated trade or business" include:

(1) Any trade or business in which substantially all the work is performed for the organization without compensation;
(2) Any trade or business carried on by a charitable organization or by a state college or university primarily for the convenience of its members, students, patients, officers or employees;
(3) Any trade or business consisting of selling merchandise substantially all of which has been received by the organization as gifts or contributions;
(4) The furnishing by a qualified hospital at or near cost of certain common services, including purchasing, billing, and collection,and record keeping, to small hospitals, i.e. serving less than 100 in-patients;
(5) Qualified public entertainment activities of certain types of exempt organizations, when a qualifying organization regularly conducts as one of its substantial exempt purposes an agriculture and educational fair or exposition;
(6) Qualified convention and trade show activities of a qualifying organization that regularly conducts, as one of its substantial exempt purposes, a show that stimulates interest in, and demand for, the products of a particular industry of segment of an industry;
(7) Certain bingo games as long as the organization is properly licensed;
(8) Certain pole rentals, by a mutual or cooperative telephone or electric company;
(9) Certain distributions of low-cost articles, incidental to the solicitation of charitable contributions, and exchange or rentals of mailing lists by charitable organizations; and,
(10) Sponsorship payments for which the payer receives no substantial return benefit other than the use or acknowledgement of the name, logo, or product lines of the payer's trade or business in connection with the organization's activities.

### Adjusted Gross Income Tax Computation for Unrelated Business Income

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

If income is received from activity outside Indiana that is subject to tax in another state, the three (3) factor apportionment formula must be used. Attach the completed IT-20 Apportionment of Income Schedule E to the return. This schedule is available from the Department.

**Line 1.** Enter unrelated business taxable income (before net operating loss deduction and specific deduction) from federal Form 990T, Exempt Organization Business Income Tax Return.

**Line 2.** In computing unrelated business taxable income, a specific deduction of $1,000 is allowed. However, the $1,000 specific deduction is not allowed in computing a net operating loss deduction. Generally, the deduction is limited to $1,000 regardless of the number of unrelated businesses in which the organization is engaged. An exception is provided in the case of a diocese, province of a religious order, or a convention or association of churches that may claim a specific deduction for each parish, individual church, district, or other local unit, to the extent these unrelated businesses are not separate legal entities. In these cases the specific deduction is limited to the lower of $1,000 or the gross income derived from an unrelated trade or business regularly carried on by the local unit.

**Line 3.** Enter interest, after deducting all related expenses, on United States Government obligations included on the federal income tax return, Form 990T. Refer to Income Tax Information Bulletin #19 for a listing of eligible items.

**Line 6.** Enter other adjustments:

**Bonus Depreciation Modification**

An adjustment is required for any provision claimed under The Jobs and Growth Tax Relief Reconciliation Act of 2003 and any bonus depreciation allowed under The Jobs Creation and Workers Assistance Act of 2002 which affected adjusted gross income.

Add or subtract an amount necessary to make the adjusted gross income of any taxpayer that owns property for which additional first-year special depreciation allowance (bonus depreciation) for qualified property was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation.

See Commissioner's Directive #19 issued August, 2003 for information on the allowance of deprecation for state tax purposes. Attach a statement to explain any adjustments claimed on line 6.

**Deduction for Lottery Prize Money** - A portion of prize money received from the purchase of a winning Indiana lottery game or ticket included in federal taxable income should be excluded. Beginning after June 30, 2002, the proceeds of up to $1200 are deductible from each winning lottery game or ticket paid through the Hoosier State Lottery Commission. *Explain deduction on an attached statement.*

**Line 8.** If apportioning income, enter Indiana percentage (rounded to two decimal places) from line 4(c) of the IT-20 Apportionment of Income Schedule E. Do not enter 100%. Attach completed schedule. This schedule is not included in this booklet but is available upon request from the Department.

**Line 9.** Multiply line7 by Indiana apportionment percentage on line 8. If line 8 is not applicable, enter amount from line 7.

