PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 243

AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-36.5 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]:

ARTICLE 36.5. PENNY PHASEOUT

Chapter 1. Payments to State and Local Units

Sec. 1. This chapter applies only to a cash transaction.

Sec. 2. As used in this chapter, "local unit" means any:

(1) county;

(2) township;

(3) city;

(4) town;

(5) school corporation; or

(6) special taxing district.

Sec. 3. As used in this chapter, "state" means:

(1) the state of Indiana;

(2) any department of the state of Indiana;

(3) any agency of the state of Indiana;

(4) any state or local court;

(5) the general assembly;

(6) any state of Indiana task force, committee, board, commission, or council;

(7) any body politic and corporate of the state of Indiana; or

(8) any other instrumentality of the state of Indiana.

Sec. 4. As used in this chapter, "state or local tax" means a tax, fine, fee, or other amount required to be paid to the state or a local unit. The term includes any interest, penalties, or other additional fees or costs associated with a late payment or nonpayment of an amount described in this section. The term does not include payments for property or services sold or provided by the state or local unit.

Sec. 4.5. (a) For a state or local tax, if the state or local tax has one (1), two (2), three (3), four (4), six (6), seven (7), eight (8), or nine (9) in the second decimal place, the state or local unit must round the state or local tax amount downward to the next amount divisible by five cents ($0.05).

(b) For a state or local tax payable to the state or local unit that is less than five cents ($0.05), the state or local unit must round the amount down to zero cents ($0.00).

(c) For a state or local tax that is imposed on a transaction and that is required to be remitted by a person or an entity to the state or local unit as an agent or a trustee of the state or local unit the state or local tax shall be computed on the total transaction amount, as defined in IC 23-15-13-3, prior to any rounding requirement required by IC 23-15-13.

(d) For any state or local tax that is:

(1) not imposed on a transaction but is required to be withheld by a person or entity acting as an agent or trustee for the state or a local unit; or

(2) otherwise included in a total transaction amount as defined in IC 23-15-13-3;

the state or local tax withheld or included shall be computed without rounding and, if applicable, the total transaction amount, as defined in IC 23-15-13-3, shall be rounded in the manner provided under IC 23-15-13-4.

(e) For purposes of this section, the following apply:

(1) The aggregate amount of a state or local tax described in subsection (c) or (d) remitted by a person or entity, reduced by any collection allowances or similar amounts permitted to be retained by the person or entity, shall be subject to the rounding provisions described in subsections (a) and (b).

(2) If multiple state or local taxes are required to be reported on a single form, the rounding of a remittance under subsection (a) or (b) shall be applied to the total state or local tax amount resulting from the computation on the form and

the remittance period.

(3) For state or local taxes not described in subdivision (2), the rounding of a state or local tax remittance described in subsection (a) or (b) shall be determined separately for each state or local tax type and for each remittance period.

(4) If a state or local tax liability is reported in the manner provided under subdivision (2), but the state or local unit determines a separate liability from other state and local taxes, subdivision (3) applies to the payment of the separate liability.

(f) For purposes of subsections (c) and (d), if multiple state or local taxes are required to be paid, each state or local tax shall be computed separately and, if applicable, the total transaction amount as defined in IC 23-15-13-3 shall be computed including all state or local taxes required to be paid on the total transaction amount.

SECTION 2. IC 6-2.5-1-5, AS AMENDED BY P.L.205-2025, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 5. (a) Except as provided in subsection (b), "gross retail income" means the total amount of consideration, including cash, credit, property, and services, for which tangible personal property is sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for:

(1) the seller's cost of the property sold;

(2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

(3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(4) delivery charges; or

(5) consideration received by the seller from a third party if:

(A) the seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;

(B) the seller has an obligation to pass the price reduction or discount through to the purchaser;

(C) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(D) the price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation

presented by the purchaser.

For purposes of subdivision (4), delivery charges are charges by the seller for preparation and delivery of the property to a location designated by the purchaser of property, including but not limited to transportation, shipping, postage charges that are not separately stated on the invoice, bill of sale, or similar document, handling, crating, and packing. Delivery charges do not include postage charges that are separately stated on the invoice, bill of sale, or similar document.

(b) "Gross retail income" does not include that part of the gross receipts attributable to:

(1) the value of any tangible personal property received in a like kind exchange in the retail transaction, if the value of the property given in exchange is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(2) the receipts received in a retail transaction which constitute interest, finance charges, or insurance premiums on either a promissory note or an installment sales contract;

(3) discounts, including cash, terms, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale;

(4) interest, financing, and carrying charges from credit extended on the sale of personal property if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(5) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser, including an excise tax imposed under IC 6-6-15;

(6) installation charges that are separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(7) telecommunications nonrecurring charges;

(8) postage charges that are separately stated on the invoice, bill of sale, or similar document; or

(9) charges for serving or delivering food and food ingredients furnished, prepared, or served for consumption at a location, or on equipment, provided by the retail merchant, to the extent that the charges for the serving or delivery are stated separately from the price of the food and food ingredients when the purchaser pays the charges.

(c) Notwithstanding subsection (b)(5):

(1) in the case of retail sales of special fuel (as defined in IC 6-6-2.5-22) or kerosene (as defined in IC 16-44-2-2), the gross

retail income is the total sales price of the special fuel or kerosene minus the part of that price attributable to tax imposed under IC 6-6-2.5 (in the case of special fuel) or Section 4041 or Section 4081 of the Internal Revenue Code (in the case of either special fuel or kerosene);

(2) in the case of retail sales of cigarettes (as defined in IC 6-7-1-2), the gross retail income is the total sales price of the cigarettes including the tax imposed under IC 6-7-1; and

(3) in the case of retail sales of consumable material (as defined in IC 6-7-4-2), vapor products (as defined in IC 6-7-4-8), and closed system cartridges (as defined in IC 6-7-2-0.5) under the closed system cartridge tax, the gross retail income received from selling at retail is the total sales price of the consumable material (as defined in IC 6-7-4-2), vapor products (as defined in IC 6-7-4-8), and closed system cartridges (as defined in IC 6-7-2-0.5) including the tax imposed under IC 6-7-4 and IC 6-7-2-7.5.

(d) Gross retail income is only taxable under this article to the extent that the income represents:

(1) the price of the property transferred, without the rendition of any services; and

(2) except as provided in subsection (b), any bona fide charges which are made for preparation, fabrication, alteration, modification, finishing, completion, delivery, or other service performed in respect to the property transferred before its transfer and which are separately stated on the transferor's records. For purposes of this subdivision, a transfer is considered to have occurred after the delivery of the property to the purchaser.

(e) A public utility's or a power subsidiary's gross retail income includes all gross retail income received by the public utility or power subsidiary, including any minimum charge, flat charge, membership fee, or any other form of charge or billing.

(f) Amounts added or subtracted by a seller to comply with IC 23-15-13 shall not be considered in determining gross retail income.

SECTION 3. IC 6-2.5-9-3, AS AMENDED BY P.L.108-2019, SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as provided in subsection (b) and the limited relief provided for marketplace facilitators in section 3.5 of this chapter (before its expiration), an individual who:

(1) is an individual retail merchant or is an employee, officer, or

member of a corporate or partnership retail merchant; and

(2) has a duty to remit state gross retail or use taxes (as described in IC 6-2.5-3-2) to the department;

holds those taxes in trust for the state and is personally liable for the payment of those taxes, plus any penalties and interest attributable to those taxes, to the state. If the individual knowingly fails to collect or remit those taxes to the state, the individual commits a Level 6 felony.

(b) For calendar years beginning after December 31, 2021, except in cases in which the marketplace facilitator and the seller are affiliated, a marketplace facilitator is not liable under this section **or IC 6-8.1-8-18** for failure to collect and remit gross retail and use taxes if the marketplace facilitator demonstrates to the satisfaction of the department that:

(1) the marketplace facilitator has a system in place to require the seller to provide accurate information and has made a reasonable effort to obtain accurate information from the seller about a retail transaction;

(2) the failure to collect and remit the correct tax was due to incorrect or insufficient information provided to the marketplace facilitator by the seller; and

(3) the marketplace facilitator provides information showing who the purchaser was in each transaction for which the tax had not been collected.

If the marketplace facilitator is relieved of liability under this subsection, the purchaser is liable for any amount of uncollected, unpaid, or unremitted tax.

SECTION 4. IC 6-2.5-9-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023 (RETROACTIVE)]: **Sec. 12. (a) The following apply:**

(1) There is a rebuttable presumption that the exemption under IC 6-2.5-5-39 does not apply if the purchaser of the recreational vehicle or cargo trailer (as defined in IC 6-2.5-5-39) is a limited liability company, partnership, corporation, or other closely held business organized in another state and a member, partner, or officer of the limited liability company, partnership, corporation, or other closely held business is a resident of Indiana or a nonreciprocal state (as defined in IC 6-2.5-2-5(b)).

(2) There is a rebuttable presumption when a motor vehicle (as defined in IC 9-13-2-105(b)), cargo trailer (as defined in IC 6-2.5-5-39), aircraft, or watercraft (as defined in IC 9-13-2-198.5) is either:

(A) both:

(i) purchased by a limited liability company, partnership, corporation, or other closely held business organized in another state in which at least one member, partner, or officer is a resident of Indiana; and

(ii) titled and registered in the state in which the limited liability company, partnership, corporation, or other closely held business is organized, and that state does not have a gross retail tax or equivalent tax; or

(B) purchased by an Indiana resident and:

(i) transferred to a limited liability company, partnership, corporation, or other closely held business organized in another state and in which the resident is a member, partner, or officer; and

(ii) titled and registered in the state in which the limited liability company, partnership, corporation, or other closely held business is organized, and that state does not have a gross retail tax or equivalent tax;

that the purpose of such registration and titling was to evade paying Indiana gross retail or use tax in violation of this article.

(b) The department may make any reasonable investigation necessary to enforce subsection (a), including entering into an agreement with another state agency or an agency from another state and contracting with third party data service providers.

(c) If an investigation under subsection (b) indicates that an Indiana resident violated subsection (a), the department:

(1) shall provide notice under IC 6-8.1-5-1 or IC 6-8.1-5-3 for the Indiana resident to pay any Indiana gross retail or use tax due, as calculated on the date of purchase of the vehicle, aircraft, cargo trailer, or watercraft and based on the best information available; and

(2) after June 30, 2026, may impose a penalty on the Indiana resident of five hundred dollars ($500), which is in addition to any penalty assessed pursuant to IC 6-8.1-10-2.1 or IC 6-8.1-10-4.

(d) A presumption under subsection (a) may be rebutted by other evidence, such as evidence that:

(1) the vehicle, aircraft, cargo trailer, or watercraft is insured for primary use at an address outside of Indiana;

(2) the vehicle, aircraft, cargo trailer, or watercraft will be permanently stored or garaged at a physical address outside

Indiana; or

(3) the Indiana resident owns a secondary residence in the state in which the vehicle, aircraft, cargo trailer, or watercraft is titled or registered.

(e) Upon making a record of the department's actions, and upon reasonable cause shown by the Indiana resident, the department may waive, reduce, or compromise any penalty imposed under subsection (c).

(f) The department shall deposit money from a penalty under subsection (c) in accordance with IC 6-2.5-10-1.

SECTION 5. IC 6-3-1-3.5, AS AMENDED BY P.L.214-2025, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 4, 2025 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Except as provided in subsection (c), add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code (as effective January 1, 2017);

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract each of the following:

(A) One thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004), except that in the first taxable year in which a particular exemption is allowed under Section 151(c)(1)(B) of the Internal Revenue

Code (as effective January 1, 2004), subtract three thousand dollars ($3,000) for that exemption.

(B) One thousand five hundred dollars ($1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code (as effective January 1, 2017) for an individual:

(i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A).

(C) Five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the federal adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000). In the case of a married individual filing a separate return, the qualifying income amount in this clause is equal to twenty thousand dollars ($20,000).

(D) Three thousand dollars ($3,000) for each exemption allowed under Section 151(c) of the Internal Revenue Code (as effective January 1, 2017) for an individual who is:

(i) an adopted child of the taxpayer; and

(ii) less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age.

This amount is in addition to any amount subtracted under clause (A) or (B).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(7) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(8) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(9) In the case of a nonresident taxpayer or a resident taxpayer

residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), and (5) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse if the taxpayer and the taxpayer's spouse file a joint income tax return or the taxpayer is otherwise entitled to a deduction under this subdivision for the taxpayer's spouse, or both.

(13) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars ($2,500), or one thousand two hundred fifty dollars ($1,250) in the case of a married individual filing a separate return; or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation 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 **not** apply bonus depreciation to the property in the year that it was placed in service.

(16) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(18) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(19) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(20) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal

Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(21) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. For purposes of this subdivision:

(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;

(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and

(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.

(22) Subtract an amount as described in Section 1341(a)(2) of the Internal Revenue Code to the extent, if any, that the amount was previously included in the taxpayer's adjusted gross income for a prior taxable year.

(23) For taxable years beginning after December 25, 2016, add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965(c) of the Internal Revenue Code.

(24) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first

taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(25) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(26) For taxable years beginning after December 31, 2019, and before January 1, 2021, add an amount of the deduction claimed under Section 62(a)(22) of the Internal Revenue Code.

(27) For taxable years beginning after December 31, 2019, for payments made by an employer under an education assistance program after March 27, 2020:

(A) add the amount of payments by an employer that are excluded from the taxpayer's federal gross income under Section 127(c)(1)(B) of the Internal Revenue Code; and

(B) deduct the interest allowable under Section 221 of the Internal Revenue Code, if the disallowance under Section 221(e)(1) of the Internal Revenue Code did not apply to the payments described in clause (A). For purposes of applying Section 221(b) of the Internal Revenue Code to the amount allowable under this clause, the amount under clause (A) shall not be added to adjusted gross income.

(28) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(29) For taxable years beginning after December 31, 2017, and before January 1, 2021, add an amount equal to the excess business loss of the taxpayer as defined in Section 461(l)(3) of the Internal Revenue Code. In addition:

(A) If a taxpayer has an excess business loss under this subdivision and also has modifications under subdivisions (15) and (17) for property placed in service during the taxable year, the taxpayer shall treat a portion of the taxable year modifications for that property as occurring in the taxable year the property is placed in service and a portion of the modifications as occurring in the immediately following taxable year.

(B) The portion of the modifications under subdivisions (15) and (17) for property placed in service during the taxable year treated as occurring in the taxable year in which the property is placed in service equals:

(i) the modification for the property otherwise determined under this section; minus

(ii) the excess business loss disallowed under this subdivision;

but not less than zero (0).

(C) The portion of the modifications under subdivisions (15) and (17) for property placed in service during the taxable year treated as occurring in the taxable year immediately following the taxable year in which the property is placed in service equals the modification for the property otherwise determined under this section minus the amount in clause (B).

(D) Any reallocation of modifications between taxable years under clauses (B) and (C) shall be first allocated to the modification under subdivision (15), then to the modification under subdivision (17).

(30) ~~Add~~ **For taxable years ending after December 31, 2020, and before January 1, 2026, add** an amount equal to the amount excluded from federal gross income under Section 108(f)(5) of the Internal Revenue Code. For purposes of this subdivision:

(A) if an amount excluded under Section 108(f)(5) of the Internal Revenue Code would be excludible under Section 108(a)(1)(B) of the Internal Revenue Code, the exclusion under Section 108(a)(1)(B) of the Internal Revenue Code shall take precedence; and

(B) if an amount would have been excludible under Section 108(f)(5) of the Internal Revenue Code as in effect on January 1, 2020, the amount is not required to be added back under this subdivision.

(31) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(32) Subtract the amount of an ESA annual grant amount and, as applicable, a CSA annual grant amount distributed to a taxpayer's Indiana education scholarship account under IC 20-51.4 that is

used for an ESA or CSA qualified expense (as defined in IC 20-51.4-2) to the extent the distribution used for the qualified expense is included in the taxpayer's federal adjusted gross income under the Internal Revenue Code.

(33) For taxable years beginning after December 31, 2019, and before January 1, 2021, add an amount equal to the amount of unemployment compensation excluded from federal gross income under Section 85(c) of the Internal Revenue Code.

(34) For taxable years beginning after December 31, 2022, subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

(35) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental ~~procedures~~ **expenditures** as required under IC 6-3-2-29.

(36) Subtract any other amounts the taxpayer is entitled to deduct under IC 6-3-2.

(37) Subtract the amount of a CSA annual grant amount distributed to a taxpayer's career scholarship account under IC 20-51.4-4.5 that is used for a CSA qualified expense (as defined in IC 20-51.4-2-3.8), to the extent the distribution used for the CSA qualified expense is included in the taxpayer's federal adjusted gross income under the Internal Revenue Code.

(38) Add or subtract an amount equal to the modifications required for qualified production property under IC 6-3-2-30.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Except as provided in subsection (c), add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus

depreciation 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 **not** apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Add to the extent required by IC 6-3-2-20:

(A) the amount of intangible expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes; and

(B) any directly related interest expenses (as defined in IC 6-3-2-20) that reduced the corporation's adjusted gross income (determined without regard to this subdivision). For purposes of this clause, any directly related interest expense that constitutes business interest within the meaning of Section 163(j) of the Internal Revenue Code shall be considered to have reduced the taxpayer's federal taxable income only in the first taxable year in which the deduction otherwise would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(9) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(10) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(11) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(12) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. For purposes of this subdivision:

(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;

(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and

(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.

(13) For taxable years beginning after December 25, 2016:

(A) for a corporation other than a real estate investment trust, add:

(i) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(ii) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code; and

(B) for a real estate investment trust, add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965(c) of the Internal Revenue Code, but only to the extent that the taxpayer included income pursuant to Section 965 of the Internal Revenue Code in its taxable income for federal income tax purposes or is required to add back dividends paid under subdivision (9).

(14) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to ~~global intangible low-taxed income).~~ **net CFC tested income).** The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(15) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first

taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(16) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(17) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(18) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(19) For taxable years beginning after December 31, 2022, subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

(20) For taxable years beginning after December 31, 2021, subtract the amount of any:

(A) federal, state, or local grant received by the taxpayer; and

(B) discharged federal, state, or local indebtedness incurred by the taxpayer;

for purposes of providing or expanding access to broadband service in this state.

(21) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental ~~procedures~~ **expenditures** as required under IC 6-3-2-29.

(22) Add or subtract an amount equal to the modifications required for qualified production property under IC 6-3-2-30.

~~(22)~~ **(23)** Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(c) The following apply to taxable years beginning after December 31, 2018, for purposes of the add back of any deduction allowed on the

taxpayer's federal income tax return for wagering taxes, as provided in subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if the taxpayer is a corporation:

(1) For taxable years beginning after December 31, 2018, and before January 1, 2020, a taxpayer is required to add back under this section eighty-seven and five-tenths percent (87.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(2) For taxable years beginning after December 31, 2019, and before January 1, 2021, a taxpayer is required to add back under this section seventy-five percent (75%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(3) For taxable years beginning after December 31, 2020, and before January 1, 2022, a taxpayer is required to add back under this section sixty-two and five-tenths percent (62.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(4) For taxable years beginning after December 31, 2021, and before January 1, 2023, a taxpayer is required to add back under this section fifty percent (50%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(5) For taxable years beginning after December 31, 2022, and before January 1, 2024, a taxpayer is required to add back under this section thirty-seven and five-tenths percent (37.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(6) For taxable years beginning after December 31, 2023, and before January 1, 2025, a taxpayer is required to add back under this section twenty-five percent (25%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(7) For taxable years beginning after December 31, 2024, and before January 1, 2026, a taxpayer is required to add back under this section twelve and five-tenths percent (12.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(8) For taxable years beginning after December 31, 2025, a taxpayer is not required to add back under this section any amount of a deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(d) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined

in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation 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 **not** apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(11) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. For purposes of this subdivision:

(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;

(B) if ownership of the obligation occurs by means other than

a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and

(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.

(12) For taxable years beginning after December 25, 2016, add:

(A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to ~~global intangible low-taxed income).~~ **net CFC tested income).** The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(14) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(15) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under

Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(18) For taxable years beginning after December 31, 2022, subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

(19) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental ~~procedures~~ **expenditures** as required under IC 6-3-2-29.

(20) Add or subtract an amount equal to the modifications required for qualified production property under IC 6-3-2-30.

~~(20)~~ **(21)** Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(e) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation 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 **not** apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business

indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(11) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. For purposes of this subdivision:

(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;

(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and

(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.

(12) For taxable years beginning after December 25, 2016, add:

(A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to ~~global intangible low-taxed income).~~ **net CFC tested income).** The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(14) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(15) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(18) For taxable years beginning after December 31, 2022, subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

(19) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental ~~procedures~~ **expenditures** as required under IC 6-3-2-29.

(20) Add or subtract an amount equal to the modifications

required for qualified production property under IC 6-3-2-30.

~~(20)~~ **(21)** Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(f) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation 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 **not** apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for

nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(6) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(7) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(8) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011. For purposes of this subdivision:

(A) if the taxpayer receives interest from a pass through entity, a regulated investment company, a hedge fund, or similar arrangement, the taxpayer will be considered to have acquired the obligation on the date the entity acquired the obligation;

(B) if ownership of the obligation occurs by means other than a purchase, the date of acquisition of the obligation shall be the date ownership of the obligation was transferred, except to

the extent provided in clause (A), and if a portion of the obligation is acquired on multiple dates, the date of acquisition shall be considered separately for each portion of the obligation; and

(C) if ownership of the obligation occurred as the result of a refinancing of another obligation, the acquisition date shall be the date on which the obligation was refinanced.

(9) For taxable years beginning after December 25, 2016, add an amount equal to:

(A) the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1;

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code; and

(C) with regard to any amounts of income under Section 965 of the Internal Revenue Code distributed by the taxpayer, the deduction under Section 965(c) of the Internal Revenue Code attributable to such distributed amounts and not reported to the beneficiary.

For purposes of this article, the amount required to be added back under clause (B) is not considered to be distributed or distributable to a beneficiary of the estate or trust for purposes of Sections 651 and 661 of the Internal Revenue Code.

(10) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(11) Add an amount equal to the deduction for qualified business income that was claimed by the taxpayer for the taxable year under Section 199A of the Internal Revenue Code.

(12) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(13) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(14) For taxable years beginning after December 31, 2017, and before January 1, 2021, add an amount equal to the excess business loss of the taxpayer as defined in Section 461(l)(3) of the Internal Revenue Code. In addition:

(A) If a taxpayer has an excess business loss under this subdivision and also has modifications under subdivisions (3) and (5) for property placed in service during the taxable year, the taxpayer shall treat a portion of the taxable year modifications for that property as occurring in the taxable year the property is placed in service and a portion of the modifications as occurring in the immediately following taxable year.

(B) The portion of the modifications under subdivisions (3) and (5) for property placed in service during the taxable year treated as occurring in the taxable year in which the property is placed in service equals:

(i) the modification for the property otherwise determined under this section; minus

(ii) the excess business loss disallowed under this subdivision;

but not less than zero (0).

(C) The portion of the modifications under subdivisions (3) and (5) for property placed in service during the taxable year treated as occurring in the taxable year immediately following the taxable year in which the property is placed in service equals the modification for the property otherwise determined under this section minus the amount in clause (B).

(D) Any reallocation of modifications between taxable years under clauses (B) and (C) shall be first allocated to the modification under subdivision (3), then to the modification under subdivision (5).

(15) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty

and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(16) For taxable years beginning after December 31, 2022, subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

(17) Except as provided in subsection (c), for taxable years beginning after December 31, 2022, add an amount equal to any deduction or deductions allowed or allowable in determining taxable income under Section 641(b) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(18) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental ~~procedures~~ **expenditures** as required under IC 6-3-2-29.

(19) Add or subtract an amount equal to the modifications required for qualified production property under IC 6-3-2-30.

~~(19)~~ **(20)** Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(g) For purposes of IC 6-3-2.1, IC 6-3-4-12, IC 6-3-4-13, and IC 6-3-4-15 for taxable years beginning after December 31, 2022, "adjusted gross income" of a pass through entity means the items of ordinary income and loss in the case of a partnership or a corporation described in IC 6-3-2-2.8(2), or distributions subject to tax for state and federal income tax for beneficiaries in the case of a trust or estate, whichever is applicable, for the taxable year modified as follows:

(1) Add the separately stated items of income and gains, or the equivalent items that must be considered separately by a beneficiary, as determined for federal purposes, attributed to the partners, shareholders, or beneficiaries of the pass through entity, determined without regard to whether the owner is permitted to exclude all or part of the income or gain or deduct any amount against the income or gain.

(2) Subtract the separately stated items of deductions or losses or items that must be considered separately by beneficiaries, as determined for federal purposes, attributed to partners, shareholders, or beneficiaries of the pass through entity and that are deductible by an individual in determining adjusted gross income as defined under Section 62 of the Internal Revenue Code:

(A) limited as if the partners, shareholders, and beneficiaries deducted the maximum allowable loss or deduction allowable for the taxable year prior to any amount deductible from the pass through entity; but

(B) not considering any disallowance of deductions resulting from federal basis limitations for the partner, shareholder, or beneficiary.

(3) Add or subtract any modifications to adjusted gross income that would be required both for individuals under subsection (a) and corporations under subsection (b) to the extent otherwise provided in those subsections, including amounts that are allowable for which such modifications are necessary to account for separately stated items in subdivision (1) or (2).

(h) Subsections (a)(36), ~~(b)(22),~~ **(b)(23),** ~~(d)(20),~~ **(d)(21),** ~~(c)(20),~~ **(e)(21),** or ~~(f)(19)~~ **(f)(20)** may not be construed to require an add back or allow a deduction or exemption more than once for a particular add back, deduction, or exemption.

