

# PROPOSED AMENDMENT

## SB 243 # 6

### DIGEST

State income tax deductions. Provides a state income tax deduction for taxable year 2026 equal to the amount associated with qualified tips that is deducted from the taxpayer's federal adjusted gross income under Section 224 of the Internal Revenue Code; qualified overtime compensation that is deducted from the taxpayer's federal adjusted gross income under Section 225 of the Internal Revenue Code; and qualified passenger vehicle loan interest deducted under Section 163 of the Internal Revenue Code.

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- 1       Page 47, between lines 7 and 8, begin a new paragraph and insert:  
2       "SECTION 9. IC 6-3-2-31 IS ADDED TO THE INDIANA CODE  
3       AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
4       JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 31. (a) This section**  
5       **applies to the taxable year beginning after December 31, 2025, and**  
6       **ending before January 1, 2027.**  
7       **(b) To conform with Section 224 of the Internal Revenue Code**  
8       **added in Public Law 119-21 (commonly known as the One Big**  
9       **Beautiful Bill Act, 2025), a taxpayer is entitled to a deduction from**  
10      **the taxpayer's adjusted gross income in an amount equal to the**  
11      **amount associated with qualified tips that is deducted from a**  
12      **taxpayer's federal adjusted gross income under Section 224 of the**  
13      **Internal Revenue Code.**  
14      SECTION 10. IC 6-3-2-32 IS ADDED TO THE INDIANA CODE  
15      AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
16      JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 32. (a) This section**  
17      **applies to the taxable year beginning after December 31, 2025, and**  
18      **ending before January 1, 2027.**  
19      **(b) To conform with Section 225 of the Internal Revenue Code**  
20      **added in Public Law 119-21 (commonly known as the One Big**  
21      **Beautiful Bill Act, 2025), a taxpayer is entitled to a deduction from**  
22      **the taxpayer's adjusted gross income in an amount equal to the**  
23      **amount associated with qualified overtime compensation that is**  
24      **deducted from a taxpayer's federal adjusted gross income under**  
25      **Section 225 of the Internal Revenue Code.**

1       SECTION 11. IC 6-3-2-33 IS ADDED TO THE INDIANA CODE  
2       AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 33. (a) This section**  
4       **applies to the taxable year beginning after December 31, 2025, and**  
5       **ending before January 1, 2027.**

6       **(b) To conform with Section 163(h)(4) of the Internal Revenue**  
7       **Code added in Public Law 119-21 (commonly known as the One**  
8       **Big Beautiful Bill Act, 2025), a taxpayer is entitled to a deduction**  
9       **from the taxpayer's adjusted gross income in an amount equal to**  
10      **the amount associated with qualified passenger vehicle loan**  
11      **interest that is deducted from a taxpayer's federal adjusted gross**  
12      **income under Section 163 of the Internal Revenue Code and**  
13      **attributable to the exception under Section 163(h)(4) of the**  
14      **Internal Revenue Code."**

15      Renumber all SECTIONS consecutively.  
    (Reference is to SB 243 as introduced.)