**Line 10.** Enter Indiana portion of a net operating loss deduction carryover reduced by amount of specific deduction applied at arriving at unrelated taxable business income. Schedule IT-20NOL (available upon request) must be attached anytime a deduction is reflected on line 10. *Please review Schedule IT-20NOL and instructions before entering an amount on line 10.*

**Line 11.** Taxable Indiana unrelated business income **-** Subtract line 10 from line 9.

**Line 12.** Indiana adjusted gross income tax for taxable year: multiply the amount on line 11 by 8.5% (.085).

### Summary of Calculations

**Line 13. Sales/Use Tax:** I.C. 6-2.5-3-2 imposes a use tax at the rate of six (6) percent upon the use, storage or consumption of tangible personal property in Indiana and sales tax was not paid at the point of purchase and no exemption from tax exists.

Not-for-profit organizations will qualify for exemption from the use tax under the following conditions: (1) the nonprofit organization is exempt from the gross retail sales tax under I.C. 6-2.5-5-22 through 26; (2) the property or service is used to further its nonprofit purpose; and (3) the organization is not operated predominantly for social purposes.

Purchases of tangible personal property to be used by organizations operated predominately for social purposes are subject to use tax. If over fifty (50) percent of its expenditures are for or related to social activities such as food and beverage services, golf courses, swimming pools, dances, parties, and other similar social activities, the organization will be considered to be predominately operated for social purposes. **However, purchases for the private benefit of any member of the organization or any other individual, such as meals or lodging, are not eligible for exemption.**

If you are a registered merchant for Indiana you must report non-exempt purchases on Form ST-103, Indiana Sales/Use Tax Return. If you are not required to file Form ST-103, or have failed to properly include all taxable purchases on the ST-103 return, complete the Sales/Use Tax Worksheet and report the tax due on this line.

**Caution:** Do not report the totals from the ST-103 on this worksheet or on Form IT-20NP.

Additional information regarding sales/use tax for nonprofit organizations can be obtained by requesting Sales Tax Information Bulletin #10 or by calling (317) 233-4015.

**Line 14.** Enter the total use tax and unrelated business income tax from lines 12 and 13.

**Credits and Payment Computation**

**Line 15.** Enter total amount of estimated quarterly income tax payments made for calendar year 2003 or for a fiscal tax year beginning in 2003 and ending in 2004. Itemize each payment in the spaces provided.

**Line 16.** Enter the total amount paid with valid extension.

**Line 17.** Enter the amount of prior year overpayment credit.

**Line 18.** Enter sum of other income tax credits allocated to tax year 2003. The total of all credits is limited to the amount of income tax on line 12, unless otherwise noted.

See other credits listed on page 7 and 8.

**Line 19.** Add total credits, but certain credits may not exceed amount of tax liability on line 12 and 13.

**Line 20.** Balance of net taxes due: If line 14 is greater than line 19, enter difference.

**Line 21.** Enter amount of calculated penalty for the underpayment of income taxes from Schedule IT-2220. Attach a completed Schedule IT-2220. This schedule is available from the Department upon request.

**Line 22.** Enter any interest due. Contact the Indiana Department of Revenue for the current rate of interest charged on late payments.

**Line 23.** *Enter the penalty amount that applies:*

**A.** If the return with payment is made after the original due date, a penalty which is the greater of $5 or ten (10) percent of the balance of tax due (line 26), must be entered. The penalty for paying late will not be imposed if *all three* of the following conditions are met:

(1) A valid extension of time to file exists;
(2) At least ninety (90) percent of the tax liability was paid by the original due date; and,
(3) The remaining tax is paid by the extended due date.

**B.** If the return showing no tax liability (line 14) is filed late, penalty for failure to file by the due date will be $10 per day that the return is past due, up to a maximum of $250.

**Line 24.** Total amount owed. Add lines 20, 21, 22 and 23. Make separate payment for each return filed. Payment to the Department must be made with U.S. funds.

**Line 25.** Overpayment: Enter the sum of line 19 minus lines 14, 21, and 23.

**Line 26.** Enter the portion of the overpayment to be refunded.

**Line 27.** If electing to credit all or a portion of the overpayment to the following year's estimated adjusted gross income tax account, enter the amount of the overpayment to be applied.

The sum of lines 26 and 27 must equal the amount of the total overpayment on line 25. If the overpayment is reduced due to an error on the return or an adjustment by the Department, the amount to be refunded (line 26) will be corrected before any changes are made to the amount on line 27. A refund may be set-off and applied to other liabilities under I.C. 6-8.1-9-2(a) and I.C. 6-8.1-9-5.