(i) For taxable years beginning after December 25, 2016, if:

(1) a taxpayer is a shareholder, either directly or indirectly, in a corporation that is an E&P deficit foreign corporation as defined in Section 965(b)(3)(B) of the Internal Revenue Code, and the earnings and profit deficit, or a portion of the earnings and profit deficit, of the E&P deficit foreign corporation is permitted to reduce the federal adjusted gross income or federal taxable income of the taxpayer, the deficit, or the portion of the deficit, shall also reduce the amount taxable under this section to the extent permitted under the Internal Revenue Code, however, in no case shall this permit a reduction in the amount taxable under Section 965 of the Internal Revenue Code for purposes of this section to be less than zero (0); and

(2) the Internal Revenue Service issues guidance that such an income or deduction is not reported directly on a federal tax return or is to be reported in a manner different than specified in this section, this section shall be construed as if federal adjusted gross income or federal taxable income included the income or deduction.

(j) If a partner is required to include an item of income, a deduction, or another tax attribute in the partner's adjusted gross income tax return pursuant to IC 6-3-4.5, such item shall be considered to be includible in the partner's federal adjusted gross income or federal taxable income, regardless of whether such item is actually required to be reported by the partner for federal income tax purposes. For purposes

of this subsection:

(1) items for which a valid election is made under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included in the partner's adjusted gross income or taxable income; and

(2) items for which the partnership did not make an election under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the partnership is required to remit tax pursuant to IC 6-3-4.5-18, shall be included in the partner's adjusted gross income or taxable income.

(k) The following apply for purposes of this section:

(1) For purposes of subsections (b) and (f), if a taxpayer is an organization that has more than one (1) trade or business subject to the provisions of Section 512(a)(6) of the Internal Revenue Code, the following rules apply for taxable years beginning after December 31, 2017:

(A) If a trade or business has federal unrelated business taxable income of zero (0) or greater for a taxable year, the unrelated business taxable income and modifications required under this section shall be combined in determining the adjusted gross income of the taxpayer and shall not be treated as being subject to the provisions of Section 512(a)(6) of the Internal Revenue Code if one (1) or more trades or businesses have negative Indiana adjusted gross income after adjustments.

(B) If a trade or business has federal unrelated business taxable income of less than zero (0) for a taxable year, the taxpayer shall apply the modifications under this section for the taxable year against the net operating loss in the manner required under IC 6-3-2-2.5 and IC 6-3-2-2.6 for separately stated net operating losses. However, if the application of modifications required under IC 6-3-2-2.5 or IC 6-3-2-2.6 results in the separately stated net operating loss for the trade or business being zero (0), the modifications that increase adjusted gross income under this section and remain after the calculations to adjust the separately stated net operating loss to zero (0) that result from the trade or business must be treated as modifications to which clause (A) applies for the taxable year.

(C) If a trade or business otherwise described in Section 512(a)(6) of the Internal Revenue Code incurred a net operating loss for a taxable year beginning after December 31, 2017, and before January 1, 2021, and the net operating loss

was carried back for federal tax purposes:

(i) if the loss was carried back to a taxable year for which the requirements under Section 512(a)(6) of the Internal Revenue Code did not apply, the portion of the loss and modifications attributable to the loss shall be treated as adjusted gross income of the taxpayer for the first taxable year of the taxpayer beginning after December 31, 2022, and shall be treated as part of the adjusted gross income attributable to clause (A), unless, and to the extent, the loss and modifications were applied to adjusted gross income for a previous taxable year, as determined under this article; and

(ii) if the loss was carried back to a taxable year for which the requirements under Section 512(a)(6) of the Internal Revenue Code applied, the portion of the loss and modifications attributable to the loss shall be treated as adjusted gross income of the taxpayer for the first taxable year of the taxpayer beginning after December 31, 2022, and for purposes of this clause, the inclusion of losses and modifications shall be in the same manner as provided in clause (B), unless, and to the extent, the loss and modifications were applied to adjusted gross income for a previous taxable year, as determined under this article.

(D) Notwithstanding any provision in this subdivision, if a taxpayer computed its adjusted gross income for a taxable year beginning before January 1, 2023, based on a reasonable interpretation of this article, the taxpayer shall be permitted to compute its adjusted gross income for those taxable years based on that interpretation. However, a taxpayer must continue to report any tax attributes for taxable years beginning after December 31, 2022, in a manner consistent with its previous interpretation.

(2) In the case of a corporation, other than a captive real estate investment trust, for which the adjusted gross income under this article is determined after a deduction for dividends paid under the Internal Revenue Code, the modifications required under this section shall be applied in ratio to the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) after deductions for dividends paid under the Internal Revenue Code compared to the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) before the deduction for dividends paid under the Internal Revenue Code.

(3) In the case of a trust or estate, the trust or estate is required to

include only the portion of the modifications not passed through to beneficiaries.

(4) In the case of a taxpayer for which modifications are required to be applied against a separately stated net operating loss under IC 6-3-2-2.5 or IC 6-3-2-2.6, the modifications required under this section must be adjusted to reflect the required application of the modifications against a separately stated net operating loss, in order to avoid the application of a particular modification multiple times.

SECTION 6. IC 6-3-1-11, AS AMENDED BY SEA 212-2026, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 11. (a) Except as provided in subsection (e), the term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2023.~~ **2026.**

(b) Whenever the Internal Revenue Code is mentioned in this article, or in another provision of the Indiana Code that cites the definition of "Internal Revenue Code" provided in this section, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2023,~~ **2026,** that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent that a federal statute in the United States Code is enacted or amended in a title other than the Internal Revenue Code on or before January 1, ~~2023,~~ **2026,** and affects federal adjusted gross income, federal taxable income, federal tax credits, or other federal tax attributes, the federal statute shall be considered to be part of the Internal Revenue Code as amended and in effect on January 1, ~~2023.~~ **2026.** To the extent:

(1) the provisions of the Internal Revenue Code apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code, and in effect on January 1, ~~2023,~~ **2026;** and

(2) a federal statute in the United States Code that is enacted or amended in a title other than the Internal Revenue Code on or before January 1, ~~2023,~~ **2026,** and affects federal adjusted gross income, federal taxable income, federal tax credits, or other federal tax attributes applies to this article, regulations adopted under the federal statute of the United States Code and in effect on January 1, ~~2023,~~ **2026;**

shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2023,~~ **2026,** other than the federal 21st Century Cures Act (P.L. 114-255) and the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (P.L. 115-63), that is effective for any taxable year that began before January 1, ~~2023,~~ **2026,** and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter and IC 6-5.5-1-2.

(d) This subsection applies to a taxable year ending before January 1, 2013. The following provisions of the Internal Revenue Code that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are treated as though they were not amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312):

(1) Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders.

(2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal Revenue Code pertaining the treatment of certain dividends of regulated investment companies.

(3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment.

(4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations.

(5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells.

(6) Section 451(i)(3) of the Internal Revenue Code pertaining to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities.

(7) Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporation under foreign personal holding company rules.

The department shall develop forms and adopt any necessary rules under IC 4-22-2 to implement this subsection.

(e) Solely for purposes of the provisions specified in subsection (f), the term "Internal Revenue Code" shall mean the Internal Revenue Code as in effect on July 4, 2025, and any reference to January 1, ~~2023,~~ **2026,** in this section shall be applied as if the reference is to July 4, 2025.

(f) The provisions to which subsection (e) is to be applied are as follows:

(1) Section 23 of the Internal Revenue Code.

(2) Section 168(e)(3)(B)(vi) of the Internal Revenue Code.

(3) Section 223(c)(2)(E) of the Internal Revenue Code.

SECTION 7. IC 6-3-2-2.5, AS AMENDED BY P.L.194-2023, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 4, 2025 (RETROACTIVE)]: Sec. 2.5. (a) This section applies to a resident person.

(b) Resident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses carried over to that year. A taxpayer is not entitled to carryback any net operating losses after December 31, 2011.

(c) An Indiana net operating loss equals the sum of the following:

(1) Subject to subsection (j), any separately stated net operating loss, plus each of the following, as applicable:

(A) In the case of an individual, any deductions allowable in determining the separately stated net operating loss for the taxable year, but not allowable in determining federal adjusted gross income.

(B) In the case of a separately stated net operating loss that results from an excess business loss (as defined in Section 461(l) of the Internal Revenue Code) for a taxable year beginning after December 31, 2022, the modifications required by IC 6-3-1-3.5, as set forth in subsection (d), that result in an increase of the taxpayer's Indiana adjusted gross

income and that arise from federal deductions that resulted in the excess business loss.

(C) In the case of a separately stated net operating loss not described in clause (B), the modifications required by IC 6-3-1-3.5, as set forth in subsection (d). For purposes of this clause, a modification that results in an increase to a taxpayer's adjusted gross income is considered an addition, and a modification that results in a decrease to a taxpayer's adjusted gross income is considered a subtraction.

If the amount determined under this subdivision is less than zero (0), the amount is an Indiana net operating loss.

(2) Subject to subsection (j), the taxpayer's preliminary federal net operating loss for a taxable year plus the sum of the following:

(A) The application of certain modifications required by IC 6-3-1-3.5 as set forth in subsection (d). For purposes of this clause, a modification that results in an increase to a taxpayer's adjusted gross income is considered an addition, and a modification that results in a decrease to a taxpayer's adjusted gross income is considered a subtraction.

(B) In the case of an individual, any deductions allowable in determining the preliminary federal net operating loss for the taxable year, but not allowable in determining federal adjusted gross income.

If the amount determined under this subdivision is less than zero (0), the amount is an Indiana net operating loss. If the amount determined under this subdivision is equal to or greater than zero (0), the Indiana net operating loss under this subdivision is zero (0).

(3) The excess business loss deduction disallowed under IC 6-3-1-3.5(a)(29) and IC 6-3-1-3.5(f)(14).

(d) For purposes of subsection (c), the modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year in which each net operating loss was incurred, except that the modifications do not include the modifications required under:

(1) IC 6-3-1-3.5(a)(3);

(2) IC 6-3-1-3.5(a)(4);

(3) IC 6-3-1-3.5(a)(5);

(4) IC 6-3-1-3.5(a)(36);

(5) ~~IC 6-3-1-3.5(f)(19);~~ **IC 6-3-1-3.5(f)(20);** and

(6) any modification required under Section 172(d) or Section 512(b) of the Internal Revenue Code that is also required under

IC 6-3-1-3.5 in determining Indiana adjusted gross income.

(e) Subject to the limitations contained in subsections (g), (h), and (i), an Indiana net operating loss carryover shall be available as a deduction from the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the carryover year provided in subsection (f), but not in excess of the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the carryover year determined without regard to this section.

(f) Carryovers shall be determined under this subsection as follows:

(1) An Indiana net operating loss shall be an Indiana net operating loss carryover to each of the carryover years following the taxable year of the loss.

(2) An Indiana net operating loss may not be carried over for more than twenty (20) taxable years after the taxable year of the loss.

(g) Except as provided in subsection (h), the entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be carried over as provided in subsection (f). The amount of the Indiana net operating loss carried over from year to year shall be reduced to the extent that the Indiana net operating loss carryover is used by the taxpayer to obtain a deduction in a taxable year, or as required by subsection (i), until the occurrence of the earlier of the following:

(1) The entire amount of the Indiana net operating loss has been used as a deduction or reduced as required by subsection (i).

(2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

(h) An Indiana net operating loss that arises after the application of Section 512(a)(6) of the Internal Revenue Code shall be allowable only:

(1) in a taxable year in which the trade or business that generated the federal net operating loss has an adjusted gross income greater than zero (0) as determined under IC 6-3-1-3.5; and

(2) against the trade's or business's adjusted gross income;

until the federal net operating loss from the trade or business has been exhausted. When the federal net operating loss from the trade or business has been exhausted, and subject to the limitations of this section, any remaining Indiana net operating loss shall be allowable against any trade or business of the taxpayer.

(i) The following rules apply to an Indiana net operating loss:

(1) If the taxpayer had a discharge of indebtedness that is excluded from gross income under Section 108(a)(1)(A), Section 108(a)(1)(B), or Section 108(a)(1)(C) of the Internal Revenue Code, the Indiana net operating loss shall be reduced by the remainder of:

(A) the amount of discharge of indebtedness excluded from federal gross income; minus

(B) the amount of discharge of indebtedness that reduced the tax attributes under Section 108(b)(2)(D), Section 108(b)(2)(E), or Section 108(b)(2)(F) of the Internal Revenue Code or was applied for federal tax purposes under Section 108(b)(5) of the Internal Revenue Code.

(2) Any reduction in an Indiana net operating loss shall be first applied to the Indiana net operating loss for the taxable year of the discharge, and then to any Indiana net operating loss carryovers.

(3) The provisions of Section 108(d)(6) and Section 108(d)(7) of the Internal Revenue Code shall apply to any discharge of indebtedness for purposes of determining the reduction of net operating losses under this section.

(j) The following apply for purposes of calculating an Indiana net operating loss under subsection (c):

(1) An itemized deduction shall be applied first under subsection (c)(1), and any amount not applied under subsection (c)(1) to make the net operating loss equal to zero (0) shall be applied under subsection (c)(2).

(2) In the case of a modification under IC 6-3-1-3.5 required to modify a separately stated net operating loss or a preliminary federal net operating loss, the amount of the modification may not exceed the amount prescribed under IC 6-3-1-3.5 and must be applied in the following order:

(A) Against a separately stated net operating loss under subsection (c)(1)(B), but only to the extent necessary to increase the separately stated net operating loss, after application of subsection (c)(1)(A) and (c)(1)(B), to an amount not greater than zero (0).

(B) Against a separately stated net operating loss under subsection (c)(1)(C), but only to the extent necessary to increase the separately stated net operating loss to an amount not greater than zero (0).

(C) To compute a modification to a preliminary federal net operating loss under subsection (c)(2).

SECTION 8. IC 6-3-2-2.6, AS AMENDED BY P.L.194-2023, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 4, 2025 (RETROACTIVE)]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person.

(b) Corporations and nonresident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses carried over to that year. A taxpayer is not entitled to carryback any net operating losses after December 31, 2011.

(c) An Indiana net operating loss equals the sum of the following:

(1) Subject to subsection (m), any separately stated net operating loss derived from sources within Indiana, plus each of the following, as applicable:

(A) In the case of an individual, any deductions allowable in determining the separately stated net operating loss for the taxable year that are derived from sources within Indiana but not allowable in determining federal adjusted gross income.

(B) In the case of a separately stated net operating loss that results from an excess business loss (as defined in Section 461(l) of the Internal Revenue Code) for a taxable year beginning after December 31, 2022, the modifications required by IC 6-3-1-3.5, as set forth in subsection (d)(1), that result in an increase of the taxpayer's Indiana adjusted gross income and that arise from federal deductions that resulted in the excess business loss.

(C) In the case of a separately stated net operating loss not described in clause (B), the modifications required by IC 6-3-1-3.5, as set forth in subsection (d)(1). For purposes of this clause, a modification that results in an increase to a taxpayer's adjusted gross income is considered an addition, and a modification that results in a decrease to a taxpayer's adjusted gross income is considered a subtraction.

If the amount determined under this subdivision is less than zero (0), the amount is an Indiana net operating loss.

(2) Subject to subsection (m), the taxpayer's preliminary federal net operating loss for a taxable year derived from sources within Indiana plus the sum of the following:

(A) The application of certain modifications required by IC 6-3-1-3.5 as set forth in subsection (d)(1). For purposes of this clause, a modification that results in an increase to a taxpayer's adjusted gross income is considered an addition, and a modification that results in a decrease to a taxpayer's

adjusted gross income is considered a subtraction.

(B) In the case of an individual, any deductions derived from sources within Indiana and allowable in determining the preliminary federal net operating loss for the taxable year but not allowable in determining federal adjusted gross income.

If the amount determined under this subdivision is less than zero (0), the amount is an Indiana net operating loss. If the amount determined under this subdivision is equal to or greater than zero (0), the Indiana net operating loss under this subdivision is zero (0).

(3) The excess business loss deduction disallowed under IC 6-3-1-3.5(a)(29) and IC 6-3-1-3.5(f)(14) and incurred from Indiana sources.

(d) The following provisions apply for purposes of subsection (c):

(1) The modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year in which each net operating loss was incurred, except that the modifications do not include the modifications required under:

(A) IC 6-3-1-3.5(a)(3);

(B) IC 6-3-1-3.5(a)(4);

(C) IC 6-3-1-3.5(a)(5);

(D) IC 6-3-1-3.5(a)(36);

(E) ~~IC 6-3-1-3.5(b)(22);~~ **IC 6-3-1-3.5(b)(23);**

(F) ~~IC 6-3-1-3.5(d)(20);~~ **IC 6-3-1-3.5(d)(21);**

(G) ~~IC 6-3-1-3.5(e)(20);~~ **IC 6-3-1-3.5(e)(21);**

(H) ~~IC 6-3-1-3.5(f)(19);~~ **IC 6-3-1-3.5(f)(20);** and

(I) any modification required under Section 172(d) or Section 512(b) of the Internal Revenue Code that is also required under IC 6-3-1-3.5 in determining Indiana adjusted gross income.

(2) The amount of the taxpayer's net operating loss that is derived from sources within Indiana shall be determined in the same manner that the amount of the taxpayer's adjusted gross income derived from sources within Indiana is determined under section 2 of this chapter for the same taxable year during which each loss was incurred.

(e) Subject to the limitations contained in subsections (g) through (l), an Indiana net operating loss carryover shall be available as a deduction from the taxpayer's adjusted gross income derived from sources within Indiana (as defined in section 2 of this chapter) in the carryover year provided in subsection (f), but not in excess of the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the

carryover year determined without regard to the deduction allowable under this section.

(f) Carryovers shall be determined under this subsection as follows:

(1) An Indiana net operating loss shall be an Indiana net operating loss carryover to each of the carryover years following the taxable year of the loss.

(2) An Indiana net operating loss may not be carried over for more than twenty (20) taxable years after the taxable year of the loss.

(g) The entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be carried over as provided in subsection (f). The amount of the Indiana net operating loss carried over from year to year shall be reduced to the extent that the Indiana net operating loss carryover is used by the taxpayer to obtain a deduction in a taxable year, or as required by subsection (i), until the occurrence of the earlier of the following:

(1) The entire amount of the Indiana net operating loss has been used as a deduction or reduced as required by subsection (i).

(2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

(h) An Indiana net operating loss deduction determined under this section shall be allowed notwithstanding the fact that in the year the taxpayer incurred the net operating loss the taxpayer was not subject to the tax imposed under section 1 of this chapter because the taxpayer was:

(1) a life insurance company (as defined in Section 816(a) of the Internal Revenue Code); or

(2) an insurance company subject to tax under Section 831 of the Internal Revenue Code.

(i) Notwithstanding subsection (g), the following apply to an Indiana net operating loss:

(1) An Indiana net operating loss that arises after the application of Section 512(a)(6) of the Internal Revenue Code shall be allowable only:

(A) in a taxable year in which the trade or business that generated the federal net operating loss has an adjusted gross income derived from sources within Indiana greater than zero (0) as determined under IC 6-3-1-3.5; and

(B) against the trade's or business's adjusted gross income;

until the federal net operating loss from the trade or business has been exhausted. When the federal net operating loss from the trade or business has been exhausted, and subject to the limitations of this section, any remaining Indiana net operating loss shall be allowable against any trade or business of the taxpayer.

(2) In the case of a corporation described in section 2.8(2) of this chapter, an Indiana net operating loss deduction that is attributable to a preconversion year may not be greater than any net recognized built-in gain of the corporation as defined in Section 1374(d)(2) of the Internal Revenue Code derived from sources within Indiana.

(j) The following rules apply to an Indiana net operating loss:

(1) If the taxpayer had a discharge of indebtedness derived from Indiana sources that is excluded from gross income under Section 108(a)(1)(A), Section 108(a)(1)(B), or Section 108(a)(1)(C) of the Internal Revenue Code, the Indiana net operating loss shall be reduced by the remainder of:

(A) the amount of discharge of indebtedness excluded from federal gross income derived from Indiana sources; minus

(B) the amount of discharge of indebtedness derived from Indiana sources that reduced the tax attributes under Section 108(b)(2)(D), Section 108(b)(2)(E), or Section 108(b)(2)(F) of the Internal Revenue Code or was applied for federal tax purposes under Section 108(b)(5) of the Internal Revenue Code.

(2) Any reduction in an Indiana net operating loss shall be first applied to the Indiana net operating loss for the taxable year of the discharge, and then to any Indiana net operating loss carryovers.

(3) The provisions of Section 108(d)(6) and Section 108(d)(7) of the Internal Revenue Code shall apply to any discharge of indebtedness for purposes of determining the reduction of net operating losses under this section.

(k) If a taxpayer has an ownership change for which the limitations of net operating losses under Section 382 of the Internal Revenue Code apply, the following shall apply:

(1) The amount a taxpayer may claim as an Indiana net operating loss deduction for a taxable year beginning after December 31, 2022, shall not exceed the limitation imposed by Section 382(b)(1) of the Internal Revenue Code multiplied by the apportionment percentage determined under section 2 of this chapter for the year in which the net operating loss is being

claimed, unless otherwise provided by this subsection. The following apply:

(A) The limitation under this subdivision does not apply to adjusted gross income accrued in the portion of the taxable year on or before the change date (as defined in Section 382(j) of the Internal Revenue Code). For purposes of this subdivision, the adjusted gross income of the taxpayer shall be multiplied by the number of days in the taxable year on or before the change date to the number of days in the taxable year.

(B) For the portion of the taxable year after the change date (as defined in Section 382(j) of the Internal Revenue Code), the limitation under this subdivision shall be the limitation otherwise computed in this subdivision multiplied by the number of days in the taxable year after the change date to the number of days in the taxable year.

(2) If a taxpayer's Indiana net operating loss determined under this subsection is not fully deductible as a result of subsection (e) for a taxable year, the limitation under this subsection for the following taxable year shall be increased by the net operating loss determined but not allowable as a deduction for the taxable year.

(3) If the continuity of business requirements under Section 382(c) of the Internal Revenue Code are not met, the Indiana net operating loss available for carryforward shall be zero (0) except to the extent of recognized built in gains derived from Indiana sources and amounts allowable under subdivision (2).

(4) If the limitation under Section 382(b) of the Internal Revenue Code is increased for a taxable year under Section 382(h) of the Internal Revenue Code, the limitation under subdivision (1) for that taxable year shall be increased by the federal increase in the net operating loss limitation for the taxable year multiplied by the Indiana apportionment percentage for that taxable year.

(5) For purposes of any other matters not provided for in subdivisions (1) through (4), the taxpayer and the department are required to apply the limitations and rules under Section 382 of the Internal Revenue Code in a manner consistent with this subsection.

(6) This subsection applies to a taxpayer regardless of whether the taxpayer actually has a federal net operating loss subject to Section 382 of the Internal Revenue Code or whether any federal net operating losses have been exhausted.

(l) If two (2) or more corporations file a consolidated return under

IC 6-3-4-14 or a combined return under this chapter and have an Indiana net operating loss on a consolidated or combined basis for a taxable year:

(1) the Indiana net operating loss attributable to each corporation included in the consolidated or combined return shall be determined in a manner consistent with the attribution of federal net operating losses for consolidated groups as provided under the Internal Revenue Code and regulations promulgated thereunder;

(2) the application of Indiana net operating losses and reduction of losses attributable to each member shall be in a manner consistent with the application and reduction of federal net operating losses for consolidated groups as provided under the Internal Revenue Code and regulations promulgated thereunder; and

(3) the availability of net operating losses to each corporation upon an ownership change or change in filing status shall be in a manner consistent with the availability and use of federal net operating losses for consolidated groups as provided under the Internal Revenue Code and regulations promulgated thereunder.

(m) The following apply for purposes of calculating an Indiana net operating loss under subsection (c):

(1) An itemized deduction shall be applied first under subsection (c)(1), and any amount not applied under subsection (c)(1) to make the net operating loss equal to zero (0) shall be applied under subsection (c)(2).

(2) In the case of a modification under IC 6-3-1-3.5 required to modify a separately stated net operating loss or a preliminary federal net operating loss, the amount of the modification may not exceed the amount prescribed under IC 6-3-1-3.5 and must be applied in the following order:

(A) Against a separately stated net operating loss under subsection (c)(1)(B), but only to the extent necessary to increase the separately stated net operating loss, after application of subsection (c)(1)(A) and (c)(1)(B), to an amount not greater than zero (0).

(B) Against a separately stated net operating loss under subsection (c)(1)(C), but only to the extent necessary to increase the separately stated net operating loss to an amount not greater than zero (0).

(C) To compute a modification to a preliminary federal net operating loss under subsection (c)(2).

SECTION 9. IC 6-3-2-29, AS ADDED BY P.L.194-2023,

SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]: Sec. 29. (a) As used in this section, "specified research or experimental expenditures" means:

(1) for taxable years beginning before January 1, 2025, specified research or experimental expenditures (as defined in Section 174(b) of the Internal Revenue ~~Code)~~ **Code as in effect December 31, 2024)** that the taxpayer is required to charge to capital account under Section 174(a)(2) of the Internal Revenue Code. The term does not include expenditures for which a deduction is disallowed as a result of Section 280C(c) of the Internal Revenue Code;

(2) for taxable years beginning after December 31, 2024, foreign research or experimental expenditures (as defined in Section 174(b) of the Internal Revenue Code); and

(3) for taxable years beginning after December 31, 2024, domestic research or experimental expenditures (as defined in Section 174A(b) of the Internal Revenue Code).

(b) Except as otherwise provided in this section, for taxable years beginning after December 31, 2021, a taxpayer, in determining the taxpayer's adjusted gross income for a particular taxable year, shall:

(1) deduct from the taxpayer's adjusted gross income an amount equal to the specified research or experimental expenditures charged to capital account under Section 174(a)(2)(A) of the Internal Revenue Code for the taxable year; and

(2) add to the taxpayer's adjusted gross income the amount deducted under Section 174(a)(2)(B) of the Internal Revenue Code **or deducted pursuant to P.L.119-21, Section 70302(f)(2)** for the taxable year.

(c) In the case of a taxpayer that owns an interest in a partnership or corporation described in section 2.8(2) of this chapter, the amount that must be deducted under subsection (b)(1) for a particular taxable year may not exceed the sum of:

(1) the taxpayer's adjusted basis in the partnership or corporation for federal tax purposes, as determined at the end of the taxpayer's taxable year and after application of any expenses, deductions, or losses; plus

(2) the amount of any specified research or experimental expenditures claimed as a deduction under Section 174 of the Internal Revenue Code in determining the taxpayer's federal adjusted gross income for the taxable year.

(d) A deduction or part of a deduction that is disallowed under subsection (c) must be:

(1) carried forward to the subsequent taxable year;

(2) treated as a specified research or experimental expenditure that is paid or incurred in the subsequent taxable year; and

(3) applied under subsection (c) against the adjusted basis of the partnership or corporation for the subsequent taxable year.

(e) If a taxpayer is eligible for a deduction under subsection (b)(1), but the deduction would be treated as a passive deduction under Section 469 of the Internal Revenue Code, the amount that may be deducted under subsection (b)(1) for a particular taxable year may not exceed the sum of:

(1) the amount of the taxpayer's passive income, as determined for federal tax purposes, after application of any passive losses or deductions for the taxable year and after application of any passive loss carryovers for the taxable year, but not less than zero (0); plus

(2) the amount of any specified research or experimental expenditures claimed as a deduction under Section 174 of the Internal Revenue Code in determining the taxpayer's federal adjusted gross income for the taxable year.

The requirements under this subsection must be applied after application of subsections (c) and (d). Any deduction or part of a deduction that is disallowed under this subsection must be carried forward to the subsequent taxable year and treated as a specified research or experimental expenditure that is paid or incurred in the subsequent taxable year from a trade or business that is a passive activity for the taxpayer.

(f) If, before the effective date of this section, a taxpayer:

(1) is a pass through entity; and

(2) filed a return either:

(A) for a taxable year beginning before January 1, 2023, that reported tax under IC 6-3-2.1 as an electing entity; or

(B) for a taxable year beginning before January 1, 2023, passing through the tax paid under IC 6-3-2.1 by another entity on the taxpayer's behalf as pass through entity to its owners;

the taxpayer shall report the adjusted gross income subject to pass through entity tax for purposes of IC 6-3-2.1 as if the modification under this section was not in effect for taxable years beginning before January 1, 2023. The taxpayer shall report the modifications otherwise required under this section to its partners, shareholders, or beneficiaries for the taxable year in the manner prescribed under this article.

(g) The modifications required under this section are not applicable if a taxpayer is not required under federal law to charge specified

research or experimental expenditures to capital account in determining federal adjusted gross income, regardless of whether the taxpayer elects to charge **specified** research or experimental expenditures to capital account. **For purposes of this section:**

(1) if the taxpayer is an eligible taxpayer permitted to retroactively deduct certain specified research or experimental expenditures as provided in P.L.119-21, Section 70302(f)(1); and

(2) does not make a retroactive election under this section;

the taxpayer shall be treated as if the taxpayer was required under federal law to charge specified research or experimental expenditures to capital account.

(h) If a taxpayer makes an election to retroactively deduct certain specified research or experimental expenditures as provided in P.L.119-21, Section 70302(f)(1):

(1) the taxpayer and the department shall treat the specified research or experimental expenditures in the same manner as elected for federal income tax purposes;

(2) the taxpayer shall be required to amend all tax returns filed under this article or IC 6-5.5 for which the taxpayer reported modifications under this section or filed an amended return with the Internal Revenue Service; and

(3) any amended return filed with the Internal Revenue Service shall be treated as being a final adjustment made by the Internal Revenue Service on the date the amended return is filed with the Internal Revenue Service or October 31, 2025, whichever is later.

SECTION 10. IC 6-3-2-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 4, 2025 (RETROACTIVE)]: **Sec. 30. (a) For purposes of this section, "qualified production property" has the meaning provided in Section 168(n)(2) of the Internal Revenue Code.**

(b) Except as otherwise provided in this section, if a taxpayer makes an election to claim the special depreciation allowance under Section 168(n) of the Internal Revenue Code with regard to qualified production property used by the taxpayer and placed in service during the current taxable year or a previous taxable year, the taxpayer shall add or subtract the amount required to make the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5 or IC 6-5.5-1-2) equal to the amount of adjusted gross income determined as if an election had not been made under Section 168(n) of the Internal Revenue Code.

(c) If a taxpayer:

(1) makes an election under Section 168(n) of the Internal Revenue Code to claim the special depreciation allowance under that section; and

(2) the taxpayer is considered to have elected to not claim other special depreciation allowances under Section 168 of the Internal Revenue Code as a result of that election;

the taxpayer will be considered to have made an election to not claim the special depreciation allowances described in subdivision (2) for purposes of computing adjusted gross income under this article or IC 6-5.5.

(d) If a taxpayer is subject to recapture of the special depreciation allowance pursuant to Section 168(n)(5) of the Internal Revenue Code, the taxpayer:

(1) will be considered to have made an election under Section 168(n) of the Internal Revenue Code;

(2) will be considered for purposes of this article and IC 6-5.5 to have disposed of the qualified production property on the date specified in Section 168(n)(5) of the Internal Revenue Code and shall report any income from the property for that taxable year, subject to the modifications required under this section; and

(3) will be required to report any depreciation, gain, or loss from the qualified production property after the recapture of the special depreciation allowance in the same manner as otherwise provided by the Internal Revenue Code.

SECTION 11. IC 6-3-2-31 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 31. (a) This section applies to the taxable year beginning after December 31, 2025, and ending before January 1, 2027.**

(b) A taxpayer is entitled to a deduction from the taxpayer's adjusted gross income in an amount equal to the amount associated with qualified tips that is deducted from a taxpayer's federal adjusted gross income under Section 224 of the Internal Revenue Code.

(c) If a taxpayer has both qualified tips that are included in the taxpayer's adjusted gross income and qualified tips that are not included in the taxpayer's adjusted gross income, the deduction for purposes of this article and IC 6-3.6 shall be equal to the qualified tips deducted from the taxpayer's federal adjusted gross income under Section 224 of the Internal Revenue Code multiplied by the

quotient of:

(1) the qualified tips included in the taxpayer's adjusted gross income after the application of any other exemption, deduction, or exclusion of qualified tips from the taxpayer's adjusted gross income under this article or IC 6-3.6; divided by

(2) the qualified tips included in the taxpayer's federal adjusted gross income.

This subsection shall be applied separately to this article and IC 6-3.6 to the extent that the taxpayer's adjusted gross income is determined separately for each article.

SECTION 12. IC 6-3-2-32 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 32. (a) This section applies to the taxable year beginning after December 31, 2025, and ending before January 1, 2027.**

(b) A taxpayer is entitled to a deduction from the taxpayer's adjusted gross income in an amount equal to the amount associated with qualified overtime compensation that is deducted from a taxpayer's federal adjusted gross income under Section 225 of the Internal Revenue Code.

(c) If a taxpayer has both qualified overtime compensation that is included in the taxpayer's adjusted gross income and qualified overtime compensation that is not included in the taxpayer's adjusted gross income, the deduction for purposes of this article and IC 6-3.6 shall be equal to the qualified overtime compensation deducted from the taxpayer's federal adjusted gross income under Section 225 of the Internal Revenue Code multiplied by the quotient of:

(1) the qualified overtime compensation included in the taxpayer's adjusted gross income after the application of any other exemption, deduction, or exclusion of qualified tips from the taxpayer's adjusted gross income under this article or IC 6-3.6; divided by

(2) the qualified overtime compensation included in the taxpayer's federal adjusted gross income.

This subsection shall be applied separately to this article and IC 6-3.6 to the extent that the taxpayer's adjusted gross income is determined separately for each article.

SECTION 13. IC 6-3-2-33 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 33. (a) This section**

applies to the taxable year beginning after December 31, 2025, and ending before January 1, 2027.

(b) A taxpayer is entitled to a deduction from the taxpayer's adjusted gross income in an amount equal to the amount associated with qualified passenger vehicle loan interest that is deducted from a taxpayer's federal adjusted gross income under Section 163 of the Internal Revenue Code and attributable to the exception under Section 163(h)(4) of the Internal Revenue Code.

(c) The deduction under this section shall be allowable only if the taxpayer is a resident of this state at the time the interest is paid or accrued. In the case of a married couple filing a joint return under this article, the taxpayer shall be the individual who would be treated as paying the interest if the couple were not married.

(d) The deduction under this section shall not be permitted against the adjusted gross income of an estate or trust.

SECTION 14. IC 6-3-2.1-5, AS AMENDED BY P.L.230-2025, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]: Sec. 5. (a) Each electing entity shall compute each direct owner's share of the tax imposed by section 4 of this chapter and reflect that amount in the form and manner prescribed by the department.

(b) Each entity owner shall be entitled to a refundable credit in an amount equal to the amount of tax under this chapter credited to the entity owner.

(c) An electing entity or pass through entity shall be permitted to claim a credit for taxes withheld or paid on the entity's behalf.

(d) An electing entity that has direct owners that would be permitted to claim a credit under IC 6-3-3-3 for taxes paid to another state with regard to a taxable year may elect to claim a credit under this chapter for:

(1) an amount equal to the income of a resident direct owner attributable to a state other than Indiana multiplied by the rate imposed by IC 6-3-2-1(a) (before July 1, 2025) or IC 6-3-2-1(b) (after June 30, 2025) or maximum individual income tax rate imposed by that other state, whichever rate is less, if:

(A) the electing entity makes an election to tax resident direct owners in the manner prescribed in section 4(a)(2)(A) of this chapter; and

(B) the other state grants a credit to ~~the Indiana~~ **its** residents substantially similar to the credit as provided under ~~IC 6-3-3-3;~~ **IC 6-3-3-3(a);** and

(2) an amount equal to the income attributable to Indiana multiplied by the rate imposed by IC 6-3-2-1(a) (before July 1, 2025) or IC 6-3-2-1(b) (after June 30, 2025) or the maximum individual income tax rate by the nonresident direct owner's state of residence, whichever rate is less, if the nonresident direct owner would be permitted a credit under IC 6-3-3-3(b) for the income attributable to Indiana and derived from the electing entity.

(e) An electing entity may elect to claim a credit for any credit under IC 6-3-3 or IC 6-3.1, other than the credits under subsections (b) through (d), and arising from the operations of the electing entity, or which are passed through to or assigned to the electing entity for the taxable year. For purposes of this subsection, the following apply:

(1) The credit must be allowable to pass through to the direct owners of the electing entity under the provisions of the credit.

(2) The credit must be first allowable to the direct owners of the pass through entity in a taxable year ending on or after the taxable year of the electing entity.

(3) The amount of the credit that the entity may claim against the tax attributable to any direct owner under subsection (a) may not exceed the credit that is available to be passed through to the direct owner.

(f) For purposes of subsections (d) and (e), the following apply:

(1) The elections under subsections (d) and (e) are separate elections to which the following apply:

(A) An election under subsection (e) applies to all credits other than the credits described in subsections (b) through (d). No allowance for an election to apply to one (1) or more credits and to not apply to one (1) or more credits is permitted.

(B) The election to claim the credits under subsections (d) and (e) must be made on the original return filed by the electing entity. A failure to claim a credit shall be treated as if the credit was not allowable to the electing entity.

(C) An election to apply a credit applies to the tax for all direct owners of the electing entity, provided that an election under subsection (d) applies only to direct owners that are individuals, estates, or trusts.

(2) If an electing entity claims credits under both subsections (d) and (e), the electing entity shall apply the credit under subsection (d) first, then any amount allowable under subsection (e).

(3) The sum of the credits attributable to a direct owner of an electing entity shall not exceed the tax computed by the electing

entity for the direct owner under this chapter.

(4) A provision under IC 6-3-3 or IC 6-3.1 requiring a credit to be passed through shall not prevent an electing entity from applying the credit against the tax imposed under this chapter.

(5) An entity owner shall be permitted to claim any credit otherwise allowable to the owner to the extent otherwise permitted by IC 6-3-3 or IC 6-3.1.

SECTION 15. IC 6-3-3-12.1, AS AMENDED BY P.L.205-2025, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 12.1. (a) As used in this section, "ABLE account" has the meaning set forth in IC 12-11-14-1.

(b) As used in this section, "contribution" means the amount of money directly provided to an Indiana ABLE 529A savings plan account by a taxpayer. A contribution does not include any of the following:

(1) Money credited to an ABLE account as a result of bonus points or other forms of consideration earned by the taxpayer that result in a transfer of money to the ABLE account.

(2) Money transferred from any qualified ABLE program under Section 529A of the Internal Revenue Code or from any other similar plan.

(3) Money transferred from any qualified tuition program under Section 529 of the Internal Revenue Code or from any other similar plan.

(4) Money transferred in a qualified ABLE rollover contribution described in Section 530A(d)(4)(B) of the Internal Revenue Code.

(c) As used in this section, "designated beneficiary" has the meaning set forth in IC 12-11-14-5.

(d) As used in this section, "Indiana ABLE 529A savings plan" refers to the Achieving a Better Life Experience (ABLE) 529A plan established under IC 12-11.

(e) As used in this section, "nonqualified withdrawal" means a withdrawal or distribution from an Indiana ABLE 529A savings plan that is not a qualified withdrawal.

(f) As used in this section, "qualified disability expense" has the meaning set forth in IC 12-11-14-8.

(g) As used in this section, "qualified withdrawal" means a withdrawal or distribution from an Indiana ABLE 529A savings plan that is made:

(1) to pay for qualified disability expenses, excluding any withdrawals or distributions used to pay for qualified disability

expenses, if the withdrawals or distributions are made from an Indiana ABLE 529A savings plan that is terminated within twelve (12) months after the ABLE account is opened;

(2) as a result of the death of a designated beneficiary; or

(3) by an Indiana ABLE 529A savings plan as the result of a transfer of funds by an Indiana ABLE 529A savings plan from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or transfer of assets from an Indiana ABLE 529A savings plan to any other qualified ABLE program under Section 529A of the Internal Revenue Code, or to any qualified tuition program under Section 529 of the Internal Revenue Code other than an Indiana529 plan established under IC 21-9, or to any other similar plan.

(h) As used in this section, "taxpayer" means:

(1) an individual filing a single return;

(2) a married couple filing a joint return; or

(3) a married individual filing a separate return.

(i) A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

(1) Twenty percent (20%) of the amount of the total contributions made by the taxpayer to an ABLE account or accounts of an Indiana ABLE 529A savings plan during the taxable year.

(2) Five hundred dollars ($500).

(3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(j) A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

(k) A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

(l) To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

(m) An owner of an ABLE account of an Indiana ABLE 529A savings plan must repay all or a part of the credit in a taxable year in which any nonqualified withdrawal is made from the ABLE account. The amount the taxpayer must repay is equal to the lesser of:

(1) twenty percent (20%) of the total amount of nonqualified

withdrawals made during the taxable year from the ABLE account; or

(2) the excess of:

(A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the ABLE account for all prior taxable years; over

(B) the cumulative amount of repayments paid by the owner of the ABLE account under this subsection for all prior taxable years.

(n) Any required repayment under subsection (m) must be reported by the owner of the ABLE account on the owner's annual state income tax return for any taxable year in which a nonqualified withdrawal is made.

(o) A nonresident owner of an ABLE account who is not required to file an annual income tax return for a taxable year in which a nonqualified withdrawal is made shall make any required repayment on the form required under IC 6-3-4-1(2). If the nonresident owner of the ABLE account does not make the required repayment, the department shall issue a demand notice in accordance with IC 6-8.1-5-1.

(p) The executive director of the Indiana ABLE authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to ABLE account owners, designated beneficiaries, and other taxpayers for each taxable year with respect to:

(1) nonqualified withdrawals made from ABLE accounts for the taxable year; or

(2) ABLE account closings for the taxable year.

(q) The following apply to contributions made after December 31, 2023:

(1) For purposes of this section, all or part of a contribution made after the end of a taxable year, and not later than the due date of the taxpayer's adjusted gross income tax return for the taxable year under this article (as determined without regard to any allowable extensions), shall be considered as having been made during the taxable year preceding the contribution if:

(A) the taxpayer elects to treat all or part of a contribution as occurring in the taxable year preceding the contribution;

(B) the taxpayer designates the amounts of the contribution to be treated as occurring in each taxable year, in the case of a single contribution that is to be allowable under this section in two (2) separate years; and

(C) the taxpayer irrevocably waives the right to claim the contribution claimed in the taxable year preceding the contribution as occurring in the taxable year of the contribution.

(2) An irrevocable election under this subsection must be made in writing at the time the contribution is made.

(3) The Indiana ABLE authority may prescribe any forms necessary for purposes of this subsection.

SECTION 16. IC 6-3-3-13, AS AMENDED BY P.L.180-2022(ss), SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]: Sec. 13. (a) This section applies only to taxable years beginning after December 31, 2014.

(b) Each taxable year, an individual **who is a resident of Indiana during the taxable year and** who is eligible to claim the credit provided by Section 23 of the Internal Revenue Code on the individual's federal return for the taxable year is entitled to a credit against the individual's adjusted gross income tax liability for the taxable year equal to the lesser of:

(1) the amount of the credit allowable under Section 23 of the Internal Revenue Code for each eligible child on the individual's federal return for the taxable year multiplied by twenty percent (20%); or

(2) two thousand five hundred dollars ($2,500) for each eligible child.

(c) If the amount of the credit under this section exceeds the taxpayer's state income tax liability for the taxable year, the excess shall be refunded to the taxpayer.

(d) If all or part of the credit allowed under Section 23 of the Internal Revenue Code for a taxable year beginning after December 31, 2014, is required to be claimed in, or carried forward to, a taxable year after the taxable year in which the credit is first allowed, the part carried forward and allowed to be claimed as a credit shall be treated as allowable under subsection (b), however, to the extent that a portion of a taxpayer's federal credit under Section 23 of the Internal Revenue Code is carried forward to a subsequent taxable year, the aggregate sum of credits claimed by the taxpayer under this section over the applicable taxable years may not exceed two thousand five hundred dollars ($2,500). A credit first allowed under Section 23 of the Internal Revenue Code for a taxable year beginning before January 1, 2015, and required to be claimed in, or carried forward to, a taxable year after the taxable year in which the credit is first allowed shall not be treated as allowable under subsection (b).

(e) If an individual is a resident of Indiana for part of the taxable year and a nonresident of Indiana for part of the taxable year, the credit allowable under Section 23 of the Internal Revenue Code for purposes of subsection (b) shall be:

(1) the credit allowable under Section 23 of the Internal Revenue Code;

(2) multiplied by the number of days the individual was a resident of Indiana; and

(3) divided by the number of days the individual was a resident of all states.

(f) If an individual and the individual's spouse file a joint return under this article for a taxable year, the calculation under subsection (e) for the taxable year shall be made based on the combined resident and nonresident days of the individual and the individual's spouse.

SECTION 17. IC 6-3-4-4.1, AS AMENDED BY P.L.205-2025, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4.1. (a) Any individual required by the Internal Revenue Code or this section to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, the following apply to estimated tax returns filed and payments made under this subsection:

(1) In applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the sum of the amount of the adjusted gross income tax imposed by this article for the taxable year and the sum of the amount of local income tax under IC 6-3.6, including any amounts of credits required to be recaptured under IC 6-3-3 and IC 6-3.1, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3, IC 6-3.1, and IC 6-3.6, other than the amounts of tax withheld under this chapter.

(2) Estimated tax for a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) must be computed by applying not more than one (1) exclusion under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4), regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year.

(3) If an individual does not file a return for the preceding taxable year and the individual can establish that the individual did not have a liability under IC 6-3 and IC 6-3.6, Section 6654 of the Internal Revenue Code shall be applied as if the tax liability for the preceding taxable year under IC 6-3 and IC 6-3.6 was zero dollars ($0).

(b) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of this chapter or for which tax is not remitted on behalf of the individual under IC 6-3-2.1 shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than one thousand dollars ($1,000). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty ~~in an amount~~ **at the rate** prescribed by IC 6-8.1-10-2.1(b).

(c) An individual filing an estimated tax return and making an estimated tax payment under this section must designate:

(1) the portion of the estimated tax payment that represents estimated state adjusted gross income tax liability; and

(2) the portion of the estimated tax payment that represents estimated local income tax liability under IC 6-3.6.

The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by this subsection.

SECTION 18. IC 6-3-4-4.2, AS ADDED BY P.L.205-2025, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4.2. (a) The following apply for purposes of this section:

(1) "Final tax liability" for a taxable year means the reported tax liability of a taxpayer, except that:

(A) for purposes of determining the final tax liability for a previous taxable year of less than twelve (12) months, the final tax liability shall be:

(i) the reported adjusted gross income tax liability; divided by

(ii) the number of estimated payments otherwise required under this chapter; multiplied by

(iii) four (4);

(B) if the taxpayer does not have a reported tax liability for the previous year and properly does not file an adjusted gross income tax return under IC 6-3 or financial institutions tax

under IC 6-5.5, the taxpayer's final tax liability shall be considered to be zero dollars ($0); and

(C) if the taxpayer has a reported tax liability of zero dollars ($0) for the previous taxable year, the taxpayer shall be treated as having a tax liability of zero dollars ($0).

(2) "Reported tax liability" means the adjusted gross income tax under IC 6-3 or financial institutions tax under IC 6-5.5 as reported by the taxpayer for the taxable year on the taxpayer's return after application of any credits allowable to the taxpayer under IC 6-3-3, IC 6-3.1, or IC 6-5.5 other than credits for:

(A) estimated taxes paid under this section or IC 6-5.5-6-3;

(B) taxes withheld on behalf of the taxpayer under this chapter or IC 6-5.5-2-8; or

(C) taxes paid by a pass through entity on behalf of the taxpayer under IC 6-3-2.1.

The term reported tax liability includes the recapture of any tax credits under IC 6-3-3 or IC 6-3.1 reported on the tax return for the taxable year. If the taxpayer fails to file a tax return for a taxable year under IC 6-3 or IC 6-5.5, and the department determines that the taxpayer owes adjusted gross income tax under IC 6-3 or financial institutions tax under IC 6-5.5, the reported tax liability shall be the greater of the amount for the taxable year under IC 6-3 or IC 6-5.5 as determined by the department or the amount for the immediately following taxable year under IC 6-3 or IC 6-5.5.

(b) Except as otherwise provided in this section, every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year. The following apply:

(1) A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year.

(2) If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(3) Any taxes withheld on behalf of the corporation under this chapter or IC 6-5.5-2-8, and any taxes remitted on behalf of the

corporation under IC 6-3-2.1, shall be treated as estimated tax payments on behalf of the corporation for purposes of this section. Such taxes shall be attributed to each required payment in the manner the underlying income is attributed under Section 6655 of the Internal Revenue Code.

(4) If the taxpayer has a taxable year that is less than twelve (12) months, the estimated payments under this section shall be adjusted in the manner prescribed by Section 6655 of the Internal Revenue Code and applicable regulations.

(c) If a corporation determines that its estimated tax payment using an annualized method under Section 6655(e) of the Internal Revenue Code is lower than the amount required under subsection (b), the corporation shall be permitted to use an annualized method under Section 6655(e) of the Internal Revenue Code to determine its estimated tax payment under subsection (b), and shall recapture any reduction in the estimated tax payment in the manner prescribed by Section 6655(e) of the Internal Revenue Code. The corporation may not use an annualized method under this section that would not be allowable to the corporation under Section 6655 of the Internal Revenue Code.

(d) The penalty ~~in the amount~~ **at the rate** prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (b). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

(1) the amount calculated under subsection (b); or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and the amount determined under subsection (b).

(e) The provisions of subsection (b) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which exceeds two thousand five hundred dollars ($2,500) for its taxable year.

(f) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds five thousand dollars ($5,000), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due. A failure to make a payment in the manner prescribed under this subsection shall be subject to penalty as provided in IC 6-8.1-10-2.1(b)(5).

(g) In the case of corporations that switch filing status, the final tax liability shall be determined in the manner consistent with Section 1502 of the Internal Revenue Code and regulations thereunder.

SECTION 19. IC 6-3-4-6, AS AMENDED BY P.L.159-2021, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) Any taxpayer, upon request by the department, shall furnish to the department a true and correct copy of any tax return which the taxpayer has filed with the United States Internal Revenue Service which copy shall be certified to by the taxpayer under penalties of perjury.

(b) Each taxpayer shall notify the department of any modification as provided in subsection (c) of:

(1) a federal income tax return filed by the taxpayer after January 1, 1978; or

(2) the taxpayer's federal income tax liability for a taxable year which begins after December 31, 1977.