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

Please mail completed returns with a filled-in 2-D bar code to:

**Indiana Department of Revenue**
**P.O. Box 7231**
**Indianapolis, IN 46207-7231**

All other prepared returns must be mailed to:

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

**Other credits available to nonprofit organizations include:**

**Capital Investment Tax Credit -** Effective January 1, 2001, a taxpayer is eligible for a capital investment cost tax credit provided by I.C. 6-3.1-13.5 based on certain qualified capital investments made in Shelby County. The credit, if certified by the Indiana Department of Commerce, is equal to fourteen (14) percent of the amount of the approved qualified investment and is ratable over a seven-year period. Contact: Economic Development Division, (317) 232-5297.

**College and University Contribution Credit -** Fifty (50) percent of charitable contributions made to eligible Indiana colleges may be taken as a credit for an amount up to ten (10) percent of the organization's adjusted gross income tax, or $1,000, whichever is less. **Schedule CC-40**, available from the Department, must be completed and attached to Form IT-20NP.

**Community Revitalization Enhancement District Tax Credit -** A state and local income tax credit is available for a qualified investment for redevelopment or rehabilitation of property within a community revitalization enhancement district (in Monroe County). The expenditure must be approved by the Indiana Department of Commerce before it is made. Contact: Indiana Department of Commerce, Community Development, One North Capitol, Suite 600, Indianapolis, Indiana, 46204, or call 232-8911.

The Indiana Department of Revenue has the authority to disallow any credit if the taxpayer ceases existing operations or substantially reduces its operations within the district, or elsewhere in Indiana to relocate them into the district.

**Enterprise Zone Employment Expense Tax Credit -** Calculate this credit on **Schedule EZ, Part 2**, and attach to Form IT-20NP. For further information on this credit and other enterprise zone tax benefits, refer to Income Tax Information Bulletin #66.

**Enterprise Zone Loan Interest Tax Credit -** This credit is calculated on **Schedule LIC**, and attached to Form IT-20NP.

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

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

**Indiana Research Expense Tax Credit -** This credit remains available to eligible taxpayers for expenses incurred for qualified research activities conducted in Indiana through December 31, 2013. HB 1001(2003). **Schedule IT-20REC**, must be attached.

**Individual Development Account Tax Credit -** A tax liability credit is available equal to fifty (50) percent of the contribution, if not less than $100 and not more than $50,000, which is made to a community development corporation participating in an Individual Development Account (IDA) program.

Applications for the credit are filed through the community development corporation using Form IDA-10/20. The organization must have an approved program number from the Indiana Department of Commerce before a contribution qualifies for pre-approval. Contact: Indiana Department of Commerce, Community Development, One North Capitol, Suite 600, Indianapolis, Indiana, 46204, or call 232-8911.

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

A lessee may be assigned part of the credit. Additional information regarding the definitions, qualifications, and procedures for obtaining the credit may be requested from: Indiana Department of Commerce, Enterprise Zone Board, One North Capitol, Suite 600, Indianapolis, Indiana 46204.

**Maternity Home Tax Credit -** An income tax and unused carryover credit is allowed for maternity home owners providing a temporary residence to at least one pregnant woman for at least sixty (60) consecutive days during the pregnancy. If more than one entity has an ownership interest in a maternity home, each may claim the credit in proportion to its ownership interest. A copy of the application approved by the State Department of Health must be attached to verify the credit claimed. Contact: Maternal and Child Health Division at (317) 233-1261 for the application and more information about this credit.

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

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

To request additional information regarding the definitions, procedures, and qualifications for obtaining this credit, contact: Indiana Department of Commerce, Enterprise Zone Board, One North Capitol, Suite 600, Indianapolis, Indiana, 46204, or call (317) 232-8911.

**Neighborhood Assistance Tax Credit -** Enter the allowable income tax credit from preapproved Form NC-20. For further information, refer to Information Income Tax Bulletin #22. Attach **Form NC-20** if claiming this credit.

**Prison Investment Tax Credit -** An income tax credit is allowed under I.C. 6-3.1-6 for amounts invested in Indiana prisons to create jobs for prisoners in a qualified project approved by the Department of Corrections.