The taxpayer shall file the notice ~~on the form~~ **in the form and manner** prescribed by the department within one hundred twenty (120) days after the modification is made if the modification was made before January 1, 2011, ~~and~~ one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010, **but before January 1, 2026, and one (1) year after the modification is made if the modification is made after December 31, 2025.**

(c) For purposes of subsection (b), a modification occurs on the date on which a:

(1) taxpayer files an amended federal income tax return;

(2) final determination is made concerning an assessment of deficiency;

(3) final determination is made concerning a claim for a refund;

(4) taxpayer waives the restrictions on assessment and collection of all, or any part, of an underpayment of federal income tax by signing a federal Form 870, or any other Form prescribed by the Internal Revenue Service for that purpose. For purposes of this

subdivision:

(A) a final determination does not occur with respect to any part of the underpayment that is not covered by the waiver; and

(B) if the signature of an authorized representative of the Internal Revenue Service is required to execute a waiver, the date of the final determination is the date of signing by the authorized representative of the Internal Revenue Service or by the taxpayer, whichever is later;

(5) taxpayer enters into a closing agreement with the Internal Revenue Service concerning the taxpayer's tax liability under Section 7121 of the Internal Revenue Code that is a final determination. The date the taxpayer enters into a closing agreement under this subdivision is the date the closing agreement is signed by an authorized representative of the Internal Revenue Service or by the taxpayer, whichever is later; or

(6) modification or alteration in an amount of tax, adjusted gross income, taxable income, credit, or other tax attribute is otherwise made that is a final determination;

for a taxable year, regardless of whether a modification results in an underpayment or overpayment of tax. In the case of a taxpayer that files a consolidated return under section 14 of this chapter or either files or is required to be included by the department in a combined return under IC 6-3-2-2, the date on which the alteration or modification is made shall be considered to be the last day on which an alteration or modification occurs for any entity filing as part of the consolidated or combined return.

(d) For purposes of subsection (c)(2) through (c)(6), a final determination means an action or decision by a taxpayer, the Internal Revenue Service (including the Appeals Division), the United States Tax Court, or any other United States federal court concerning any disputed tax issue that:

(1) is final and conclusive; and

(2) cannot be reopened or appealed by a taxpayer or the Internal Revenue Service as a matter of law.

(e) If the federal modification results in a change in the taxpayer's federal or Indiana adjusted gross income, the taxpayer shall file an Indiana amended return within one hundred twenty (120) days after the modification is made if the modification was made before January 1, 2011, ~~and~~ one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010, **but before**

January 1, 2026, and one (1) year after the modification is made if the modification is made after December 31, 2025.

SECTION 20. IC 6-3-4-8.2, AS AMENDED BY P.L.58-2019, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 8.2. (a) Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department.

(b) In addition to amounts withheld under subsection (a), every person engaged in a gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) and making a payment in the course of the gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) of:

(1) winnings (not reduced by the wager) valued at ~~one thousand two hundred dollars ($1,200)~~ **two thousand dollars ($2,000)** or more from slot machine play; or

(2) winnings (reduced by the wager) valued at ~~one thousand five hundred dollars ($1,500)~~ **two thousand dollars ($2,000)** or more from a keno game;

shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department. The department's instructions must provide that amounts withheld shall be paid to the department on the twenty-fourth calendar day of each month. Any taxes collected during the month but after the day on which the taxes are required to be paid shall be paid to the department at the same time the following month's taxes are due. Slot machine and keno winnings from a gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) that are reportable for federal income tax purposes shall be treated as subject to withholding under this section, even if federal tax withholding is not required.

(c) The adjusted gross income tax due on prize money or prizes:

(1) received from a winning lottery ticket purchased under IC 4-30; and

(2) exceeding ~~one thousand two hundred dollars ($1,200)~~ **two thousand dollars ($2,000)** in value;

shall be deducted and retained at the time and in the amount described in withholding instructions issued by the department, even if federal withholding is not required.

(d) In addition to the amounts withheld under subsection (a), a qualified organization (as defined in IC 4-32.3-2-31(a)) that awards a prize under IC 4-32.3 exceeding ~~one thousand two hundred dollars~~

~~($1,200)~~ **two thousand dollars ($2,000)** in value shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department. The department's instructions must provide that amounts withheld shall be paid to the department before the close of the business day following the day the winnings are paid, actually or constructively.

(e) For 2027 and later, if the amount for which a payor is required to provide a statement to a recipient under Section 6041 of the Internal Revenue Code is increased to reflect inflation as provided in Section 6041(h) of the Internal Revenue Code, the amounts under subsections (b), (c), and (d) shall be the amount increased to reflect inflation.

SECTION 21. IC 6-3-4.5-2, AS AMENDED BY P.L.137-2022, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 2. The following apply for purposes of this chapter:

(1) If a taxpayer has not filed a return under IC 6-3 or IC 6-5.5 for a taxable year, review year, or adjustment year, any reference to an amended return shall be a reference to an original return that includes any adjustments under this chapter.

(2) If a taxpayer is a partnership or pass through entity and has not issued a statement to its owners or beneficiaries, any reference to an amended statement shall be a reference to an original statement that includes any adjustment under this chapter.

(3) Any reference to tax shall include interest under IC 6-8.1-10-1 and penalties under IC 6-8.1.

(4) In the case of a final federal adjustment for a review year that is required, the adjustment shall be treated as:

(A) occurring in the review year, if and to the extent the adjustment:

(i) results in an imputed underpayment for federal purposes to the partnership;

(ii) would result in an imputed underpayment for federal purposes to the partnership for the review year except that the adjustment is reported by the partners of the partnership in the manner provided under Section 6225(c)(2) of the Internal Revenue Code; or

(iii) results in an adjustment that is passed through to the review year partners for federal tax purposes, in the case of a partnership that makes a valid election pursuant to Section 6226 of the Internal Revenue Code; or

(B) occurring in the adjustment year, to the extent a tax

attribute is taken into account by the partnership as provided under Section 6225(a)(2) of the Internal Revenue Code and regardless of whether the item is a separately stated item for partners for federal income tax purposes.

(C) For purposes of clauses (A) and (B):

(i) a federal adjustment netted against another federal adjustment for purposes of determining an imputed underpayment for federal purposes to the partnership, or for purposes of determining a partner's federal tax due with respect to a review year, is considered to occur in the review year;

(ii) a federal adjustment permitted to reduce the imputed underpayment for federal purposes for a partnership, or permitted for purposes of determining a partner's federal tax due or federal tax attributes with respect to a review year, and not otherwise described in item (i), is considered to occur in the review year; and

(iii) if an adjustment related to a review year affects a tax attribute of a partner such that the partner is required to change one (1) or more tax attributes for federal purposes for a year other than the review year, the partner shall treat the change in the tax attribute as occurring for Indiana purposes in the same year as the change is required for federal purposes.

(5) In the case of a state adjustment, the change shall be treated as occurring in the taxable year to which the state adjustment relates, unless the adjustment is treated as occurring in a different year as a result of subdivision (4).

(6) For taxable years beginning before January 1, 2017, any reference to IC 6-3.6 shall be construed to include IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7, prior to their repeal.

(7) With respect to partnerships and tiered partners:

(A) a partner that is a partnership that receives a report of partnership adjustments, receives a final federal adjustment, or files an amended return is considered a tier one (1) entity;

(B) a tiered partner that is a direct partner of a tier one (1) entity is considered a tier two (2) entity; and

(C) each tiered partner that is an owner, beneficiary, or partner of an entity that is a tier two (2) entity or higher shall be assigned a tier number that is one (1) tier higher and is considered an entity in that tier.

If, after application of this subdivision, a tiered partner is assigned

to more than one (1) tier, the tiered partner shall be treated as being assigned to the highest numerical tier to which the tiered partner could be assigned.

(8) In the case of a partnership or tiered partner that is assigned a numerical tier, the applicable deadline for purposes of this chapter is:

(A) in the case of a tier one (1) entity receiving a report of partnership adjustments, ninety (90) days from the date the report of partnership adjustments is final;

(B) in the case of a tier one (1) entity that has received a final federal adjustment, one hundred eighty (180) days from the final determination date **for a final determination date before January 1, 2026, and one (1) year from the final determination date for a final determination date after December 31, 2025;**

(C) in the case of a tier one (1) entity that has filed an amended return under this chapter other than an amended return resulting from a final federal adjustment, zero (0) days; and

(D) in the case of a tiered partner that has received adjustments resulting from a tier one (1) partnership, a number of days equal to:

(i) the number of days described in clauses (A) through (C), as applicable; plus

(ii) thirty (30) multiplied by the tier number assigned to the tiered partner; minus

(iii) thirty (30).

However, if a tiered partner receives an adjustment reported on a partnership audit tracking report under Section 6226 of the Internal Revenue Code, the time period applicable for the tiered partner is the longer of the time period described in clause (D) or ninety (90) days from the date prescribed in Section 6226(b)(4)(B) of the Internal Revenue Code, and any other applicable deadlines under this subdivision or subdivision (9).

(9) Any reference to an election under section 9(c) of this chapter includes an election under sections 6(d) and 8(c) of this chapter.

(10) In the case of a direct partner or indirect partner that is not a tiered partner, the applicable deadline for purposes of this chapter is ninety (90) days after the applicable deadline that is determined for the partnership or tiered partner under subdivision (8). If a direct partner or indirect partner described in this subdivision is subject to more than one (1) applicable deadline, the applicable

deadline is the latest date determined under this subdivision.

SECTION 22. IC 6-3-4.5-14, AS AMENDED BY P.L.137-2022, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 14. For purposes of this chapter and IC 6-8.1-5-2, an assessment may not be issued against a direct or indirect partner or partnership with regard to changes related to a report of final partnership adjustments if the report of proposed partnership adjustments is issued by the department to a partnership after the latest of:

(1) three (3) years after the due date of the partnership's return, including any valid extension granted under IC 6-8.1-6-1;

(2) three (3) years after the date the partnership's return is filed with the department;

(3) in the case of the partnership's underreporting of its adjusted gross income by more than twenty-five percent (25%), the periods provided in subdivisions (1) and (2) shall be six (6) years;

(4) if the partnership fails to file a return required under IC 6-3-4-10, files a fraudulent return, or files a substantially blank return, no time limit;

(5) in the case of a report of proposed partnership adjustments arising from final federal adjustments:

(A) ~~one hundred eighty (180) days~~ **one (1) year** after the date on which the department receives the final federal adjustments from the partnership in the manner prescribed by the department; or

(B) December 31, 2021;

whichever is later; or

(6) in the case of a report of proposed partnership adjustments issued to a tiered partner that is a partnership as a direct or indirect result of another partnership's report of final partnership adjustments, final federal adjustments, or an amended return, ~~one hundred eighty (180) days~~ **one (1) year** after the applicable deadline for the tiered partner or the date otherwise determined under this section for the partnership, whichever is later.

SECTION 23. IC 6-5.5-1-2, AS AMENDED BY P.L.194-2023, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 4, 2025 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable

under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation 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 **not** apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(i) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code

were not elected as provided in item (ii); and

(ii) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017, the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code, and the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service. The amount of deductions allowable for an item of property under this item may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(I) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(J) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code for active financing income under Subpart F, Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(K) Add an amount equal to the remainder of:

(i) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(ii) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation 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 **not** apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service 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 for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(i) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in item (ii); and

(ii) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017, the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code, and the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property

in the year that the property was placed into service. The amount of deductions allowable for an item of property under this item may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(G) Income that is:

(i) exempt from taxation under IC 6-3-2-21.7; and

(ii) included in the taxpayer's taxable income under the Internal Revenue Code.

(H) The amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(I) For taxable years ending after March 12, 2020, an amount equal to the deduction disallowed pursuant to:

(i) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(ii) Section 3134(e) of the Internal Revenue Code.

(J) Subtract an amount equal to the deduction disallowed under Section 280C(h) of the Internal Revenue Code.

(3) Make the following adjustments:

(A) Subtract the amount of any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code.

(B) Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year.

(C) For taxable years beginning after December 31, 2021, add or subtract amounts related to specified research or experimental ~~procedures~~ **expenditures** as required under IC 6-3-2-29.

(D) Add or subtract an amount equal to the modifications required for qualified production property under IC 6-3-2-30.

For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal

Revenue Code did not exist.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income adjusted as follows:

(1) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(2) Make the following adjustments:

(A) Subtract the amount of any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code.

(B) Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year.

For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(3) Multiply the amount determined after the adjustments in subdivisions (1) and (2) by the quotient of:

(A) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(B) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;
(B) a share;
(C) a coupon;
(D) a certificate of membership;
(E) an agreement;
(F) a pretended agreement; or
(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

(e) If a partner is required to include an item of income, a deduction, or another tax attribute in the partner's adjusted gross income tax return pursuant to IC 6-3-4.5, such item shall be considered to be includible in the partner's federal adjusted gross income or federal taxable income, regardless of whether such item is actually required to be reported by the partner for federal income tax purposes. For purposes of this subsection:

(1) items for which a valid election is made under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included in the partner's adjusted gross income or taxable income; and

(2) items for which the partnership did not make an election under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the partnership is required to remit tax pursuant to IC 6-3-4.5-18, shall be included in the partner's adjusted gross income or taxable income.

SECTION 24. IC 6-5.5-6-6, AS AMENDED BY P.L.159-2021, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) Each taxpayer shall notify the department in writing of any alteration or modification of a federal income tax return filed with the United States Internal Revenue Service for a taxable year that begins after December 31, 1988, including any modification or alteration in the amount of tax, regardless of whether the modification or assessment results from an

assessment.

(b) The taxpayer shall file the notice in the form required by the department within ~~one hundred eighty (180) days~~ **one (1) year** after the alteration or modification is made. In the case of a taxpayer that files a combined return under this article, the date on which the alteration or modification is made shall be considered to be the last day on which an alteration or modification occurs for any entity filing as part of the combined return.

(c) For purposes of this section, a modification or alteration occurs on the date on which a:

(1) taxpayer files an amended federal income tax return;

(2) final determination is made concerning an assessment of deficiency;

(3) final determination is made concerning a claim for refund;

(4) taxpayer waives the restrictions on assessment and collection of all, or any part, of an underpayment of federal income tax by signing a federal Form 870, or any other Form prescribed by the Internal Revenue Service for that purpose. For purposes of this subdivision:

(A) a final determination does not occur with respect to any part of the underpayment that is not covered by the waiver; and

(B) if the signature of an authorized representative of the Internal Revenue Service is required to execute a waiver, the date of the final determination is the date of signing by the authorized representative of the Internal Revenue Service or by the taxpayer, whichever is later;

(5) taxpayer enters into a closing agreement with the Internal Revenue Service concerning the taxpayer's tax liability under Section 7121 of the Internal Revenue Code that is a final determination. The date the taxpayer enters into a closing agreement under this subdivision is the date the closing agreement is signed by an authorized representative of the Internal Revenue Service or by the taxpayer, whichever is later; or

(6) modification or alteration in an amount of tax, adjusted gross income, taxable income, credit, or other tax attribute is otherwise made that is a final determination;

for a taxable year, regardless of whether a modification or alteration results in an underpayment or overpayment of tax.

(d) For purposes of subsection (c)(2) through (c)(6), a final determination means an action or decision by a taxpayer, the Internal

Revenue Service (including the Appeals Division), the United States Tax Court, or any other United States federal court concerning any disputed tax issue that:

(1) is final and conclusive; and

(2) cannot be reopened or appealed by a taxpayer or the Internal Revenue Service as a matter of law.

(e) If the federal modification or alteration results in a change in the taxpayer's federal adjusted gross income or income within Indiana, the taxpayer shall file an amended Indiana financial institutions tax return (as required by the department) and a copy of the taxpayer's amended federal income tax return with the department not later than the date that is one hundred eighty (180) days after the modification or alteration is made, **if the modification or alteration occurs before January 1, 2026, and one (1) year if the modification or alteration occurs after December 31, 2025.**

(f) The taxpayer shall pay an additional tax or penalty due under this article upon notice or demand from the department.

SECTION 25. IC 6-5.5-7-1, AS AMENDED BY P.L.205-2025, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) For purposes of this section, "final tax liability" has the meaning set forth in IC 6-3-4-4.2(a)(1).

(b) The penalty ~~in the amount~~ **at the rate** prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on a taxpayer who fails to make payments as required in IC 6-5.5-6. However, no penalty shall be assessed for a quarterly payment if the payment equals or exceeds:

(1) twenty percent (20%) of the final tax liability for the taxable year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

(c) The penalty for an underpayment of tax on a quarterly return shall only be assessed on the difference between the actual amount paid by the taxpayer on the quarterly return and the lesser of:

(1) twenty percent (20%) of the taxpayer's final tax liability for the taxable year; or

(2) twenty-five percent (25%) of the taxpayer's final tax liability for the taxpayer's previous taxable year.

A payment required to be made in the manner prescribed in IC 6-5.5-6-3(c), but not paid in such a prescribed manner, shall be subject to the penalty provided in IC 6-8.1-10-2.1(b)(5).

(d) For a corporation required to make estimated payments under this section:

(1) if a corporation has a current taxable year that is less than twelve (12) months, the amounts under subsections (b) and (c) shall be adjusted in the same manner as an estimated payment required under IC 6-3-4-4.2; and

(2) any taxes withheld on behalf of the corporation under IC 6-3-4 or IC 6-5.5-2-8, and any taxes remitted on behalf of the corporation under IC 6-3-2.1, shall be treated as estimated tax payments on behalf of the corporation for purposes of this section. Such taxes shall be attributed to each required payment in the manner the underlying income is attributed under Section 6655 of the Internal Revenue Code.

SECTION 26. IC 6-6-6.5-9, AS AMENDED BY P.L.214-2019, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. (a) The provisions of this chapter pertaining to registration and taxation shall not apply to any of the following:

(1) An aircraft owned by and used exclusively in the service of:

(A) the United States government;

(B) a state (except Indiana), territory, or possession of the United States;

(C) the District of Columbia; or

(D) a political subdivision of an entity listed in clause (A), (B), or (C).

(2) An aircraft owned by a resident of another state and registered in accordance with the laws of that state. However, the aircraft shall not be exempt under this subdivision if a nonresident establishes a base for the aircraft inside this state and the base is used for a period of sixty (60) days or more.

(3) An aircraft which this state is prohibited from taxing under this chapter by the Constitution or the laws of the United States.

(4) An aircraft owned or operated by a person who is either an air carrier certificated under Federal Air Regulation Part 121 or a scheduled air taxi operator certified under Federal Air Regulation Part 135, unless such person is a corporation incorporated under the laws of the state of Indiana, an individual who is a resident of Indiana, or a domestic corporation having a physical presence in Indiana that results in Indiana being the regular or principal place of business of its chief executive, operating, and financial officers.

(5) An aircraft which has been scrapped, dismantled, or destroyed, and for which the airworthiness certificate and federal certificate of registration have been surrendered to the Federal Aviation Administration by the owner.

(6) An aircraft owned by a resident of this state that is not a dealer and that is not based in this state at any time, if the owner files the required form not later than thirty-one (31) days after the date of purchase; and furnishes the department with evidence, satisfactory to the department, verifying ~~where the~~ **that** aircraft is **not** based ~~during the year.~~ **in this state.**

(7) An aircraft owned by a dealer for not more than five (5) days if the ownership is part of an ultimate sale or transfer of an aircraft that will not be based in this state at any time. However, the dealer described in this subdivision is required to file a report of the transaction within thirty-one (31) days after the ultimate sale or transfer of ownership of the aircraft. The report is not required to identify the seller or purchaser but must list the aircraft's origin, destination, N number, date of each transaction, and ultimate sales price.

(8) An aircraft owned by a registered nonprofit museum, if the owner furnishes the department with evidence satisfactory to the department not later than thirty-one (31) days after the purchase date. The aircraft must be reported for registration, but the department shall issue the registration without charge.

(b) The provisions of this chapter pertaining to taxation shall not apply to an aircraft owned by and used exclusively in the service of Indiana or a political subdivision of Indiana or any university or college supported in part by state funds. That aircraft must be reported for registration, but the department will issue the registration without charge.

SECTION 27. IC 6-6-6.5-13, AS AMENDED BY P.L.230-2025, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 13. (a) As the basis for measuring the tax imposed by this chapter, the department shall classify every taxable aircraft in its proper class according to the following classification plan:

CLASS	DESCRIPTION
A	Piston-driven
B	Piston-driven, and Pressurized
C	Turbine driven or other Powered
D	Homebuilt, Gliders, or Hot Air Balloons

(b) The tax imposed under this chapter is based on the age, class, and maximum landing weight of the taxable aircraft. The amount of tax imposed on the taxable aircraft is based on the following table:

Age	Class A	Class B	Class C	Class D
0-4	$.04/lb	$.065/lb	$.09/lb	$.0175/lb
5-8	$.035/lb	$.055/lb	$.08/lb	$.015/lb
9-12	$.03/lb	$.05/lb	$.07/lb	$.0125/lb
13-16	$.025/lb	$.025/lb	$.025/lb	$.01/lb
17-25	$.02/lb	$.02/lb	$.02/lb	$.0075/lb
over 25	$.01/lb	$.01/lb	$.01/lb	$.005/lb

(c) An aircraft owner, who sells an aircraft on which the owner has paid the tax imposed under this chapter, is entitled to a credit for the tax paid. The credit equals excise tax paid on the aircraft that was sold, times the lesser of:

(1) ninety percent (90%); or

(2) ten percent (10%) times the number of months remaining in the registration year after the sale of the aircraft.

The credit may only be used to reduce the tax imposed under this chapter on another aircraft purchased by that owner during the registration year in which the credit accrues. A person may not receive a refund for a credit under this subsection.

(d) A person who is entitled to a property tax deduction under IC 6-1.1-12-13 or IC 6-1.1-12-14 is entitled to a credit against the tax imposed on the person's aircraft under this chapter. The credit equals the amount of the property tax deduction to which the person is entitled under IC 6-1.1-12-13 and IC 6-1.1-12-14 minus the amount of that deduction used to offset the person's property taxes or vehicle excise taxes, times seven hundredths (.07). ~~The credit~~ **Additionally, a person entitled to a property tax deduction under IC 6-1.1-51-10 is also entitled to a credit against the tax imposed on the person's aircraft under this chapter. Such credit equals the amount of the property tax deduction to which the person is entitled under IC 6-1.1-51-10 minus the amount of that deduction used to offset the person's property taxes (unless the aircraft is subject to both the aircraft excise tax and personal property tax, in which case the deduction shall apply to both property taxes and excise taxes). The credits in this subsection** may not exceed the amount of the tax due under this chapter. The county auditor shall, upon the person's request, furnish a certified statement showing the credit allowable under this subsection. The department may not allow a credit under this subsection until the auditor's statement has been filed in the department's office.

SECTION 28. IC 6-7-1-0.3 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 0.3. Notwithstanding section 14 of this chapter, revenue stamps paid for before July 1, 2002, and in the possession of a distributor may be used after June 30, 2002, only if the full amount of~~

~~the tax imposed by section 12 of this chapter, as effective after June 30, 2002, and as amended by P.L.192-2002(ss), is remitted to the department under the procedures prescribed by the department.~~

SECTION 29. IC 6-7-1-0.4 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 0.4. (a) Notwithstanding section 14 of this chapter, revenue stamps paid for before July 1, 2007, and in the possession of a distributor may be used after June 30, 2007, only if the full amount of the tax imposed by section 12 of this chapter, as effective after June 30, 2007, and as amended by P.L.218-2007, is remitted to the department under the procedures prescribed by the department.~~

~~(b) Notwithstanding section 14 of this chapter, revenue stamps paid for before July 1, 2025, and in the possession of a distributor may be used after June 30, 2025, only if the full amount of the tax imposed by section 12 of this chapter, as amended and effective after June 30, 2025, is remitted to the department under the procedures prescribed by the department.~~

SECTION 30. IC 6-7-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. **(a)** It is the intent and purpose of this chapter to ~~levy~~ **impose** a tax on all cigarettes sold, used, consumed, handled, or distributed within this state, ~~and to collect the tax~~ **which shall be collected** from the person who first sells, uses, consumes, handles, or distributes the cigarettes.

(b) It is further the intent and purpose of this chapter that whenever any cigarettes are given for advertising or any purpose whatsoever, they shall be taxed in the same manner as if they were sold, used, consumed, handled, or distributed in this state. ~~Notwithstanding any other provisions contained in this chapter, the liability for the excise taxes imposed by this chapter shall be conclusively presumed to be on the retail purchaser or ultimate consumer, precollected for convenience and facility only. When such taxes are paid by any other person, such payment shall be considered as an advance payment and shall be added to the price of the cigarettes and recovered from the ultimate consumer or user. Distributors, wholesalers, or retailers may state the amount of the tax separately from the price of such cigarettes on all price display signs, sales or delivery slips, bills, and statements which advertise or indicate the price of such cigarettes.~~

SECTION 31. IC 6-7-1-2, AS AMENDED BY P.L.137-2022, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. **(a)** ~~Unless the context requires otherwise,~~ **Except as provided in subsection (b), as used in this chapter,** "cigarette" ~~shall mean and include~~ **means and includes** any roll for smoking or heating made wholly or in part of tobacco, irrespective of

size or shape and irrespective of tobacco being flavored, adulterated, or mixed with any other ingredient, where such roll has a wrapper or cover made of paper or any other material not containing tobacco. ~~Provided the definition in this section shall not be construed to~~

(b) The definition does not include cigars (as defined in IC 6-7-2-0.3). ~~Excepting where context clearly shows that cigarettes alone are intended,~~

(c) For purposes of this chapter, the term "cigarettes" ~~shall mean and include~~ **means and includes** cigarettes upon which a tax is imposed by ~~sections~~ **section** 12 ~~and 13~~ of this chapter, **except where context clearly shows that cigarettes alone are intended.**

SECTION 32. IC 6-7-1-3, AS AMENDED BY P.L.191-2016, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. ~~Unless the context requires otherwise,~~ **As used in this chapter,** "individual package" ~~shall mean and include~~ **means and includes** every individual packet, box, or other container used to contain or to convey cigarettes to the consumer.

SECTION 33. IC 6-7-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. ~~Unless the context hereof requires otherwise,~~ **As used in this chapter,** the term "person" ~~or the term "company," herein used interchangeably,~~ means and includes any individual, assignee, receiver, commissioner, fiduciary, trustee, executor, administrator, institution, **national bank,** bank, consignee, firm, partnership, limited liability company, joint venture, pool, syndicate, bureau, association, cooperative association, society, club, fraternity, sorority, lodge, corporation, ~~municipal corporation or any other~~ **Indiana** political subdivision ~~of the state~~ engaged in private or proprietary activities or business, estate, trust, or any other group or combination acting as a unit. ~~and the plural as well as the singular number, unless the intention to give a more limited meaning is disclosed by the context.~~ **For purposes of this chapter, the term "company" may be used interchangeably with the term "person".**

SECTION 34. IC 6-7-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~Unless the context hereof requires otherwise,~~ **As used in this chapter,** "department" ~~shall mean~~ **means** the Indiana department of state revenue and its duly authorized assistants and employees.

SECTION 35. IC 6-7-1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~Unless the context requires otherwise,~~ **As used in this chapter,** "distributor" ~~shall mean and include~~ **means and includes** every person who sells, barters, exchanges, or distributes cigarettes in the state of Indiana to retail

dealers for the purpose of resale, or who purchases cigarettes directly from a manufacturer of cigarettes, or who purchases for resale cigarettes directly from a manufacturer of cigarettes, or from a wholesaler, jobber, or distributor outside of the state of Indiana who is not a distributor holding a registration certificate issued under this chapter.

SECTION 36. IC 6-7-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. ~~Unless the context hereof requires otherwise,~~ **As used in this chapter,** "retailer" ~~shall mean~~ **means** every person, other than a distributor, who purchases, sells, offers for sale, or distributes cigarettes, to consumers or to any person for any purpose other than resale, irrespective of quantity or amount, or the number of sales.

SECTION 37. IC 6-7-1-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 7.5. As used in this chapter, "consumer" means a person using a cigarette or cigarettes for the purpose of smoking.**

SECTION 38. IC 6-7-1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. ~~Unless the context hereof requires otherwise,~~ **As used in this chapter,** "consumption" ~~shall mean~~ **or "consume" means** the possession for use or the use of a cigarette or cigarettes for the purpose of smoking. ~~the same; the term "consumer" shall mean the person so using the same; and the term "consume" shall mean so to use the same.~~

SECTION 39. IC 6-7-1-9, AS AMENDED BY P.L.191-2016, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. ~~Unless the context requires otherwise,~~ **As used in this chapter,** "stamps" ~~shall mean~~ **means** the stamps printed, manufactured, or made by authority of the department, as provided in this chapter, and issued, sold, or circulated by it and by the use of which the tax levied under this chapter is paid. ~~or~~ **The term also means** any impression, indicium, or character imprinted upon individual packages of cigarettes by a metered stamping machine or other device such as may be authorized by the department for use by the holder of a certificate under the provisions of this chapter and by the use of which the tax levied under this chapter shall be paid.

SECTION 40. IC 6-7-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. ~~Unless the context requires otherwise,~~ **As used in this chapter,** "counterfeit stamp" ~~shall mean~~ **means** any stamp, label, print, indicium, or character which evidences, or purports to evidence the payment of any tax levied by this chapter, and which stamp, label, print, indicium, or character has not

been printed, manufactured, or made by authority of the department as provided in this chapter, and issued, sold, or circulated by it.

SECTION 41. IC 6-7-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. ~~Unless the context hereof requires otherwise,~~ **As used in this chapter,** "drop shipment" ~~shall mean~~ **means** any shipment billed to one other than the person receiving such shipment.

SECTION 42. IC 6-7-1-13 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 13. There is levied, assessed, and imposed, and shall be collected and paid as provided in this chapter, upon the use, consumption, or possession for use of cigarettes within the state of Indiana, taxes at the rates set forth and in the manner provided in section 12 of this chapter. Provided, that the tax levied, assessed, and imposed by this section shall not be applicable to the use, consumption, or possession for use of cigarettes upon which the tax levied, assessed, and imposed by the provisions of section 12 of this chapter has been paid.~~

SECTION 43. IC 6-7-1-14, AS AMENDED BY P.L.191-2016, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 14. **(a)** ~~All~~ **A tax is levied, assessed, and imposed upon the use, consumption, or possession for use of cigarettes within Indiana at the rates set forth and in the manner provided in section 12 of this chapter.**

(b) Payment of the taxes levied, assessed, and imposed by this chapter ~~shall be paid and the payment thereof~~ **is** evidenced by ~~the purchase of stamps~~ **purchasing** and ~~by~~ affixing ~~the same~~ **stamps** to ~~the~~ individual packages ~~and duly cancelling these stamps,~~ **of cigarettes, or otherwise by canceling the stamps,** as provided in this chapter. ~~but there shall be~~ **Except as provided in subsection (e), a distributor shall firmly and securely affix each individual package of cigarettes (even those contained within a carton or larger containers of cigarettes) with the requisite denomination and amount of stamps upon the receipt of cigarettes taxed under this chapter.**

(c) Once a stamp has been affixed to an individual package of cigarettes, no further tax **may be** assessed, imposed, or collected ~~by virtue of this chapter~~ upon the sale or use of ~~any~~ **the** package of cigarettes. ~~upon which these stamps have been previously affixed as provided by this chapter.~~ **If a retailer receives cigarettes that do not have the proper amount of stamps firmly affixed to each individual package by a distributor, the retailer shall:**

(1) stamp or firmly affix stamps immediately on each individual package if the retailer is also a licensed distributor;

or

(2) if the retailer is not a licensed distributor, return the stamps to the distributor from whom the stamps that were to have been firmly affixed were purchased.

(d) The payment and affixing of a stamp on an individual package of cigarettes shall be considered as an advance payment, precollected for convenience and facility only, and shall be added to the price of the cigarettes and recovered from the ultimate consumer or user. Notwithstanding any other provisions contained in this chapter, the liability for the tax imposed by this chapter shall be conclusively presumed to be on the retail purchaser or ultimate consumer.

(e) A distributor engaged in interstate business shall be permitted to set aside part of the distributor's stock of individual packages as may be necessary for the conduct of such interstate business without affixing the stamps required by this chapter.

(f) Distributors, wholesalers, or retailers may state the amount of the tax separately from the price of such cigarettes on all price display signs, sales or delivery slips, bills, and statements which advertise or indicate the price of such cigarettes.

(g) Sample packages of cigarettes may not be distributed in this state without stamps of the proper denomination affixed to the package.

SECTION 44. IC 6-7-1-15, AS AMENDED BY P.L.137-2022, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 15. (a) The department is the official agent of the state for the administration and enforcement of this chapter. A sufficient sum to pay salaries and expenses is appropriated to the department out of the monies received by virtue of this chapter.

(b) The department may issue registration certificates, upon the terms and conditions provided in this chapter, and may revoke or suspend the same upon the violation of this chapter or a violation of IC 24-3-5.4-17 by the holder of such a certificate.

(c) The department may apply for membership in the National Tobacco Tax Association.

(d) The department may design and have printed or manufactured stamps of sizes and denominations to be affixed to each individual package. The stamps shall be firmly affixed on each individual package in such a manner that the stamps can not be removed without being mutilated or destroyed; however, the department may by regulation designate some other manner for cancellation of stamps. ~~In addition to the stamps, the~~

(e) The department may ~~by rules and regulations~~ authorize distributors to use metered stamping machines or other devices which will imprint distinctive indicia evidencing the payment of the tax upon each individual package. The machines shall be constructed in such a manner as will accurately record or meter the number of impressions or tax stamps made. The tax meter machines or other devices shall be kept available at all reasonable times for inspection by the department, and the machines shall be maintained in proper operating condition.

(f) A person who knowingly tampers with the printing or recording mechanism of such a machine commits a Class B misdemeanor.

SECTION 45. IC 6-7-1-16.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 16.5. (a) The department may institute a suit upon a distributor's bond or letter of credit for the entire amount of the liability and costs under any of the following circumstances:**

(1) A registrant is convicted of a violation of any of the provisions of this chapter.

(2) The registrant's certificate is revoked and no review is requested of the order of the revocation under section 17.2 of this chapter.

(3) If on review of a revocation, the decision is adverse to the registrant, and the registrant refuses to pay any taxes, damages, fines, penalties, or costs adjudged against the registrant by reason of a violation of any of the provisions of this chapter.

(b) Any suit upon the bond shall be in addition to any other remedy provided for in this chapter.

SECTION 46. IC 6-7-1-17, AS AMENDED BY P.L.201-2023, SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of two cents ($0.02) per individual package of cigarettes as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the

privilege is extended upon the express condition that:

(1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department;

(2) proof of payment is made of all property taxes, excise taxes, and listed taxes (as defined in IC 6-8.1-1-1) for which any such distributor may be liable; and

(3) payment for the revenue stamps must be made by electronic funds transfer (as defined in IC 4-8.1-2-7).

If payment is not received by the due date, the discount will be disallowed and penalty and interest will be charged. Additionally, no further stamps will be sold to the distributor until full payment is made.

(c) The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

~~(c)~~ **(d)** If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

(e) The department shall not sell tax stamps to anyone except distributors holding active and valid registration certificates and such others who established their need for tax stamps by written statement satisfactory to the department.

SECTION 47. IC 6-7-1-17.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 17.2. (a) The department may, after fifteen (15) days written notice, revoke or suspend the registration certificate of any distributor for any violation of, or noncompliance with, the provisions of this chapter, or for noncompliance with any lawful rule or regulation promulgated by the department. Any such action shall be subject to judicial review.**

(b) The distributor may appear at the time and place given in the notice to show cause at a hearing as to why the distributor's registration certificate should not be revoked or suspended. Hearings shall be held at the place and before the personnel as the department may designate.

(c) If a certificate is revoked or suspended, no refund of registration fees will be allowed.

(d) If a distributor's certificate is suspended, the suspension shall mean the loss of all rights under the license for the period of the suspension.

(e) The length of revocation or suspension will be at the department's discretion.

(f) The department's administrative hearing procedures are otherwise governed by IC 6-8.1-3. In the conduct of any investigation or hearing under this section, neither the department nor any officer or employee of the department shall be bound by the technical rules of evidence, and no informality in the proceedings, or in the manner of taking testimony, shall invalidate the department's order or decision. The department may examine books, papers, or memoranda bearing upon the sale or other disposition of cigarettes by the distributor, and may require the attendance of the distributor, or any officer or employee of the distributor, or any person having knowledge of the facts, and may take testimony and require proof.

SECTION 48. IC 6-7-1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. ~~Every distributor, upon the receipt of cigarettes taxed under this chapter, shall cause each individual package to have the requisite denomination and amount of stamps firmly affixed. Every retailer, upon receipt of cigarettes not having the proper amount of stamps firmly affixed, to each individual package, or stamped by a meter stamping machine, by a distributor shall stamp or firmly affix stamps immediately on each individual package. Provided, however, that any distributor engaged in interstate business, shall be permitted to set aside such part of his stock as may be necessary for the conduct of such interstate business without affixing the stamps required by this chapter.~~

(a) ~~Every~~ **A distributor shall include with each shipment or delivery of cigarettes an invoice showing complete details of the transactions. A** distributor ~~at the time of shipping or delivering any cigarettes,~~ shall **also** make a duplicate invoice **at the time of shipping or delivering any cigarettes,** showing complete details of each transaction, and shall retain the duplicate subject to the inspection by the department or its agent. ~~Every distributor shall include with each shipment or delivery of cigarettes an invoice showing complete details of the transactions.~~

(b) ~~Every~~ **A** retailer shall retain for not less than two (2) weeks the invoice included with each shipment or delivery of cigarettes subject to inspection by the department or its agent.

(c) A retailer may request a duplicate invoice from a distributor.

SECTION 49. IC 6-7-1-18.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 18.5. (a) The tax imposed under this chapter does not**

apply to the following types of sales or other dispositions:

(1) Except as provided in subsection (b), sales or other dispositions of cigarettes to the United States government or its agencies and instrumentalities.

(2) Cigarettes that are shipped from within Indiana to a point outside Indiana, not to be returned to Indiana.

(b) Sales or other dispositions of cigarettes within Indiana to individuals, private stores, or concessionaires located upon federal areas and engaged in the business of selling cigarettes are subject to the tax imposed under this chapter. In these situations, the distributor must affix tax stamps to each individual package of cigarettes sold or dispositioned to individuals, private stores, or concessionaires located upon federal areas as required by section 14 of this chapter before delivery pursuant to a sale or other disposition.

(c) Distributors do not need to affix tax stamps to the individual packages of cigarettes that are sold or dispositioned that qualify under subsection (a). The burden of proof, however, is at all times upon the Indiana distributor to show that such cigarettes actually were:

(1) sold or dispositioned to the United States government or its agencies and instrumentalities; or

(2) sold and shipped outside Indiana and did not return to Indiana.

SECTION 50. IC 6-7-1-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 19. (a) ~~Every~~ **A** distributor of cigarettes shall keep and preserve for three (3) years **complete and accurate books,** records, and invoices, showing the purchase and sale of all cigarettes ~~Such distributors shall also keep separate invoices,~~ **held, purchased, sold, disposed of, manufactured, brought in, or caused to be brought in from outside Indiana,** ~~and records~~ **as well as the purchase** of stamps. ~~purchased. All the aforementioned~~

(b) A distributor's books, records, invoices, and stocks of cigarettes and unused stamps on hand shall be open to inspection by the department at all reasonable times, **and shall be kept at the location of the registered certificate unless approval is given by the department in writing to have such records kept at another location.** ~~Provided, however, that all distributors, within fifteen (15) days after the first~~

(c) Every Indiana registered distributor shall, on or before the fifteenth day of each calendar month following the transaction, file

a return with the department.

(d) Before the fifteenth day of each month, **each distributor** shall file with the department a report of all drop shipment sales made by them to other distributors within this state during the preceding month, ~~which report shall give~~ **including** the name and address of the distributor, the kind and quantity of the sales, and their dates of delivery. ~~Provided, further, however, that every~~

(e) Before the tenth day of each month, each distributor engaged in interstate business shall ~~within ten (10) days after the first day of each month,~~ file with the department a report of all ~~such~~ interstate sales made during the preceding month, ~~which report shall give~~ **including** the name and address of the person to whom sold, the kind and quantity of the sales, and their dates of delivery.

(f) The reports required under this section shall be made upon forms furnished and prescribed by the department and shall contain such other information as the department may reasonably require.

~~(b)~~ **(g)** All drop shipments made by manufacturers of cigarettes within the state of Indiana must be shipped and billed through a regularly licensed distributor licensed by the state of Indiana (as defined in section 6 of this chapter).

SECTION 51. IC 6-7-1-21, AS AMENDED BY P.L.158-2013, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 21. **(a)** A distributor or other person who knowingly sells or offers for sale an individual package ~~having affixed thereto any~~ **that has been affixed with a** fraudulent, spurious, imitation, or counterfeit stamp, or stamp which has been previously affixed, commits a Level 5 felony.

(b) A person who knowingly affixes to an individual package either a fraudulent, spurious, imitation, or counterfeit stamp or a stamp which has previously been affixed to an individual package commits a Level 5 felony.

SECTION 52. IC 6-7-1-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 27. ~~Where~~ **(a) Distributors shall notify the department when** stamps or individual packages to which stamps have been affixed have become mutilated, or otherwise unfit for use. ~~distributors shall notify the department, and, if an investigation discloses that said stamps have not evidenced a taxable transaction,~~ **The department shall issue** replacement stamps ~~shall be supplied~~ to the distributor without cost **if the department determines that the stamps have not evidenced a taxable transaction.**

(b) Any unused stamps may be returned to the department by the distributor who purchased such stamps, and the department shall then refund to such distributor an amount equal to that paid therefor.

(c) Sales and transfers of stamps by one (1) registered cigarette distributor to another registered cigarette distributor are not permitted unless authorization is given in writing by the department.

(d) Cigarettes sold by registered distributors to other registered distributors must not be accompanied by loose stamps.

SECTION 53. IC 6-8-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. As used in this chapter, "person" means any individual, assignee, receiver, commissioner, fiduciary, trustee, executor, administrator, **institution, national bank, bank, consignee,** firm, partnership, joint venture, pool, syndicate, **bureau,** association, corporation, limited liability company, estate, trust, or any other group or combination acting as a unit.

SECTION 54. IC 6-8-1-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 5.5. As used in this chapter, "petroleum gatherer" means the following:**

(1) A person that purchases petroleum products.

(2) A person that gathers and transports petroleum products in which the person does not have the right, title, or interest.

(3) A person that possesses petroleum products upon which the petroleum severance tax has not been paid.

SECTION 55. IC 6-8-1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. As used in this chapter, "producer" means a person engaged in severing petroleum **directly** from the land. ~~direct.~~

SECTION 56. IC 6-8-1-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 6.5. As used in this chapter, "purchaser" means any person engaged in the purchase of petroleum products. The term includes pipelines, refineries, and any other form of petroleum purchasers for resale or use.**

SECTION 57. IC 6-8-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. As used in this chapter, "owner" means a person receiving or entitled to receive a proportionate share of petroleum or a proportionate share of the proceeds of the sale of petroleum after production by an operator. ~~and without limitation of the foregoing,~~ **The term** includes, **but is not limited to,** the owners of royalties, excess royalty, overriding royalty, mineral rights, or working

interest.

SECTION 58. IC 6-8-1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. **(a)** ~~A tax~~ **Except as provided in subsection (f), a tax is imposed on the privilege of severing petroleum from the land and producing petroleum from a well.**

(b) The tax described in subsection (a) is imposed at a rate equal to the greater of:

(1) one percent (1%) of the value of the petroleum; ~~or~~

(2) three cents ($0.03) per one thousand (1,000) cubic feet (MCF) for natural gas; ~~and~~ **or**

(3) twenty-four cents ($0.24) per barrel for oil;

~~is hereby imposed as of~~ **at** the time of the severance of ~~such~~ petroleum from the land upon all producers and owners ~~thereof as an excise for the privilege of severing the same from the land and producing the same from the well, except when the gas from any well is used to pump or treat the same or when such gas is~~ **of such petroleum.**

(c) The person purchasing petroleum products or having petroleum products in the person's possession is responsible for reporting and remitting the tax at the time of sale or delivery from the place of production. The responsibility is imposed upon all purchasers and those having possession of petroleum products after severance from the ground, including petroleum gatherers.

(d) Each purchaser or petroleum gatherer shall file a report on or before the last day of the month immediately following the preceding monthly period. The person shall remit the tax due under this section in conjunction with the filing of the monthly report. The reporting and remittance is to be made upon forms prescribed by the department.

(e) The purchaser or petroleum gatherer must report the severance of petroleum products from the land and the payment of the tax. The report must show:

(1) the total monthly amount of petroleum products severed from the land;

(2) the amount and computation of the tax;

(3) the names and addresses of all owners or producers or interest holders participating in the production of petroleum products;

(4) the amounts paid to the various owners or producers as their interest may be; and

(5) any other information the department may reasonably require.

(f) The following shall not be considered taxable events under

this section:

(1) Petroleum produced from any well that is used to pump or treat petroleum.

(2) Petroleum piped to a landowner's private buildings for the landowner's own use.

SECTION 59. IC 6-8-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. **(a)** The tax imposed ~~by section 8 of~~ **under** this chapter is a lien upon such petroleum from the time of its severance from the land until such tax, ~~and all~~ **plus any** penalties and interest ~~accruing by reason of nonpayment of the tax are~~ **attributable to those taxes, is** fully paid. **The responsibility for the lien follows such petroleum products in the hands of the purchaser or the petroleum gatherer.**

(b) Any person purchasing or receiving possession of petroleum upon which tax (including any penalties and interest attributable to the tax) has not been paid becomes personally liable for the lien from the time of its severance from the land and must report and pay the tax imposed under this chapter, plus any penalties and interest attributable to the tax, to the state.

(c) If the purchaser or the person having possession of petroleum products pays the amount of the petroleum severance tax, the purchaser or person shall be entitled to reimbursement from the owners or producers. By paying the petroleum severance tax, these purchasers or possessors of petroleum products are not subject to any suit or action for recovery by the owners or producers of petroleum products. Any remedy of such owners or producers is exclusively by way of claim for refund and litigation upon such claim for refund with the department.

(d) If a person responsible for paying this tax fails to do so in a timely fashion, that person shall be subject to standard penalties and interest under IC 6-8.1-10.

SECTION 60. IC 6-8-1-10 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 10. Any person purchasing or receiving possession of such petroleum prior to the discharge of such lien shall then and there be, become and remain personally liable to report and pay the amount of such lien until the same be paid.~~

SECTION 61. IC 6-8-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. A person reporting and paying a tax levied under this chapter is entitled to be reimbursed by the owner or owners immediately upon ~~such~~ payment **of the tax** and shall deduct the amount of the payment from anything due to the owners. A person paying and deducting ~~such~~ **the** tax is not subject to

any suit or action for recovery by any person, but the remedy of ~~such~~ **that** person shall be exclusively by claim or suit for refund under the terms of this chapter.

SECTION 62. IC 6-8-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. The department shall administer ~~and collect~~ the tax imposed under this chapter. ~~and shall adopt rules fixing the time and manner of reporting, and paying, at monthly intervals the tax imposed under this chapter.~~ **Any forms, returns, or reports required to be filed under this chapter shall contain the information as the department may reasonably require for the administration of this chapter.**

SECTION 63. IC 6-8-1-19, AS AMENDED BY P.L.158-2013, SECTION 104, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 19. Any person charging against or deducting from any payment due to any other person any amount being or represented as being a tax levied by this chapter or receiving money or credits as or purporting to be ~~such~~ a tax is a trustee of the amounts so charged, deducted, or received. A trustee who fails to pay any of those amounts to the department when due, with intent to evade payment of the tax, commits a Level 6 felony.

SECTION 64. IC 6-8-1-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 19.5. A taxpayer may apply for a refund on forms prescribed by the department by identifying the amount and date of the alleged overpayment and the area in which the petroleum products were produced. The application for refund must include any supporting documentation as is reasonably requested by the department.**

SECTION 65. IC 6-8-1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. (a) **Every taxpayer shall keep and maintain proper books and records sufficient to adequately reflect the severance of all petroleum products and their value for a period of three (3) years from the date of the filing of the return and the payment of the tax for each taxable period.**

(b) It is a Class C infraction for a person subject to taxation under this chapter to fail to keep and preserve ~~such~~ records, books, or accounts as may be necessary to determine the amount for which ~~he~~ **the person** is liable. It is a Class C infraction for ~~such~~ a person to fail to keep and preserve ~~such~~ records for a period of three (3) years, or to fail to keep them open for examination at any time by the department or its authorized agents.

~~(b)~~ **(c)** It is a Class B misdemeanor for a person to make false entries

in ~~his~~ **the person's** books, or to keep more than one (1) set of books, with intent to defraud the state or evade the payment of the tax, or any part thereof, imposed by this chapter.

SECTION 66. IC 6-8.1-1-4.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 4.7. "Taxes held in trust" means a listed tax:**

(1) that is collected or received by a taxpayer from the taxpayer's customer;

(2) withheld by the taxpayer for amounts paid or credited to an individual or other entity pursuant to IC 6-3 or IC 6-5.5; or

(3) held in trust or as an agent of the state under the applicable listed tax;

which upon receipt or accrual becomes property of the state. The term includes, but is not limited to, the following listed taxes: the state gross retail and use taxes (IC 6-2.5); withholding for the adjusted gross income tax (IC 6-3); withholding for the local income tax (IC 6-3.6); withholding for the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the special fuel tax (IC 6-6-2.5); the auto rental excise tax (IC 6-6-9); the aviation fuel excise tax (IC 6-6-13); the heavy equipment rental excise tax (IC 6-6-15); the vehicle sharing excise tax (IC 6-6-16); the electronic cigarette tax (IC 6-7-4); the various innkeeper's taxes (IC 6-9); and the various food and beverage taxes (IC 6-9).

SECTION 67. IC 6-8.1-1-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 11. (a) Except as provided in 6-8.1-18, "responsible person" means a person that:**

(1) is an individual conducting business as a sole proprietor or an employee, contractor, officer, or member of an applicable business entity; and

(2) has a duty to remit listed taxes held in trust for the department or a political subdivision.

(b) For purposes of this section, "applicable business entity" means a partnership, corporation, limited liability company, trust, estate, or other combination of individuals or entities that is required to collect, withhold, or remit a tax held in trust.

(c) The determination that a person is a responsible person for a tax held in trust shall be made separately for each tax.

SECTION 68. IC 6-8.1-3-11, AS AMENDED BY P.L.257-2019, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

UPON PASSAGE]: Sec. 11. (a) As used in this section, "secure electronic delivery service" means a service that:

(1) employs security procedures to provide, send, deliver, or otherwise communicate electronic records to the intended recipient using:

(A) security methods such as passwords, encryption, and matching electronic addresses to United States postal addresses; or

(B) other security methods that are consistent with applicable law or industry standards; and

(2) operates subject to the applicable requirements of the Electronic Signatures in Global and National Commerce Act (15 U.S.C. 7001 et seq.).

(b) When a statute specifies that the department is required to send a document by mail, and the particular statute is silent as to the class or type of mailing to be used, the department satisfies the mailing requirement by mailing the document through any of the following methods:

(1) United States first-class mail;

(2) United States registered mail, return receipt requested;

(3) United States certified mail;

(4) a certificate of mailing; or

(5) **electronically through the department's online tax system or** a secure electronic delivery service, if the use of the secure electronic delivery service is authorized under IC 6-8.1-6-7(b).

Subject to IC 6-8.1-6-7(b), the choice of the method is at the department's discretion.

(c) ~~The department may use any form of mailing in cases~~ Where a mailing is not required by statute, **the department may send the document:**

(1) electronically through its online tax system if the taxpayer has a registered account in the system; or

(2) by using any form of mailing.

(d) Notwithstanding subsection (b) or (c), a taxpayer may affirmatively request to receive all documents from the department electronically through the department's online tax system in lieu of receiving such notifications and issuances through the mail.