**Rerefined Lubricated Oil Facility Tax Credit -** A taxpayer may be eligible, as determined by the Indiana Department of Commerce, for a state tax credit against its income and sales and use tax liabilities. The credit is based on a percentage of the real and personal property taxes paid by an entity that processes rerefined lubrication oil as defined in I.C. 6-3.1-22.2. If the business entity has no adjusted gross income or sales and use tax liabilities, the shareholders are entitled to claim, as a pass-through, their share of the credit. Contact: Economic Development Finance Division, (317) 232-5297.

**Teacher Summer Employment Tax Credit -** I.C. 6-3.1-2-1 provides a tax credit to taxpayers hiring designated shortage certified teachers during summer school vacations. The credit for each teacher hired is the lesser of either $2,500 or fifty (50) percent of the compensation paid. The Professional Standards Board will certify the qualified positions. **Schedule TSE** must be attached to the return. Contact the Department of Education at (317) 232-6676 for information about this credit.

Tax forms may be requested by calling: (317) 615-2581. If you want forms faxed to you, use the phone from your fax machine to call Indiana Tax Fax at (317) 233-2FAX (2329). By calling this number and reviewing the list of available forms, you will have immediate access to most of our tax forms and information bulletins.
Many of the tax forms are also available on the web at the following address: www.in.gov/dor/

Indiana Department of Revenue

# Indiana Nonprofit Organization Unrelated Business Income Tax Return

## for Calendar Year Ending December 31, 2003
## or Fiscal Year Beginning AA ______/______ 2003
## and Ending BB ______/______/______

**Form IT-20NP**
State Form #148 (9-03)

(Do not write above)

| | | | |
|---|---|---|---|
| Name of Organization<br>B | | | Federal Identification Number (FID)<br>A |
| | | | Principal Business Activity Code<br>H |
| Number and Street<br>C | | Indiana County or O.O.S.<br>D | Indiana Taxpayer Identification Number (TID)<br>I |
| City<br>E | State<br>F | Zip Code<br>G | Telephone Number<br>J ( ) |

K. Check all boxes that apply: 1 Initial Return 2 Final Return 3 In Bankruptcy

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

Due Date: 15th day of the 5th month following close of the tax year.

**Adjusted Gross Income Tax Calculation on Unrelated Business Income**

**2003 IT-20NP**

| | | | | |
|---|---|---|---|---|
| 1. Unrelated business taxable income (before net operating loss deduction and specific deduction) from federal return Form 990T (attach Form 990T) | | | 1 | |
| 2. Specific deduction (generally $1,000, see instructions) | 2 | | | |
| 3. Interest on U.S. Government obligations on the federal return less related expenses | 3 | | | |
| 4. Total modifications (enter total from line 2 & 3) | 4 | | | |
| 5. Subtotal for unrelated business income (subtract line 4 from line 1) | | | 5 | |
| 6. Enter bonus depreciation modifcation and other adjustments (attach explanation) enter deductions in <brackets> | | | 6 | |
| 7. Unrelated business income, as adjusted (add lines 5 and 6) (If not apportioning, enter same amount on line 9) | | | 7 | |
| 8. Enter Indiana apportionment percentage, if applicable, from line 4(c) of IT-20 apportionment Schedule E (attach schedule) | | | 8 | ___ ___ . ___ ___ % |
| 9. Unrelated business income apportioned to Indiana (multiply line 7 by line 8; otherwise enter line 7 amount) | | | 9 | |
| 10. Enter Indiana portion of net operating loss deduction reduced by specific deduction (attach IT-20 Schedule IT-20NOL, see instructions) | | | 10 | |
| 11. Taxable Indiana unrelated business income (line 9 less line 10) | | | 11 | |
| 12. Indiana tax on unrelated business income (multiply line 11 by 8.5% (.085) | | | 12 | |
| 13. Sales/use tax on purchases subject to use tax from Sales/Use Tax Worksheet on page 2 | | | 13 | |
| 14. Total tax due (add lines 12 and 13) Total Tax | | | 14 | |