~~(d)~~ **(e)** The department shall adopt rules, guidelines, or other instructions that set forth the procedures that department employees are required to follow in sending a document that provides notice to a taxpayer by mail under any of the methods described in subsection (b). The procedures must include at least the following instructions:

(1) The date contained in the document must not precede the date of the mailing.

(2) Each mailing of a document must be recorded in department records, noting the date and time of the mailing.

SECTION 69. IC 6-8.1-3-17, AS AMENDED BY P.L.213-2025, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Before an original tax appeal is filed with the tax court under IC 33-26, the commissioner, or the taxpayer rights advocate office to the extent granted the authority by the commissioner, may settle any tax liability dispute if a substantial doubt exists as to:

(1) the constitutionality of the tax under the Constitution of the State of Indiana;

(2) the right to impose the tax;

(3) the correct amount of tax due;

(4) the collectability of the tax; or

(5) whether the taxpayer is a resident or nonresident of Indiana.

(b) After an original tax appeal is filed with the tax court under IC 33-26, and notwithstanding IC 4-6-2-11, the commissioner may settle a tax liability dispute with an amount in contention of twenty-five thousand dollars ($25,000) or less. Notwithstanding IC 6-8.1-7-1(a), the terms of a settlement under this subsection are available for public inspection.

(c) The department shall establish an amnesty program for taxpayers having an unpaid tax liability for a listed tax that was due and payable for a tax period ending before January 1, ~~2023.~~ **2024.** A taxpayer is not eligible for the amnesty program:

(1) for any tax liability resulting from the taxpayer's failure to comply with IC 6-3-1-3.5(b)(3) with regard to the **wagering taxes;** ~~tax imposed by IC 4-33-13, or IC 4-35-8;~~ or

(2) if the taxpayer participated in any previous amnesty program under:

(A) this section (as in effect on December 31, 2024); or

(B) IC 6-2.5-14.

The time in which a voluntary payment of tax liability may be made (or the taxpayer may enter into a payment program acceptable to the department for the payment of the unpaid listed taxes in full in the manner and time established in a written payment program agreement between the department and the taxpayer) under the amnesty program is limited to the period determined by the department, not to exceed eight (8) regular business weeks ending before the earlier of the date set by the department or January 1, 2027.

(d) The amnesty program must provide that, upon payment by a taxpayer to the department of all listed taxes due from the taxpayer for a tax period (or payment of the unpaid listed taxes in full in the manner and time established in a written payment program agreement between the department and the taxpayer), entry into an agreement that the taxpayer is not eligible for any other amnesty program that may be established and waives any part of interest and penalties on the same type of listed tax that is being granted amnesty in the current amnesty program, and compliance with all other amnesty conditions adopted under a rule of the department in effect on the date the voluntary payment is made, the department:

(1) shall abate and not seek to collect any interest, penalties, collection fees, or costs that would otherwise be applicable;

(2) shall release any liens imposed;

(3) shall not seek civil or criminal prosecution against any individual or entity; and

(4) shall not issue, or, if issued, shall withdraw, an assessment, a demand notice, or a warrant for payment under IC 6-8.1-5-1, IC 6-8.1-5-3, IC 6-8.1-8-2, or another law against any individual or entity;

for listed taxes due from the taxpayer for the tax period for which amnesty has been granted to the taxpayer. Amnesty granted under subsection (c) is binding on the state and its agents. However, failure to pay to the department all listed taxes due for a tax period invalidates any amnesty granted under subsection (c) for that tax period. The department shall conduct an assessment of the impact of the tax amnesty program on tax collections and an analysis of the costs of administering the tax amnesty program. As soon as practicable after the end of the tax amnesty period, the department shall submit a copy of the assessment and analysis to the legislative council in an electronic format under IC 5-14-6. The department shall enforce an agreement with a taxpayer that prohibits the taxpayer from receiving amnesty in another amnesty program.

(e) For purposes of subsection (c), a liability for a listed tax is due and payable if:

(1) the department has issued:

(A) an assessment of the listed tax under IC 6-8.1-5-1;

(B) a demand for payment under IC 6-8.1-5-3; or

(C) a demand notice for payment of the listed tax under IC 6-8.1-8-2;

(2) the taxpayer has filed a return or an amended return in which the taxpayer has reported a liability for the listed tax; or

(3) the taxpayer has filed a written statement of liability for the listed tax in a form that is satisfactory to the department.

(f) The department may waive interest and penalties if the general assembly enacts a change in a listed tax for a tax period that increases a taxpayer's tax liability for that listed tax after the due date for that listed tax and tax period. However, such a waiver shall apply only to the extent of the increase in tax liability and only for a period not exceeding sixty (60) days after the change is enacted. The department may adopt rules under IC 4-22-2 or issue guidelines to carry out this subsection.

SECTION 70. IC 6-8.1-3-25, AS AMENDED BY P.L.213-2025, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. Notwithstanding any other law, the department shall deposit the amounts collected under a tax amnesty program carried out under section 17 of this chapter after June 30, 2025, ~~as follows:~~ **in the same manner as a payment of the listed tax occurring during the fiscal year in which the amnesty program ends.**

~~(1) County income tax collected under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 (all repealed January 1, 2017) shall be distributed to counties in the same manner as otherwise provided by the appropriate chapter of the Indiana Code.~~

~~(2) Eight percent (8%) of inheritance tax collected for resident decedents shall be distributed to counties in the manner provided under IC 6-4.1-9-6.~~

~~(3) County innkeeper's tax collected shall be deposited as required by IC 6-9.~~

~~(4) County and municipal food and beverage tax collected shall be deposited as required by IC 6-9.~~

~~(5) County admissions taxes collected shall be deposited as required by IC 6-9-13 and IC 6-9-28.~~

~~(6) Aircraft license excise tax collected shall be deposited as required by IC 6-6-6.5-21.~~

~~(7) Auto rental excise tax collected shall be deposited as required by IC 6-6-9-11.~~

~~(8) Supplemental auto rental excise tax shall be deposited as otherwise required by the appropriate chapter of the Indiana Code.~~

~~(9) Financial institutions tax collected shall be deposited as required by IC 6-5.5-8-2.~~

~~(10) After making the deposits in subdivisions (1) through (9), any remaining amounts collected must be deposited into the state~~

~~general fund.~~

SECTION 71. IC 6-8.1-4-5, AS ADDED BY P.L.242-2015, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The department may deny an application under section 4(c) of this chapter if the applicant has had a registration revoked under section 4(f) of this chapter or any other applicable statute.

(b) The department may deny an application described in section 4(c) of this chapter if the applicant's business is operated, managed, or otherwise controlled by or affiliated with a person, including the applicant, a relative, family member, responsible ~~officer,~~ **person,** or shareholder, whom the department has determined is covered by any of the following:

(1) Failed to file all tax returns or information reports with the department required under IC 6, IC 8, or IC 9.

(2) Failed to pay all taxes, penalties, and interest required to the department under IC 6, IC 8, or IC 9.

(3) Failed to pay any registration or license plate fees for vehicles that were at any point owned or operated by the person or for which the person was responsible for payment.

(4) Failed to return a license plate described in subdivision (3) to the department.

(5) Has an unsatisfactory safety rating under 49 CFR Part 385.

(6) Has multiple violations of IC 9 or a rule adopted under IC 9.

(c) The department may deny any application described in section 4(c) of this chapter if the applicant is a motor carrier whose business is operated, managed, or otherwise controlled by or affiliated with a person, including an owner, relative, family member, responsible ~~officer,~~ **person,** or shareholder, whom the department has determined is covered by any item listed in subsection (b).

(d) If the applicant has altered a cab card or permit, the department shall bill the carrier automatically for the violation.

SECTION 72. IC 6-8.1-5-2, AS AMENDED BY P.L.118-2024, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 2. (a) Except as otherwise provided in this section and section 2.5 of this chapter, the department may not issue a proposed assessment under section 1 of this chapter more than three (3) years after the latest of the date the return is filed, or the following:

(1) The due date of the return.

(2) In the case of a return filed for a periodic tax, thirty-one (31) days after the end of the calendar year which contains the taxable

period for which the return is filed.

(3) In the case of the use tax, three (3) years and thirty-one (31) days from the end of the calendar year in which the first taxable use, other than an incidental nonexempt use, of the property occurred.

(b) If a person files a return for the utility receipts tax (IC 6-2.3) (repealed), adjusted gross income tax (IC 6-3), pass through entity tax (IC 6-3-2.1), supplemental net income tax (IC 6-3-8) (repealed), county adjusted gross income tax (IC 6-3.5-1.1) (repealed), county option income tax (IC 6-3.5-6) (repealed), local income tax (IC 6-3.6), or financial institutions tax (IC 6-5.5) that understates the person's income, as that term is defined in the particular income tax law, by at least twenty-five percent (25%), the proposed assessment limitation is six (6) years instead of the three (3) years provided in subsection (a).

(c) In the case of the vehicle excise tax (IC 6-6-5), the tax shall be assessed as provided in IC 6-6-5 and shall include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a vehicle as required by IC 9-18 (before its expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5 is considered to have failed to file a return for purposes of this article.

(d) In the case of the commercial vehicle excise tax imposed under IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a commercial vehicle as required by IC 9-18 (before its expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5.5 is considered to have failed to file a return for purposes of this article.

(e) In the case of the excise tax imposed on recreational vehicles and truck campers under IC 6-6-5.1, the tax shall be assessed as provided in IC 6-6-5.1 and must include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a recreational vehicle as required by IC 9-18 (before its expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5.1 is considered to have failed to file a return for purposes of this article. A person that fails to pay the tax due under IC 6-6-5.1 on a truck camper is considered to have failed to file a return for purposes of this article.

(f) In the case of a credit against a listed tax based on payments of taxes to a state or local jurisdiction outside Indiana or payments of amounts that are subsequently refunded or returned, a proposed assessment for the refunded or returned credit must be issued by the later of:

(1) the date by which a proposed assessment must be issued under

this section; or

(2) one hundred eighty (180) days from the date the taxpayer notifies the department of the refund or return of payment.

For purposes of this subsection, if a taxpayer receives a refund of an amount paid by or on behalf of the taxpayer for a listed tax, that refund shall not be considered the payment of an amount that is subsequently refunded or returned.

(g) If a person files a fraudulent, unsigned, or substantially blank return, or if a person does not file a return, there is no time limit within which the department must issue its proposed assessment, except as provided in subsection (l).

(h) If any part of a listed tax has been erroneously refunded by the department, the erroneous refund may be recovered through the assessment procedures established in this chapter. An assessment issued for an erroneous refund must be issued within the later of:

(1) the period for which an assessment could otherwise be issued under this section; or

(2) whichever is applicable:

(A) within two (2) years after making the refund; or

(B) within five (5) years after making the refund if the refund was induced by fraud or misrepresentation.

(i) If, before the end of the time within which the department may make an assessment, the department and the person agree to extend that assessment period, the period may be extended according to the terms of a written agreement signed by both the department and the person. The agreement must contain:

(1) the date to which the extension is made; and

(2) a statement that the person agrees to preserve the person's records until the extension terminates.

The department and a person may agree to more than one (1) extension under this subsection.

(j) Except as otherwise provided in subsection (k), if a taxpayer's federal taxable income, federal adjusted gross income, or federal income tax liability for a taxable year is modified due to a modification as provided under IC 6-3-4-6(c) and IC 6-3-4-6(d) (for the adjusted gross income tax), or a modification or alteration as provided under IC 6-5.5-6-6(c) and IC 6-5.5-6-6(e) (for the financial institutions tax), then the date by which the department must issue a proposed assessment under section 1 of this chapter for tax imposed under IC 6-3 is extended to ~~six (6) months~~ **one (1) year** after the date on which the notice of modification is filed with the department by the taxpayer.

(k) The following apply:

(1) This subsection applies to partnerships whose taxable year:

(A) begins after December 31, 2017;

(B) ends after August 12, 2018; or

(C) begins after November 2, 2015, and before January 1, 2018, and for which a valid election under United States Treasury Regulation 301.9100-22 is in effect;

and to the partners of such partnerships, including any partners, shareholders, or beneficiaries of a pass through entity that is a partner in such partnership.

(2) Notwithstanding any other provision of this article, if a partnership is subject to federal income tax liability or a federal tax adjustment at the partnership level as the result of a modification under Sections 6221 through 6241 of the Internal Revenue Code, the date on which the department must issue a proposed assessment to either the partners or the partnership shall be the later of:

(A) the date on which a proposed assessment must otherwise be issued to the partner or the partnership under this section or IC 6-3-4.5 with regard to the taxable year of the partnership to which the modification is taxed at the partnership level; or

(B) December 31, 2021.

(3) For purposes of this section and IC 6-8.1-9-1, a modification under this subsection shall be considered a modification to the federal taxable income, federal adjusted gross income, or federal income tax liability of both the partners and the partnership within the meaning of IC 6-3-4-6 and IC 6-5.5-6-6, and shall be considered to be included in the federal taxable income or federal adjusted gross income of both the partners and partnerships for purposes of this article and IC 6-5.5.

(4) If a modification made to a partnership for federal income tax purposes is reported to the partners to determine the partners' respective federal taxable income, federal adjusted gross income, or federal income tax liability, including reporting to partners as the result of an election made under Section 6226 of the Internal Revenue Code, subdivision (2) shall not apply, and those modifications shall be treated as modifications to the partners' federal taxable income, federal adjusted gross income, or federal income tax liability for purposes of the following:

(A) This section.

(B) IC 6-3-4-6.

(C) IC 6-5.5-6-6.

(D) IC 6-8.1-9-1.

(l) Notwithstanding any other provision, a nonresident individual is considered to have filed a return for purposes of this section for a taxable year if the individual does not file a return otherwise required under IC 6-3-4-1 for a taxable year and all of the following apply:

(1) the:

(A) individual did not have income from sources within Indiana; or

(B) only income derived from sources within Indiana and includible in the individual's adjusted gross income is distributive share income from one (1) or more pass through entities (as defined by IC 6-3-1-35);

(2) the individual is not a resident of Indiana for any portion of the taxable year;

(3) the individual does not request a reduction in tax withholding for a pass through entity under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15 for the taxable year; and

(4) all pass through entities from which the individual derives income from Indiana sources:

(A) file a composite return required under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15; and

(B) include the individual on the composite return.

(m) The following provisions apply to subsection (l):

(1) If an individual is married and files a joint federal tax return with the individual's spouse, the individual is considered to have filed a return for purposes of this section only if both the individual and the individual's spouse meet the conditions under subsection (l)(1) through (l)(4).

(2) If an individual does not file a return, the last date for assessment with regard to the individual's share of income from a pass through entity shall be determined at the pass through entity and shall be determined separately for each pass through entity.

(3) In the event the individual files a return, the period for assessment shall be determined based on the individual's filing unless a different period for assessment is prescribed under this title.

(4) The individual is required to file a return to request a refund or carryforward of an overpayment for a taxable year.

(5) If the individual has a net operating loss deduction under IC 6-3-2-2.5 or IC 6-3-2-2.6, or a credit carryforward allowable under IC 6-3-3 or IC 6-3.1 for the taxable year, the amount of net operating loss or credit carryforward shall be reduced to reflect

the amount of net operating loss or credit carryforward that otherwise would have been allowable for the taxable year.

SECTION 73. IC 6-8.1-6-7, AS AMENDED BY P.L.293-2013(ts), SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Notwithstanding any other provisions of this title, the commissioner may permit the filing of any return or document by electronic data submission.

(b) This subsection applies to a taxpayer required to report and remit state gross retail taxes or amounts withheld under IC 6-3-4-8 electronically. If the taxpayer provides written consent to the department, the department may provide the taxpayer with any documents that would otherwise require delivery by mail **either providing the documents electronically through the department's online tax system or** by using a secure electronic delivery service developed by the department under IC 6-8.1-3-11.

(c) The department may adopt rules to establish procedures to implement this section.

SECTION 74. IC 6-8.1-7-1, AS AMENDED BY P.L.126-2025, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) This subsection does not apply to the disclosure of information concerning a conviction on a tax evasion charge. Unless in accordance with a judicial order or as otherwise provided in this chapter, the department, its employees, former employees, counsel, agents, or any other person may not divulge the amount of tax paid by any taxpayer, terms of a settlement agreement executed between a taxpayer and the department, investigation records, investigation reports, or any other information disclosed by the reports filed under the provisions of the law relating to any of the listed taxes, including required information derived from a federal return, except to any of the following when it is agreed that the information is to be confidential and to be used solely for official purposes:

(1) Members and employees of the department.

(2) The governor, **including the governor's designee within the governor's office.**

(3) A member of the general assembly or an employee of the house of representatives or the senate when acting on behalf of a taxpayer located in the member's legislative district who has provided sufficient information to the member or employee for the department to determine that the member or employee is acting on behalf of the taxpayer.

(4) An employee of the legislative services agency to carry out the responsibilities of the legislative services agency under

IC 2-5-1.1-7 or another law.

(5) The attorney general or any other legal representative of the state in any action in respect to the amount of tax due under the provisions of the law relating to any of the listed taxes.

(6) Any authorized officers of the United States.

(b) The information described in subsection (a) may be revealed upon the receipt of a ~~certified~~ **written** request **from any** of ~~any~~ **the following:**

(1) Any designated officer of the state tax department of any other state, district, territory, or possession of the United States when:

~~(1)~~ **(A)** the state, district, territory, or possession permits the exchange of like information with the taxing officials of the state; and

~~(2)~~ **(B)** it is agreed that the information is to be confidential and to be used solely for tax collection purposes.

(2) The administrative head of a state agency of Indiana when:

(A) the state agency shows an official need for the information; and

(B) the administrative head of the state agency agrees that any information released will be kept confidential and will be used solely for official purposes.

(3) The chief law enforcement officer of a state or local law enforcement agency in Indiana when it is agreed that the information is to be confidential and to be used solely for official purposes.

The department may also proactively provide to the entities listed in this subsection the name, address, and federal identification number or other identification number assigned by the department for a taxpayer in order to facilitate the investigation of a taxpayer suspected of a criminal matter in connection with a listed tax, so long as it is agreed that any further information provided is to be kept confidential and used solely for official purposes.

(c) The information described in subsection (a) relating to a person on public welfare or a person who has made application for public welfare may be revealed to the office of the secretary of family and social services for purposes of IC 12-15-1-24, the director of the division of family resources, and to any director of a county office of the division of family resources located in Indiana, upon receipt of a written request from either director for the information. The information shall be treated as confidential by the office and the directors. In addition, the information described in subsection (a)

relating to a person who has been designated as an absent parent by the state Title IV-D agency shall be made available to the state Title IV-D agency upon request. The information shall be subject to the information safeguarding provisions of the state and federal Title IV-D programs.

(d) **The following taxpayer information may be revealed in connection with a taxpayer's tax or other delinquency:**

(1) All information relating to the delinquency or evasion of an innkeeper's tax shall be provided to the appropriate innkeeper's tax board, bureau, or commission that a taxpayer is delinquent in remitting innkeeper's taxes under IC 6-9.

(2) All information relating to the delinquency or evasion of the vehicle excise tax may be disclosed to the bureau of motor vehicles in Indiana and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.

(3) All information relating to the delinquency or evasion of commercial vehicle excise taxes payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed under IC 6-6-5.5.

(4) All information relating to the delinquency or evasion of commercial vehicle excise taxes payable under the International Registration Plan may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

(5) All information relating to the delinquency or evasion of the excise taxes imposed on recreational vehicles and truck campers that are payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.1.

(6) The name, address, Social Security number, and place of employment relating to any individual who is delinquent in paying educational loans owed to a postsecondary educational institution may be revealed to that institution if it provides proof to the department that the individual is delinquent in paying for educational loans. This information shall be provided free of charge to approved postsecondary educational institutions (as defined by IC 21-7-13-6(a)). The department shall establish fees

that all other institutions must pay to the department to obtain information under this subsection. However, these fees may not exceed the department's administrative costs in providing the information to the institution.

~~(e) The information described in subsection (a) relating to reports submitted under IC 6-6-1.1-502 concerning the number of gallons of gasoline sold by a distributor and IC 6-6-2.5 concerning the number of gallons of special fuel sold by a supplier and the number of gallons of special fuel exported by a licensed exporter or imported by a licensed transporter may be released by the commissioner upon receipt of a written request for the information.~~

~~(f) The information described in subsection (a) may be revealed upon the receipt of a written request from the administrative head of a state agency of Indiana when:~~

~~(1) the state agency shows an official need for the information; and~~

~~(2) the administrative head of the state agency agrees that any information released will be kept confidential and will be used solely for official purposes.~~

~~(g) The information described in subsection (a) may be revealed upon the receipt of a written request from the chief law enforcement officer of a state or local law enforcement agency in Indiana when it is agreed that the information is to be confidential and to be used solely for official purposes.~~

~~(h)~~ **(e)** The name and address of ~~retail~~ **a taxpayer may be released under the following circumstances:**

(1) Retail merchants, including township, as specified in IC 6-2.5-8-1(k) ~~may be released~~ solely for tax collection purposes to township assessors and county assessors.

(2) Retail merchants within each county that sell tobacco products, solely for the purpose of the list prepared under IC 6-2.5-6-14.2 to the division of mental health and addiction and the alcohol and tobacco commission.

(3) A person licensed by the department under IC 6-6 or IC 6-7, or issued a registered retail merchant's certificate under IC 6-2.5, for the purpose of reporting the status of the person's license or certificate.

(4) All persons, corporations, or other entities that qualify or have qualified for an exemption from sales tax under IC 6-2.5-5-16, IC 6-2.5-5-25, or IC 6-2.5-5-26, or otherwise provide information regarding a person's, corporation's, or entity's exemption status under IC 6-2.5-5-16, IC 6-2.5-5-25,

or IC 6-2.5-5-26. Such information may be published as a list by the department. In addition to the name and address of the entity, information that may be published also includes:

(A) any federal identification number or other identification number for the entity assigned by the department;

(B) any expiration date of an exemption under IC 6-2.5-5-25;

(C) whether any sales tax exemption has expired or has been revoked by the department; and

(D) any other information reasonably necessary for a recipient of an exemption certificate to determine if an exemption certificate is valid.

(5) A taxpayer where the department suspects that a fraudulent return has been filed on their behalf and that the system of a taxpayer's previous year tax preparer or tax preparation software provider has been breached for the purposes of sharing with the tax preparer or tax preparation software provider in such cases. Additionally, any reasonable information needed to identify the taxpayer may be shared.

(6) A person that submits a request related to a vehicle registered with the department under the International Registration Plan or IC 9-18.1-13-3, as long as the use of the information will be strictly limited to at least one (1) of the reasons listed in IC 9-14-13-7.

~~(i) The department shall notify the appropriate innkeeper's tax board, bureau, or commission that a taxpayer is delinquent in remitting innkeepers' taxes under IC 6-9.~~

~~(j) All information relating to the delinquency or evasion of the vehicle excise tax may be disclosed to the bureau of motor vehicles in Indiana and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.~~

~~(k) All information relating to the delinquency or evasion of commercial vehicle excise taxes payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.~~

~~(l) All information relating to the delinquency or evasion of commercial vehicle excise taxes payable under the International Registration Plan may be disclosed to another state, if the information~~

~~is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.~~

~~(m) All information relating to the delinquency or evasion of the excise taxes imposed on recreational vehicles and truck campers that are payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.1.~~

~~(n)~~ **(f)** This section does not apply to:

(1) the beer excise tax, including brand and packaged type (IC 7.1-4-2);

(2) the liquor excise tax (IC 7.1-4-3);

(3) the wine excise tax (IC 7.1-4-4);

(4) the hard cider excise tax (IC 7.1-4-4.5);

(5) the vehicle excise tax (IC 6-6-5);

(6) the commercial vehicle excise tax (IC 6-6-5.5); and

(7) the fees under IC 13-23.

~~(o) The name and business address of retail merchants within each county that sell tobacco products may be released to the division of mental health and addiction and the alcohol and tobacco commission solely for the purpose of the list prepared under IC 6-2.5-6-14.2.~~

~~(p) The name and business address of a person licensed by the department under IC 6-6 or IC 6-7, or issued a registered retail merchant's certificate under IC 6-2.5, may be released for the purpose of reporting the status of the person's license or certificate.~~

~~(q)~~ **(g)** The department may release **compiled tax** information ~~concerning~~ **under the following circumstances:**

(1) Information reports submitted under IC 6-6-1.1-502 concerning the number of gallons of gasoline sold by a distributor, and IC 6-6-2.5 concerning the number of gallons of special fuel sold by a supplier, the number of gallons of special fuel exported by a licensed exporter, or the number of gallons imported by a licensed transporter, may be released by the commissioner upon receipt of a written request for the information.

(2) The total incremental tax amounts under:

~~(1)~~ **(A)** IC 5-28-26;

~~(2)~~ **(B)** IC 36-7-13;

~~(3)~~ **(C)** IC 36-7-26;

~~(4)~~ **(D)** IC 36-7-27;

~~(5)~~ **(E)** IC 36-7-31;

~~(6)~~ **(F)** IC 36-7-31.3; or

~~(7)~~ **(G)** any other statute providing for the calculation of incremental state taxes that will be distributed to or retained by a political subdivision or other entity;

to the fiscal officer of the political subdivision or other entity that established the district or area from which the incremental taxes were received if that fiscal officer enters into an agreement with the department specifying that the political subdivision or other entity will use the information solely for official purposes.

(3) The aggregate amounts of any of the listed taxes collected on a particular date or within a date range may be released upon written request.