**Credit for Estimated Tax and Other Payments**

| | | | | |
|---|---|---|---|---|
| 15. Quarterly estimated tax paid: Qrt. 1 ______ Qrt. 2 ______ Qtr. 3 ______ Qtr. 4 ______ Enter total ▶ | | | 15 | |
| 16. Amount paid with extension | | | 16 | |
| 17. Amount of overpayment credit (from tax year ending ________) | | | 17 | |
| 18. Other credits that offset income tax: (Attach proper schedules and complete explanation) | | | 18 | |
| 19. Total credits (add lines 15, 16, 17 and 18) Total Credits | | | 19 | |
| 20. Balance of tax due (line 14 minus 19; if line 19 is greater than line 14, proceed to lines 21, 23 and 25) | | | 20 | |
| 21. Penalty for the underpayment of income tax. Attach Schedule IT-2220 | | | 21 | |
| 22. Interest: (if payment is made after the original due date, compute interest). Contact the Department for current interest rate(s) | | | 22 | |
| 23. Penalty: If paid late, enter 10% of line 20; see instructions. If line 14 is zero enter $10 per day filed past due date | | | 23 | |
| 24. Total payment due (add lines 20, 21, 22 and 23) Make check payable to the **Indiana Department of Revenue.** (payment must be made in U.S. funds) PAY THIS AMOUNT ▶ | | | 24 | |
| 25. Total overpayment (line 19 minus lines 14, 21, and 23) | 25 | | | |
| 26. Amount of line 25 to be refunded | 26 | | | |
| 27. Amount of line 25 to be applied to the following year's estimated tax account | | | 27 | |

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

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

For Dept. use only DD

Organization's E-mail Address EE

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

VN

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

**Additional Explanation or Adjustment**

| Line (a) | Explanation (b) | Amount (c) | |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

## Sales/Use Tax Worksheet for Line 13, Form IT-20NP

List all purchases made during 2003 from out-of-state companies.

| Column A | Column B | Column C | |
|---|---|---|---|
| Description of personal property purchased from out-of-state | Date of Purchase(s) | Purchase Price | |
| Magazine subscriptions: | | | |
| | | | |
| | | | |
| Mail order purchases: | | | |
| | | | |
| | | | |
| Internet purchases: | | | |
| | | | |
| | | | |
| Other purchases: | | | |
| | | | |
| | | | |

| | | |
|---|---|---|
| 1. Total purchase price of property subject to the sales/use tax ........ | 1 | |
| 2. Sales/use tax: Multiply line 1 by .06 (6%) ........ | 2 | |
| 3. Sales tax previously paid on the above items (up to 6% per item) plus other tax credits that offset use tax, attach explanation ........ | 3 | |
| 4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-20NP, line 13. If the amount is negative, enter zero and put no entry on line 13 of the IT-20NP ........ | 4 | |

Indiana Department of Revenue

# Indiana Nonprofit Organization Unrelated Business Income Tax Return

**for Calendar Year Ending December 31, 2003**
**or Fiscal Year Beginning** AA ______/______ **2003**
**and Ending** BB ______/______/______

**Form IT-20NP**
State Form #148 (9-03)

(Do not write above)

| | | |
|---|---|---|
| Name of Organization<br>B | | Federal Identification Number (FID)<br>A |
| | | Principal Business Activity Code<br>H |
| Number and Street<br>C | Indiana County or O.O.S.<br>D | Indiana Taxpayer Identification Number (TID)<br>I |
| City E / State F | Zip Code<br>G | Telephone Number<br>J ( ) |

K. Check all boxes that apply: ☐1 Initial Return ☐2 Final Return ☐3 In Bankruptcy

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

Due Date: 15th day of the 5th month following close of the tax year.

**Adjusted Gross Income Tax Calculation on Unrelated Business Income**

**2003 IT-20NP**

| | | | |
|---|---|---|---|
| 1. | Unrelated business taxable income (before net operating loss deduction and specific deduction) from federal return Form 990T (attach Form 990T) | 1 | |
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| 7. | Unrelated business income, as adjusted (add lines 5 and 6) (If not apportioning, enter same amount on line 9) | 7 | |
| 8. | Enter Indiana apportionment percentage, if applicable, from line 4(c) of IT-20 apportionment Schedule E (attach schedule) | 8 | __ __ . __ __ % |
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| 27. | Amount of line 25 to be applied to the following year's estimated tax account | 27 | |

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

*Under penalties of perjury, I declare I have examined this return, including accompanying schedules and statements,* For Dept. use only DD
*and to the best of my knowledge and belief, it is true, correct, and complete.* Organization's E-mail Address EE

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

VN

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