~~(r)~~ **(h)** The department may release the **following** information as required ~~in~~ **by statute:**

(1) Information pursuant to IC 6-8.1-3-7.1 concerning:

~~(1)~~ **(A)** an innkeeper's tax, a food and beverage tax, or an admissions tax under IC 6-9;

~~(2)~~ **(B)** the supplemental auto rental excise tax under IC 6-6-9.7; and

~~(3)~~ **(C)** the covered taxes allocated to a professional sports development area fund, sports and convention facilities operating fund, or other fund under IC 36-7-31 and IC 36-7-31.3.

~~(s)~~ **(2)** Information concerning state gross retail tax exemption certificates that relate to a person who is exempt from the state gross retail tax under IC 6-2.5-4-5 may be disclosed to a power subsidiary (as defined in IC 6-2.5-1-22.5) or a person selling the services or commodities listed in IC 6-2.5-4-5 for the purpose of enforcing and collecting the state gross retail and use taxes under IC 6-2.5.

~~(t)~~ **(i)** The department may release a statement of tax withholding or other tax information statement provided on behalf of a taxpayer to the department to:

(1) the taxpayer on whose behalf the tax withholding or other tax information statement was provided to the department;

(2) the taxpayer's spouse, if:

(A) the taxpayer is deceased or incapacitated; and

(B) the taxpayer's spouse is filing a joint income tax return with the taxpayer; or

(3) an administrator, executor, trustee, or other fiduciary acting on behalf of the taxpayer if the taxpayer is deceased.

~~(u)~~ **(j)** Information related to a listed tax regarding a taxpayer may be disclosed to an individual without a power of attorney under

IC 6-8.1-3-8(a)(2) if:

(1) the individual is authorized to file returns and remit payments for one (1) or more listed taxes on behalf of the taxpayer through the department's online tax system before September 8, 2020;

(2) the information relates to a listed tax described in subdivision (1) for which the individual is authorized to file returns and remit payments;

(3) the taxpayer has been notified by the department of the individual's ability to access the taxpayer's information for the listed taxes described in subdivision (1) and the taxpayer has not objected to the individual's access;

(4) the individual's authorization or right to access the taxpayer's information for a listed tax described in subdivision (1) has not been withdrawn by the taxpayer; and

(5) disclosure of the information to the individual is not prohibited by federal law.

Except as otherwise provided by this article, this subsection does not authorize the disclosure of any correspondence from the department that is mailed or otherwise delivered to the taxpayer relating to the specified listed taxes for which the individual was given authorization by the taxpayer. The department shall establish a date, which may be earlier but not later than September 1, 2023, after which a taxpayer's information concerning returns and remittances for a listed tax may not be disclosed to an individual without a power of attorney under IC 6-8.1-3-8(a)(2) by providing notice to the affected taxpayers and previously authorized individuals, including notification published on the department's website. After the earlier of the date established by the department or September 1, 2023, the department may not disclose a taxpayer's information concerning returns and remittances for a listed tax to an individual unless the individual has a power of attorney under IC 6-8.1-3-8(a)(2) or the disclosure is otherwise allowed under this article.

~~(v) The department may publish a list of persons, corporations, or other entities that qualify or have qualified for an exemption for sales tax under IC 6-2.5-5-16, IC 6-2.5-5-25, or IC 6-2.5-5-26, or otherwise provide information regarding a person's, corporation's, or entity's exemption status under IC 6-2.5-5-16, IC 6-2.5-5-25, or IC 6-2.5-5-26. For purposes of this subsection, information that may be disclosed includes:~~

~~(1) any federal identification number or other identification number for the entity assigned by the department;~~

~~(2) any expiration date of an exemption under IC 6-2.5-5-25;~~

~~(3) whether any sales tax exemption has expired or has been revoked by the department; and~~

~~(4) any other information reasonably necessary for a recipient of an exemption certificate to determine if an exemption certificate is valid.~~

~~(w) The department may share a taxpayer's name and other personal identification information with a tax preparer or tax preparation software provider in cases where the department suspects that a fraudulent return has been filed on behalf of a taxpayer and the department suspects that the system of a taxpayer's previous year tax preparer or tax preparation software provider has been breached.~~

SECTION 75. IC 6-8.1-8-2, AS AMENDED BY P.L.234-2019, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 and sections 16 and 17 of this chapter, the department must issue a demand notice for the payment of a tax and any interest or penalties accrued on the tax, if a person files a tax return without including full payment of the tax or if the department, after ruling on a protest, finds that a person owes the tax before the department issues a tax warrant. The demand notice must state the following:

(1) That the person has twenty (20) days from the date the department mails the notice to either pay the amount demanded or show reasonable cause for not paying the amount demanded.

(2) The statutory authority of the department for the issuance of a tax warrant.

(3) The earliest date on which a tax warrant may be filed and recorded.

(4) The statutory authority for the department to levy against a person's property that is held by a financial institution.

(5) The remedies available to the taxpayer to prevent the filing and recording of the judgment.

If the department files a tax warrant in more than one (1) county, the department is not required to issue more than one (1) demand notice. The department may not issue a demand notice for a liability more than nine (9) years after the first date the department is permitted to issue a demand notice under this chapter.

(b) If the person does not pay the amount demanded or show reasonable cause for not paying the amount demanded within the twenty (20) day period, the department may issue a tax warrant for the amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable. When the department issues a tax warrant, a

collection fee of ten percent (10%) of the unpaid tax is added to the total amount due.

(c) When the department issues a tax warrant, it may not file the warrant with the circuit court clerk of any county in which the person **resides, is domiciled, or** owns property until at least twenty (20) days after the date the demand notice was mailed to the taxpayer. If a taxpayer does not own property in Indiana, ~~or if~~ the department is unable to determine whether the taxpayer owns property in Indiana, **the taxpayer does not reside and is not domiciled in Indiana, or the department is unable to determine the taxpayer's residence or domicile,** the department may file the tax warrant with the circuit court clerk of Marion County. The department may also send the warrant to the sheriff of any county in which the person **resides, is domiciled, or** owns property and direct the sheriff to file the warrant with the circuit court clerk:

(1) at least twenty (20) days after the date the demand notice was mailed to the taxpayer; and

(2) no later than five (5) days after the date the department issues the warrant.

(d) When the circuit court clerk receives a tax warrant from the department or the sheriff, the clerk shall record the warrant by making an entry in the judgment debtor's column of the judgment record, listing the following:

(1) The name of the person owing the tax.

(2) The amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable.

(3) The date the warrant was filed with the clerk.

(e) When the entry is made, the total amount of the tax warrant becomes a judgment against the person owing the tax. The judgment creates a lien in favor of the state that attaches to all the person's interest in any:

(1) chose in action in the ~~county;~~ **state;** and

(2) real or personal property in the ~~county;~~ **state;**

excepting only negotiable instruments not yet due. The department may domesticate a valid tax warrant in one (1) or more other states or countries, or in the political subunits of other states or countries, in the manner that any other civil judgment may be domesticated in that jurisdiction. The department shall be permitted all rights and remedies permitted in a jurisdiction in which a judgment is domesticated, even if the rights or remedies would not be permitted under Indiana law.

(f) The following apply to a judgment on a tax warrant:

(1) A judgment on a tax warrant must be filed in at least one (1) Indiana county not later than ten (10) years after the first date on which a demand notice could be issued under this chapter.

(2) Except as provided in subdivision (3), if a judgment on a tax warrant is entered in at least one (1) Indiana county, the department may file an additional tax warrant in one (1) or more Indiana counties during the period in which one (1) or more tax warrants are valid under this section.

(3) A judgment obtained under this section is valid for ten (10) years from the date the judgment is filed. The department may renew the judgment for additional ten (10) year periods by filing an alias tax warrant with the circuit court clerk of the county in which the judgment previously existed. An amended tax warrant under this section or section 4 of this chapter shall not constitute an alias tax warrant. The failure to renew a tax warrant in a particular county shall preclude the issuance of a new tax warrant under subdivision (2).

(4) If the department does not:

(A) issue a timely demand notice under subsection (a);

(B) file a timely tax warrant under subdivision (1); or

(C) renew all tax warrants under subdivision (3);

the department shall extinguish the tax liability from which the demand notice or judgment arose, and no state agency shall treat the tax liability as a delinquency for purposes of Indiana law.

(g) A judgment arising from a tax warrant in a county shall be released by the department:

(1) after the judgment, including all accrued interest to the date of payment, has been fully satisfied; or

(2) if the department determines that the tax assessment or the issuance of the tax warrant was in error.

(h) Subject to subsections (p) and (q), if the department determines that the filing of a tax warrant was in error or if the commissioner determines that the release of the judgment and expungement of the tax warrant are in the best interest of the state, the department shall mail a release of the judgment to the taxpayer and the circuit court clerk of each county where the warrant was filed. The circuit court clerk of each county where the warrant was filed shall expunge the warrant from the judgment debtor's column of the judgment record. The department shall mail the release and the order for the warrant to be expunged as soon as possible but no later than seven (7) days after:

(1) the determination by the department that the filing of the warrant was in error; and

(2) the receipt of information by the department that the judgment has been recorded under subsection (d).

(i) If the department determines that a judgment described in subsection (h) is obstructing a lawful transaction, the department shall immediately upon making the determination mail:

(1) a release of the judgment to the taxpayer; and

(2) an order requiring the circuit court clerk of each county where the judgment was filed to expunge the warrant.

(j) A release issued under subsection (h) or (i) must state that the filing of the tax warrant was in error. Upon the request of the taxpayer, the department shall mail a copy of a release and the order for the warrant to be expunged issued under subsection (h) or (i) to each major credit reporting company located in each county where the judgment was filed.

(k) The commissioner shall notify each state agency or officer supplied with a tax warrant list of the issuance of a release under subsection (h) or (i).

(l) If the sheriff collects the full amount of a tax warrant, the sheriff shall disburse the money collected in the manner provided in section 3(c) of this chapter. If a judgment has been partially or fully satisfied by a person's surety, the surety becomes subrogated to the department's rights under the judgment. If a sheriff releases a judgment:

(1) before the judgment is fully satisfied;

(2) before the sheriff has properly disbursed the amount collected; or

(3) after the sheriff has returned the tax warrant to the department;

the sheriff commits a Class B misdemeanor and is personally liable for the part of the judgment not remitted to the department.

(m) A lien on real property described in subsection (e)(2) is void if both of the following occur:

(1) The person owing the tax provides written notice to the department to file an action to foreclose the lien.

(2) The department fails to file an action to foreclose the lien not later than one hundred eighty (180) days after receiving the notice.

(n) A person who gives notice under subsection (m) by registered or certified mail to the department may file an affidavit of service of the notice to file an action to foreclose the lien with the circuit court clerk in the county in which ~~the property is located.~~ **the warrant was filed.** The affidavit must state the following:

(1) The facts of the notice.

(2) That more than one hundred eighty (180) days have passed

since the notice was received by the department.

(3) That no action for foreclosure of the lien is pending.

(4) That no unsatisfied judgment has been rendered on the lien.

If a taxpayer has tax warrants in multiple counties, the taxpayer must file a separate affidavit for each county. If a taxpayer fails to file an affidavit in each county in which a warrant is filed, the affidavit is effective only for property in the counties in which the taxpayer files the affidavit.

(o) Upon receipt of the affidavit described in subsection (n), the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

~~(p) The department shall adopt rules to define the circumstances under which a release and expungement may be granted based on a finding that the release and expungement would be in the best interest of the state. The rules may allow the commissioner to expunge a tax warrant in other circumstances not inconsistent with subsection (q) that the commissioner determines are appropriate. Any releases or expungements granted by the commissioner must be consistent with these rules.~~

~~(q)~~ **(p)** The commissioner **or the commissioner's designee** may expunge a tax warrant **if the taxpayer requests an expungement** in the following circumstances:

(1) If the taxpayer has timely and fully filed and paid all of the taxpayer's state taxes, or has otherwise resolved any outstanding state tax issues, for the preceding five (5) years.

(2) If the **tax** warrant was issued more than ten (10) years prior to the expungement.

(3) If the **tax** warrant is not subject to pending litigation.

(4) **If the tax warrant is for one (1) or more tax liabilities that have been resolved through the department.** ~~Other circumstances not inconsistent with subdivisions (1) through (3) that are specified in the rules adopted under subsection (p).~~

(q) Taxpayers must complete the form prescribed by the department and submit any documentation that may support a request under subsection (p). The department will grant requests for tax warrant expungement if:

(1) the department determines the filing of the tax warrant was in error;

(2) the department determines the release of the judgment and expungement of the tax warrant are in the best interest of the state; or

(3) the department determines that the expungement

facilitates the collection of outstanding tax liabilities owed by the taxpayer as provided in subsection (r).

(r) The release of a judgment and an expungement of a tax warrant are in the best interest of the state if the release and expungement facilitates the collection of outstanding liabilities owed by the taxpayer, including interest and penalties accrued to the date of payment, which is demonstrated if each of the following are true:

(1) The taxpayer has satisfied all the outstanding liabilities owed, including penalties and interest accrued to the date of payment, associated with the judgment and warrant.

(2) The taxpayer has filed the outstanding required returns for each listed tax associated with the judgment and warrant.

(3) The taxpayer is, at the time of making the determination, in compliance regarding the filing of any other individual, business, and informational returns, and current on payments associated with those returns.

(4) The judgment or warrant is not the subject of pending litigation.

(s) The department's determination that the release of a judgment and an expungement of a warrant are in the best interest of the state includes any of the following factors:

(1) The age and amount of the underlying tax liability.

(2) The taxpayer's history of compliance with respect to voluntarily paying taxes.

(3) Other tax warrants or outstanding liabilities of the taxpayer.

(4) Whether notice of the underlying liability was received by the taxpayer before the issuance of the tax warrant.

(5) The taxpayer's attempts, if any, to communicate with the department and resolve the liability before the issuance of the warrant.

(6) Whether delays in paying or posting tax payments associated with the underlying liability that caused the tax warrant are attributable to the fault or negligence of the taxpayer.

(7) If the taxpayer did not owe the underlying tax for which the warrant was issued.

(8) If the warrant was not issued under, or authorized by, statute.

(9) If the filing of the tax warrant was premature or otherwise not in compliance with the department's procedures.

(10) Other required tax filings are on file.

(t) The department shall issue the letter granting or denying the expungement request to the taxpayer.

~~(r)~~ **(u)** Notwithstanding any other provision in this section, the commissioner may decline to release a judgment or expunge a warrant upon a finding that the warrant was issued based on the taxpayer's fraudulent, intentional, or reckless conduct.

~~(s) The rules required under subsection (p) shall specify the process for requesting that the commissioner release and expunge a tax warrant.~~

SECTION 76. IC 6-8.1-8-2.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. (a) A warrant filed by the department under section 2 of this chapter must be filed using the department's designated direct electronic interface.**

(b) For purposes of section 3 of this chapter, the jurisdiction of the sheriff of the county in which a warrant is filed is limited to the taxpayer's choses in action and real and tangible personal property located in that county.

SECTION 77. IC 6-8.1-8-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 18. (a) Except as provided in the limited relief provided for marketplace facilitators in IC 6-2.5-9-3.5 (before its expiration), a responsible person that holds taxes in trust for the state is personally liable for the payment of those taxes, plus any penalties and interest attributable to those taxes, to the state. If the individual knowingly fails to collect or remit those taxes to the state, the individual commits a Level 6 felony.**

(b) A business and each responsible person for a particular tax held in trust for a period are jointly and severally liable for that tax, including interest and penalties.

(c) If a business and one (1) or more responsible persons remit more than the amount due, including penalties and interest, for a tax held in trust, the following apply to refunding any overpayment:

(1) If the business remitted the amount due or more than the amount due, then any amounts paid by a responsible person shall be refunded to the responsible person, and any excess remaining refunded to the business.

(2) If the business remitted less than the amount due, then any amounts paid by a responsible person shall be refunded upon a refund request by a responsible person as determined in the

following STEPS:

STEP ONE: Determine the amount remitted by each responsible person.

STEP TWO: Determine the total amount due, including interest and penalties, less the amount remitted by the business.

STEP THREE: Determine the total amount remitted by all responsible persons in STEP ONE minus the STEP TWO amount.

STEP FOUR: Determine the STEP ONE amount for each responsible person divided by the total amount under STEP ONE for all responsible persons.

STEP FIVE: The amount of the refund for the responsible person is the amount determined under STEP THREE multiplied by the ratio for that person determined under STEP FOUR.

(3) If the amount remitted by a business or responsible person includes amounts added pursuant to this chapter, those amounts shall not be considered for purposes of determining an overpayment under this subsection.

(4) Any amount of overpayment shall be considered to be the overpayment of the business or person that remitted the tax.

(5) Any state or federal law permitting application or offset of an overpayment shall apply to an overpayment under this subsection.

(6) A refund under this subsection must be filed under IC 6-8.1-9-1 separately by the business and each responsible person, and the determination under this subsection shall be made separately for the business and each responsible person.

(7) Notwithstanding this subsection, the business and one (1) or more responsible persons may agree to allocate or assign any overpayment between themselves, provided that:

(A) the total amount allocated under the agreement does not exceed the amounts that are attributable to the business and responsible persons who are parties to the agreement under subdivisions (1) and (2); and

(B) the amount of refund allocated to any party does not exceed the amount actually paid by that party.

SECTION 78. IC 6-8.1-9-1, AS AMENDED BY P.L.118-2024, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 1. (a) If a person has paid more tax than the person determines is legally due for a particular

taxable period, the person may file a claim for a refund with the department. Except as provided in subsections (j), (k), (l), (m), and (n), in order to obtain the refund, the person must file the claim with the department within three (3) years after the later of the following:

(1) The due date of the return.

(2) The date of payment.

For purposes of this section, the due date for a return filed for a periodic tax is thirty-one (31) days after the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

(b) After considering the claim and all evidence relevant to the claim, the department shall issue a decision on the claim, stating the part, if any, of the refund allowed and containing a statement of the reasons for any part of the refund that is denied. The department shall mail a copy of the decision to the person that filed the claim. If the person disagrees with a part of the decision on the claim, the person may file a protest and request a hearing with the department. If the department allows the full amount of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision.

(c) The tax court shall hear the appeal de novo and without a jury, and after the hearing may order or deny any part of the appealed refund. The court may assess the court costs in any manner that it feels is equitable. The court may enjoin the collection of any of the listed taxes under IC 33-26-6-2. The court may also allow a refund of taxes, interest, and penalties that have been paid to and collected by the department.

(d) The decision on the claim must state that the person has sixty (60) days from the date the decision is mailed to file a written protest. If the person files a protest and requests a hearing on the protest, the department shall:

(1) set the hearing at the department's earliest convenient time; and

(2) notify the person by United States mail of the time, date, and location of the hearing.

(e) The department may hold the hearing at the location of its choice within Indiana if that location complies with IC 6-8.1-3-8.5.

(f) After conducting a hearing on a protest, or after making a decision on a protest when no hearing is requested, the department shall issue a memorandum of decision or order denying a refund and shall send a copy of the decision through the United States mail to the person that filed the protest. If the department allows the full amount

of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision. The department may continue the hearing until a later date if the taxpayer presents additional information at the hearing or the taxpayer requests an opportunity to present additional information after the hearing.

(g) A person that disagrees with any part of the department's determination in a memorandum of decision or order denying a refund may request a rehearing not more than thirty (30) days after the date on which the memorandum of decision or order denying a refund is issued by the department. The department shall consider the request and may grant the rehearing if the department reasonably believes that a rehearing would be in the best interests of the taxpayer and the state. If the department grants the rehearing, the department shall issue a supplemental order denying a refund or a supplemental memorandum of decision based on the rehearing, whichever is applicable.

(h) If the person disagrees with any part of the department's determination, the person may appeal the determination, regardless of whether or not the person protested the tax payment or whether or not the person has accepted a refund. The person must file the appeal with the tax court. The tax court does not have jurisdiction to hear a refund appeal if:

(1) the appeal is filed more than ninety (90) days after the latest of the dates on which:

(A) the memorandum of decision or order denying a refund is issued by the department, if the person does not make a timely request for a rehearing under subsection (g) on the memorandum of decision or order denying a refund;

(B) the department issues a denial of the person's timely request for a rehearing under subsection (g) on the memorandum of decision or order denying a refund; or

(C) the department issues a supplemental memorandum of decision or supplemental order denying a refund following a rehearing granted under subsection (g); or

(2) the appeal is filed both before the decision is issued and before the one hundred eighty-first day after the date the person files the claim for a refund with the department.

The ninety (90) day period may be extended according to the terms of a written agreement signed by both the department and the person. The agreement must specify a date upon which the extension will terminate and include a statement that the person agrees to preserve the person's records until that specified termination date. The specified termination date agreed upon under this subsection may not be more than ninety

(90) days after the expiration of the period otherwise specified by this subsection.

(i) With respect to the vehicle excise tax, this section applies only to penalties and interest paid on assessments of the vehicle excise tax. Any other overpayment of the vehicle excise tax is subject to IC 6-6-5.

(j) If a taxpayer's federal taxable income, federal adjusted gross income, or federal income tax liability for a taxable year is modified by the Internal Revenue Service, and the modification would result in a reduction of the tax legally due, the due date by which the taxpayer must file a claim for refund with the department is the latest of:

(1) the date determined under subsection (a);

(2) the date that is ~~one hundred eighty (180) days~~ **one (1) year** after the date of the modification by the Internal Revenue Service as provided under:

(A) IC 6-3-4-6(c) and IC 6-3-4-6(d) (for the adjusted gross income tax); or

(B) IC 6-5.5-6-6(c) and IC 6-5.5-6-6(d) (for the financial institutions tax); or

(3) in the case of a modification described in IC 6-8.1-5-2(k)(1) through IC 6-8.1-5-2(k)(3), the date provided in IC 6-3-4.5 for such refunds or December 31, 2021, whichever is later.

(k) Notwithstanding any other provision of this section, if an individual received a severance payment described in Section 3(a)(1)(A) of the Combat-Injured Veterans Tax Fairness Act of 2016 (P.L. 114-292) and upon which the United States Secretary of Defense withheld tax under IC 6-3, IC 6-3.5-1.1 (before its repeal), IC 6-3.5-6 (before its repeal), IC 6-3.5-7 (before its repeal), or IC 6-3.6, the individual must file a claim for refund for taxes that were overpaid and attributable to the severance payment not later than December 31, 2020. Any refund under this subsection shall be computed without regard to subsection (a)(2). The department may establish procedures to provide standard refund amounts if a standard refund amount is requested from the Internal Revenue Service.

(l) Notwithstanding any other provision of this section, a taxpayer may file a claim for refund for any taxes under IC 6-3 or IC 6-5.5 that the taxpayer expected to be due as a result of an Internal Revenue Service audit not later than the date otherwise prescribed in this section or ~~one hundred eighty (180) days~~ **one (1) year** after the date the taxpayer is notified that the audit resulted in no change or, if the audit resulted in a modification, the date of the modification as provided under:

(1) IC 6-3-4-6(c) and IC 6-3-4-6(d) (for adjusted gross income

tax); or

(2) IC 6-5.5-6-6(c) and IC 6-5.5-6-6(d) (for the financial institutions tax);

whichever is later.

(m) If a taxpayer has an overpayment for a listed tax as a result of a credit of taxes paid to another state, country, or local jurisdiction in another state or country, and those taxes were assessed by the state, country, or local jurisdiction after the period for which a refund could have been claimed for that listed tax under this section, the period for requesting the refund under this section is extended to one hundred eighty (180) days after payment of the tax to the state, country, or local jurisdiction.

(n) If an agreement to extend the assessment time period is entered into under IC 6-8.1-5-2(i), the period during which a person may file a claim for a refund under subsection (a) is extended to the same date to which the assessment time period is extended.

SECTION 79. IC 6-8.1-10-9.5, AS ADDED BY P.L.194-2023, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.5. (a) As used in this section, the following terms have the following meanings:

(1) "Successor in liability" means a person that directly or indirectly purchases, acquires, is gifted, or succeeds to ownership of more than one-half (1/2) of all tangible personal property of a business, by value, including inventory, at all locations combined, as measured by the value of the property at the time of the transfer. "Successor in liability" does not include a personal representative or beneficiary of an estate, a trustee in bankruptcy, a debtor in possession, a receiver, a secured party, a mortgagee, an assignee of rents, or any other lienholder. A person shall only be considered a successor in liability to the extent that:

(A) a department lien or liens exist on tangible personal property transferred to the person;

(B) all tax due by the transferring business to the extent that notice was not provided to the department as required by subsection (b); or

(C) any tax due was included in the summary mailed to the successor in liability by the department pursuant to subsection (c).

(2) "Purchase price" means the consideration paid or to be paid by the successor in liability to the transferring business for the transfer of tangible personal property. "Purchase price" also includes debts assumed or forgiven by the successor in liability,

or real or personal property conveyed or to be conveyed by the successor in liability to the transferring business.

(3) "Arm's-length transaction" means a transfer for adequate consideration between independent parties both acting in their own best interests. If the parties are related to each other, a rebuttable presumption arises that the transaction is not at arm's length.

(4) "Transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with a business or an interest in a business, or a stock of goods, whether by gift or for consideration. "Transfer" includes a change in the type of business entity or the name of the business, where one (1) business is discontinued and a new business is started. "Transfer" also includes the acquisition by a new corporation of the assets of a prior business in exchange for the stock of the new corporation. "Transfer" does not include an assignment for the benefit of creditors, foreclosure or enforcement of a mortgage, assignment of rents, security interest or lien, sale or disposition in a bankruptcy proceeding, or sale or disposition by a receiver.

(5) "Transfer in bulk" means a transfer, other than in the ordinary course of the transferor's trade or business, of more than one-half (1/2) of all the tangible personal property of a business, by value, including inventory, at all locations combined, as measured by the value of the property at the time of the transfer.

(6) "Tax" means the gross retail tax imposed by IC 6-2.5-2-1, the use tax imposed by IC 6-2.5-3-2, and any county innkeepers tax or food and beverage tax imposed by IC 6-9.

(7) "Good cause" means the inability to comply with the statutory requirements of this section due to force majeure, fraud, failure of delivery by a carrier, or similar circumstances beyond the control of the successor. Lack of knowledge by the successor in liability of the requirements of this section shall not be considered good cause. Failure of a transferee or third party to provide the notice required by subsection (b) pursuant to a contractual obligation or informal understanding shall not be considered to be good cause.

(b) Whenever a business engages in a transfer in bulk, at least forty-five (45) days before taking possession of the assets or paying the purchase price, the potential successor in liability or the transferring business shall notify the department of the transfer and the terms and conditions related to the transfer on a form prescribed by the department. The notice must include the tax identification number of the transferring business and the potential successor in liability.

SEA 243 — Concur

(c) The following apply:

(1) If the notice is not provided to the department as required in subsection (b), the potential successor in liability becomes the successor in liability and becomes liable for any unpaid taxes, interest, and penalties due from the transferring business to the extent of the purchase price.

(2) If the notice is provided as required in subsection (b) and, within twenty (20) days after receipt of the notice, the department places a summary in the United States mail addressed to the successor in liability specifying that tax liabilities exist in addition to those subject to a department lien or there are tax returns due but not filed, the successor in liability is liable for all taxes, interest, and penalties as stated in the department's summary to the extent of the purchase price if the successor in liability pays the purchase price or takes possession of the assets without withholding and remitting the liability to the department. The successor in liability is liable whether the purchase price is paid or the assets are transferred prior to or after notification from the department.

(3) If the department does not find any tax is due from the transferring business or that the transferring business has failed to file any returns that are due, the department must place a tax clearance letter in the United States mail addressed to the potential successor in liability within twenty (20) days after receipt of the notice required by subsection (b) specifying that no tax liabilities exist and that the transferee is not a successor in liability. The department shall issue the tax clearance letter even if the department determines that the transfer at issue does not constitute a transfer in bulk pursuant to subsection (a).

(d) If, based upon the information available, the department determines that a transfer in bulk was not at arm's length or was a gift, the successor's liability under this section equals the value of the tangible personal property transferred. Upon such a determination, the department may require that the successor in liability provide a third party valuation of the tangible personal property transferred.

(e) In the case of a gift resulting in successor liability under this section, the return of the gifted property by the donee to the donor releases the donee's successor liability.

(f) A potential successor in liability that complies with the requirements of subsections (b) and (c) is not liable for any assessments of taxes of the transferring business made after the department provides a summary to the potential successor in liability

under subsection (c), except for taxes assessed on returns filed to comply with the summary. If the department fails to place the required summary in the United States mail within the twenty (20) day period, the potential successor in liability is not liable for any taxes of the transferring business, except with regard to transfers subject to subsection (d), if the purchase price is paid and the potential successor in liability takes possession of the assets within sixty (60) days of the mailing date the notice required pursuant to subsection (b). If the purchase price is not paid or the potential successor in liability does not take possession of the assets within sixty (60) days of the mailing date of the notice required pursuant to subsection (b), the potential successor in liability or the transferring business must submit a new notice pursuant to subsection (b).

(g) If the required notice under subsection (b) is not filed or any tax liability included in a summary mailed by the department pursuant to subsection (c)(2) remains due after the purchase price is paid or the successor in liability takes possession of the assets, the department must issue a notice of proposed assessment to the successor in liability for any such tax due.

(h) A successor in liability may protest the underlying tax unless the transferring business has already exhausted its protest rights with regard to the underlying tax. A successor in liability may also protest whether they qualify as a successor in liability with regard to the tax. In addition, the successor in liability may protest by submitting evidence showing good cause for not submitting the required notice or completing the purchase before receiving a clearance letter from the department. In the event that the transferring business has protested any taxes identified in the department's notice mailed pursuant to subsection (c)(2), the potential successor in liability shall not be considered a successor in liability with respect to such taxes if the potential successor in liability places an amount in escrow sufficient to satisfy such taxes pending resolution of the transferring business's administrative and legal process protesting such taxes.

(i) A transfer in bulk shall not constitute a retail transaction except for any inventory, motor vehicles, watercraft, aircraft, or rental property transferred.

(j) A transferor in bulk and any responsible ~~officer~~ **person** thereof shall not be relieved of liability for any tax, interest, or penalties when a successor in interest also becomes liable for the tax, interest, and penalties. No owner, shareholder, director, officer, or employee of a successor in liability shall be considered to be a responsible ~~officer~~ **person** relative to any tax, interest or penalties owed by the purchaser

as a successor.

(k) The department has discretion in assessing and collecting the tax due from any liable party, but the department cannot collect more than the total tax, interest, and penalties imposed. The ability of the department to impose collections fees on the liable parties as otherwise allowed by this article shall not be impacted by this section.

SECTION 80. IC 6-8.1-10-12, AS AMENDED BY P.L.213-2025, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) This section applies to a penalty related to a tax liability to the extent that the:

(1) tax liability is for a listed tax;

(2) tax liability was due and payable, as determined under IC 6-8.1-3-17(e), for a tax period ending before January 1, 2023;

(3) department establishes an amnesty program for the tax liability under IC 6-8.1-3-17(c);

(4) individual or entity from which the tax liability is due was eligible to participate in the amnesty program described in subdivision (3); and

(5) tax liability is not paid:

(A) in conformity with a payment program acceptable to the department that provides for payment of the unpaid listed taxes in full in the manner and time established in a written payment program agreement entered into between the department and the taxpayer under IC 6-8.1-3-17(c); or

(B) if clause (A) does not apply, before the end of the amnesty period established by the department.

(b) Subject to subsection (c), if a penalty is imposed or otherwise calculated under any combination of:

(1) IC 6-8.1-1-8;

(2) section 2.1 of this chapter;

(3) section 3 of this chapter;

(4) section 3.5 of this chapter;

(5) section 4 of this chapter;

(6) section 5 of this chapter;

(7) section 6 of this chapter;

(8) section 7 of this chapter;

(9) section 9 of this chapter; or

(10) IC 6-6;

an additional penalty is imposed under this section. The amount of the additional penalty imposed under this section is equal to the sum of the penalties imposed or otherwise calculated under the provisions listed in subdivisions (1) through (10).

(c) The additional penalty provided by subsection (b) does not apply if all of the following apply:

(1) The department imposes a penalty on a taxpayer or otherwise calculates the penalty under the provisions described in subsection (b)(1) through (b)(10).

(2) The taxpayer against whom the penalty is imposed:

(A) timely files an original tax appeal in the tax court under IC 6-8.1-5-1; and

(B) contests the department's imposition of the penalty or the tax on which the penalty is based.

(3) The taxpayer meets all other jurisdictional requirements to initiate the original tax appeal.

(4) Either the:

(A) tax court enjoins collection of the penalty or the tax on which the penalty is based under IC 33-26-6-2; or

(B) department consents to an injunction against collection of the penalty or tax without entry of an order by the tax court.

(d) The additional penalty provided by subsection (b) does not apply if the taxpayer:

(1) has a legitimate hold on making the payment as a result of an audit, bankruptcy, protest, taxpayer advocate action, or another reason permitted by the department;

(2) had established a payment plan with the department before ~~May 15, 2025,~~ **April 1, 2026; ~~or~~**

(3) verifies with reasonable particularity that is satisfactory to the commissioner that the taxpayer did not ever receive notice of the outstanding tax liability; **or**

(4) has a liability that consists only of a penalty imposed with regard to a listed tax for a tax period or has a liability for penalties that is greater than one hundred percent (100%) of the total liabilities for listed taxes eligible for participation in the tax amnesty program.

SECTION 81. IC 7.1-4-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. An excise tax, ~~referred to~~ **known** as the beer excise tax, **is imposed** at the rate of eleven and one-half cents ($.115) a gallon ~~is imposed~~ upon the sale of beer or flavored malt beverage within Indiana.

SECTION 82. IC 7.1-4-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. ~~Copy of Invoice.~~ A brewer or beer wholesaler in this state ~~when he delivers beer to a person,~~ shall make a ~~true duplicate~~ **copy of each** invoice **when delivering beer to a person,** showing the date of delivery, the amount

and value of the shipment and the name of the purchaser. The brewer or wholesaler shall give one (1) copy of the invoice to the purchaser, and ~~he also shall~~ retain one (1) copy for the use and inspection of the commission and the department, for a period of two (2) years. A beer wholesaler shall ~~keep,~~ **also keep** and retain for a period of two (2) years, a copy of all invoices for beer purchased or received by ~~him.~~ **them.**

SECTION 83. IC 7.1-4-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. A beer wholesaler within Indiana who receives beer or flavored malt beverage upon which the beer excise tax has been paid shall be entitled to a refund of the amount of the tax on all tax-paid beer or flavored malt beverage shipped from Indiana by the wholesaler for sale outside Indiana. ~~or sold within Indiana under circumstances exempting the beer or flavored malt beverage from the excise tax. The department shall promulgate rules and regulations governing the form of application for and the evidence required to establish the right to a refund.~~

SECTION 84. IC 7.1-4-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. ~~Rate of Tax.~~ An excise tax, **known as the liquor excise tax, is imposed** at the rate of two dollars and sixty-eight cents ($2.68) a gallon ~~is imposed~~ upon the sale, gift, or the withdrawal for sale or gift, of liquor and wine that contains twenty-one percent (21%), or more, of absolute alcohol reckoned by volume.

SECTION 85. IC 7.1-4-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~Transactions Exempt from Tax.~~ The liquor excise tax shall not apply to **the following transactions:**

(1) The sale for delivery outside this state, or the withdrawal for sale for delivery outside this state, of liquor and wine that contains more than twenty-one percent (21%) of absolute alcohol reckoned by volume.

(2) The ~~liquor excise tax shall not apply to the~~ sale or withdrawal for sale of wine to a pastor, rabbi, or priest for sacramental or religious purposes only.

SECTION 86. IC 7.1-4-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. An excise tax, **known as the wine excise tax, is imposed** at the rate of forty-seven cents ($0.47) a gallon ~~is imposed~~ upon the manufacture and sale or gift, or withdrawal for sale or gift, of wine, except hard cider, within this state.

SECTION 87. IC 7.1-4-4-2 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. **(a)** ~~Beverages to Which Tax is Applicable.~~ The wine excise tax shall apply to **the following beverages:**

(1) Wine ~~that contains~~ **containing** less than twenty-one percent (21%), of absolute alcohol reckoned by volume. ~~The wine excise tax also shall apply to an alcoholic beverage that contains~~

(2) Alcoholic beverages containing fifteen percent (15%), or less, of absolute alcohol reckoned by volume, mixed with either carbonated water or other potable ingredients, or both, by either the manufacturer or the bottler, or both of them, and sold in a container filled by the manufacturer or bottler, and which is suitable for immediate consumption directly from the original container.

(b) An alcoholic beverage that is subject to the wine excise tax shall not be also subject to the liquor excise tax.

SECTION 88. IC 7.1-4-4-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~Power of Commission and Department.~~ The commission and the department shall have the power to prescribe regulations and maintain gauges in a winery, farm winery, or a wholesaler's premises for the proper gauging of the alcoholic beverages to which the wine excise tax is applicable and the assessment of that tax.

SECTION 89. IC 7.1-4-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~Transactions Exempt from Tax.~~ The wine excise tax shall not apply to the sale or withdrawal for sale of wine to a pastor, rabbi, or priest for sacramental or religious purposes only.

SECTION 90. IC 7.1-4-4.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. An excise tax, **known as the hard cider excise tax, is imposed** at the rate of eleven and one-half cents ($0.115) a gallon ~~is imposed~~ upon the manufacture and sale or gift, or withdrawal for sale or gift, of hard cider within Indiana.

SECTION 91. IC 7.1-4-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) The ~~presence on the~~ **owner, possessor, or person in control of** premises ~~of, or the possession by, a person of~~ **where there is the presence of** alcoholic beverages or other articles subject to excise taxes or other fees **imposed under this article, but that have not been paid,** ~~and upon which the taxes and fees have not been paid~~ shall ~~impose upon the possessor, or the owner, or person in control, of the premises, the duty to pay~~ **be liable for** all the taxes and fees due and unpaid, even though

the presence or the possession is unlawful under this title. In addition, penalties for unpaid fees shall be assessed as follows:

(1) In the case of fraud the department shall assess and collect a penalty in an amount equal to the unpaid fees.

(2) In the case of mistake, inadvertence, or negligence, not amounting to fraud, the department shall assess and collect a penalty in an amount equal to ten percent (10%) of the unpaid fees.

(b) **A person that is liable for the payment of any tax or other fee under this article is subject to the penalty imposed under subsection (a) if the person fails to:**

(1) timely remit the full tax or fee; or

(2) timely submit an alcoholic beverage excise tax return, including an information return or report, or a return showing no tax liability, and all required attachments.

(c) With regard to unpaid taxes described under subsection (a), penalties shall be assessed under IC 6-8.1.

(d) If a person fails to pay the full amount of tax due on or before the due date, the discount for timely payment will be disallowed.

SECTION 92. IC 7.1-4-6-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2.1. ~~(a) The department shall adopt rules under IC 4-22-2 to govern the assessment and collection of penalties provided in section 2 of this chapter.~~

~~(b)~~ The commission may adopt rules under IC 4-22-2 to coordinate compliance with the laws, rules, and administrative policies governing the assessment and collection of sales taxes.

SECTION 93. IC 7.1-4-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. **(a)** ~~Collection of Excise Taxes.~~ The department shall collect the excise taxes imposed by this title.

(b) An alcoholic beverage subject to a tax under this article shall be taxed only once, at the first sale or withdrawal for sale, in the following manner:

(1) When a primary source of supply located within Indiana sells, or withdraws for sale, alcohol to a person in Indiana, the primary source of alcohol is responsible for paying the tax.

(2) When a wholesaler located within Indiana receives alcohol from a primary source of supply not located in Indiana, the wholesaler located within Indiana is responsible for paying the tax.

(3) When a permit holder sells, or withdraws for sale, alcohol

directly to a retailer or consumer, the permit holder is responsible for paying the tax.

SECTION 94. IC 7.1-4-6-3.6 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 3.6. Rules and Regulations. The department, in consultation with the commission, shall have the power to promulgate rules and regulations governing the use of a unified system of reporting alcoholic beverage excise tax liability and the form of the returns.~~

SECTION 95. IC 7.1-4-6-3.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 3.7. (a) A person may claim a deduction on the monthly return under the following circumstances:**

(1) the person made an exempt sale or withdrawal for sale of an alcoholic beverage under section 5.5 of this chapter.

(2) an alcoholic beverage was damaged or destroyed while in the person's possession; or

(2) an alcoholic beverage was returned by the person to the primary source of supply.

(b) In order to claim a deduction or receive a refund of an alcoholic beverage excise tax, the following proof must be retained:

(1) For an exempt sale under section 5.5 of this chapter, the following:

(A) If the sale is to the United States government, its agencies, or its instrumentalities, copies of the invoice stating the regular selling price less the excise tax.

(B) If the sale is to a person other than the United States government, its agencies, or its instrumentalities, copies of the invoice showing:

(i) the purchaser's name;

(ii) the address;

(iii) the date;

(iv) the amount of beer sold; and

(v) any other information reasonably required by the department.

(2) For returned alcoholic beverages, copies of the invoice or invoices showing the following:

(A) Name of the primary source of supply.

(B) Credit invoice number.

(C) Date returned.

(D) Date excise tax was paid.

(E) Gallons returned.

(3) For alcoholic beverages that have been damaged or

destroyed, any information reasonably required by the department.

(c) If this deduction exceeds the liabilities owed to the state on that monthly return, the department shall refund the tax to the person.

(d) If the person does not claim the deduction on the monthly return, the refund procedures under IC 6-8.1-9-1 will apply.

(e) The tax paid on alcoholic beverages subsequently lost or stolen cannot be deducted, refunded, or credited.

SECTION 96. IC 7.1-4-6-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. ~~Discount for Timely Payment.~~ The department shall allow a taxpayer a discount of one and one-half percent (1 1/2%) of the amount of excise taxes otherwise due for the accurate reporting and timely remitting of the excise taxes imposed by this title.

SECTION 97. IC 7.1-4-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~When Sale is Made.~~ For alcoholic beverage excise tax purposes, a sale shall not be deemed to have been made until the goods leave the custody of the seller.

SECTION 98. IC 7.1-4-6-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 5.5. (a) Sales or withdrawals from sale of alcoholic beverages intended for export to a state outside Indiana are exempt from alcoholic beverage excise tax.**

(b) Sales or withdrawals of alcoholic beverages for sale to the United States government, its agencies, and instrumentalities, including military facilities, are exempt from alcoholic beverage excise tax. However, sales to individuals, private stores, or concessionaires located upon federal areas are not exempt.

(c) Sales or withdrawals for sale of wine to a pastor, rabbi, or priest for sacramental or religious purposes are exempt only from the liquor excise tax (IC 7.1-4-3) and the wine excise tax (IC 7.1-4-4).

(d) Lost or stolen alcoholic beverages are not exempt from the alcoholic beverage excise tax.

SECTION 99. IC 7.1-4-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~Floor Stock Tax Not Imposed.~~ The provisions of this article shall not be construed as imposing a floor stock tax on the goods held by a permittee of any type under this title.

SECTION 100. IC 7.1-4-6-7, AS AMENDED BY P.L.9-2024, SECTION 272, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2026]: Sec. 7. ~~Appropriation for Administration.~~ There shall be an annual appropriation, from the sum of money allocated to the general fund by this title, of a sum of money necessary for the purpose of carrying out the provisions of this title. The claims for operating expenses incurred under the provisions of this title shall be filed with and paid by the state comptroller. Equipment shall be purchased only upon a requisition approved by the department of administration.

SECTION 101. IC 7.1-4-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. **(a)** ~~Duty of Attorney General and Local Prosecutor.~~ If a person who holds a permit under this title:

(1) fails to account for, or pay over to the chairman or the department, or both, an annual license fee, or excise tax, or other levy imposed by this title; ~~or~~

(2) defaults in a condition of ~~his~~ **the person's** bond; or ~~if a person, licensed under this title or not,~~

(3) fails or refuses to pay to the chairman or the department an obligation, liability, forfeiture, or penalty imposed upon ~~him~~ **the person** by this title, **whether the person is licensed under this title or not;**

the chairman or the department shall report that fact to the attorney general of Indiana who shall immediately institute the necessary action for the recovery of the sum due the state by reason of this title.

(b) The state shall be entitled to all liens and remedies allowed by law for the collection of the sum due the state.

(c) It is the duty of the prosecuting attorney of the proper county to assist the attorney general in these matters whenever the attorney general requests his assistance.

SECTION 102. IC 7.1-4-9-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. ~~Basis of Distribution and Use.~~ The monies in the excise fund that is distributed to a county, city or town shall be distributed in direct proportion to the amount of retailer's or dealer's annual license fees paid in respect to licensed premises situated in a city or town, or situated within a county but outside the corporate limits of a city or town. The money distributed shall be credited to the general fund of the county, city or town and the funds shall be budgeted according to law.

SECTION 103. IC 7.1-4-9-9, AS AMENDED BY P.L.9-2024, SECTION 275, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. ~~Time of Distribution.~~ The distribution of the excise fund to be paid into the general fund of a

county, city or town shall be distributed by the state treasurer semi-annually on the first day of June and the first day of December of each year. The state comptroller is authorized to draw the state comptroller's warrants to the treasurers of the several governmental subdivisions when the distribution is presented to the state comptroller.

SECTION 104. IC 7.1-4-9-10, AS AMENDED BY P.L.9-2024, SECTION 276, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. ~~Appropriation from General Fund.~~ There is appropriated from the monies allocated to the general fund under this title, a necessary sum of money to make up any deficiency between the sums from the excise fund actually paid over to the treasuries of the several governmental subdivisions during their respective current fiscal years, and the estimate of funds to be distributed to them during the current fiscal year as computed by the state board of accounts and as considered by the governmental unit in preparation of its budget for the current fiscal year. The state board of accounts shall determine whether a deficiency exists at the close of the current fiscal year of each governmental unit. The amount of a deficiency so determined shall be paid to the governmental unit on warrant issued by the state comptroller not later than one (1) month after the close of the respective current fiscal year.

SECTION 105. IC 7.1-4-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. ~~Use of Funds.~~ The monies in the enforcement and administration fund shall be used and disbursed solely for the enforcement and administration of this title, and for no other purpose. Any unexpended balance remaining in the fund at the end of a fiscal year shall not lapse but shall remain exclusively appropriated and available only for the purpose of the enforcement and administration of this title.

SECTION 106. IC 23-15-13 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 13. Payments to Business Entities

Sec. 1. This chapter applies only to a cash transaction.

Sec. 2. As used in this chapter, "business entity" means any:

(1) bank;

(2) hospital;

(3) health care provider;

(4) sole proprietorship;

(5) corporation;

(6) limited liability company;

(7) association;

(8) partnership;

(9) joint stock company;

(10) joint venture;

(11) mutual fund;

(12) trust;

(13) estate;

(14) joint tenancy;

(15) other form of business organization; or

(16) state or local unit, for transactions that include a state or local unit selling or otherwise providing property or services for consideration.

Sec. 3. For purposes of this chapter, "total transaction amount" means the amount of the transaction prior to any tax imposed in addition to any tax imposed on the transaction and paid to the business entity, regardless of whether the tax is required to be separately stated or whether the business entity is an agent or trustee of a governmental entity. A tax under this section includes state or local taxes as defined in IC 5-36.5-1-4 and any amounts imposed by any other governmental entity other than a state or local unit.

Sec. 4. (a) For a total transaction amount payable to a business entity, except as provided in subsection (b), the business entity must round the total transaction amount for all transactions with a number other than zero (0) or five (5) in the second decimal place by either:

(1) rounding the total transaction amount downward to the next amount divisible by five cents ($0.05);

(2) round the total transaction amount upward to the next amount divisible by five cents ($0.05); or

(3) to the nearest five cent ($0.05) increment by:

(A) for a total transaction amount with one (1), two (2), six (6), or seven (7) in the second decimal place, rounding the total transaction amount downward to the next amount divisible by five cents ($0.05); or

(B) for a total transaction amount with three (3), four (4), eight (8), or nine (9) in the second decimal place, rounding the total transaction amount upward to the next amount divisible by five cents ($0.05).

(b) For a total transaction amount that is less than five cents ($0.05), the business entity may round the amount downward or upward to either zero cents ($0.00) or five cents ($0.05).

SECTION 107. IC 35-52-6-62.5 IS ADDED TO THE INDIANA

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 62.5. IC 6-8.1-8-18 defines a crime concerning taxes.**

SECTION 108. [EFFECTIVE JULY 1, 2023 (RETROACTIVE)] **(a) IC 6-2.5-9-12, as added by this act, is effective for transactions occurring after June 30, 2023.**

(b) For purposes of IC 6-2.5-9-12, as added by this act, all transactions shall be considered as having occurred after June 30, 2023, to the extent that delivery of the vehicle, aircraft, cargo trailer, or watercraft constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2023, to the extent that the agreement of the parties to the transaction was entered into before July 1, 2023, and payment for the vehicle, aircraft, cargo trailer, or watercraft furnished in the transaction is made before July 1, 2023, notwithstanding the delivery of the vehicle after June 30, 2023.

(c) This SECTION expires July 1, 2029.

SECTION 109. [EFFECTIVE JULY 4, 2025 (RETROACTIVE)] **(a) IC 6-3-1-3.5, IC 6-3-2-2.5, IC 6-3-2-2.6, and IC 6-5.5-1-2, all as amended by this act, apply to taxable years ending after July 4, 2025.**

(b) IC 6-3-2-30, as added by this act, applies to qualified production property placed in service after July 4, 2025.

(c) This SECTION expires July 1, 2030.

SECTION 110. [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)] **(a) IC 6-3-4.5-14 and IC 6-8.1-5-2, as amended by this act, are effective for final adjustments and modifications received by the department after December 31, 2025.**

(b) IC 6-8.1-9-1, as amended by this act, is effective for modifications issued by the Internal Revenue Service after December 31, 2025.

(c) This SECTION expires July 1, 2029.

SECTION 111. [EFFECTIVE JULY 1, 2026] **(a) IC 6-8.1-8-2, as amended by this act, is effective for tax warrants filed after June 30, 2026.**

(b) For purposes of a tax warrant renewal filed under IC 6-8.1-8-2(f)(3), the extension of the tax warrant to all choses in action in the state or real or tangible personal property in this state apply to renewals filed with a county after June 30, 2026.

(c) If the department wishes to extend a tax warrant filed before July 1, 2026, to the entire state, the department must amend the tax

warrant with one (1) or more counties in which the department previously has filed the tax warrant, or file an additional tax warrant in one (1) or more counties in which the department would be permitted to file a tax warrant, after June 30, 2026.

(d) This SECTION expires July 1, 2029.

SECTION 112. [EFFECTIVE JANUARY 1, 2027] **(a) IC 6-2.5-2-2, as amended by this act, and IC 5-36.5 and IC 23-15-13, both as added by this act, apply only to cash transactions occurring after December 31, 2026.**

(b) Except as provided in subsection (c), a retail transaction is considered to have occurred after December 31, 2026, if the property whose transfer constitutes selling at retail is delivered to the purchaser or to the place of delivery designated by the purchaser after December 31, 2026.

(c) Notwithstanding the delivery of the property constituting selling at retail after December 31, 2026, a transaction is considered to have occurred before January 1, 2027, to the extent that:

(1) the agreement of the parties to the transaction is entered into before January 1, 2027; and

(2) payment for the property furnished in the transaction is made before January 1, 2027.

(d) This SECTION expires January 1, 2030.

SECTION 113. **An emergency is declared for this act.**

President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

SEA 243 — Concur