

---

**SENATE BILL No. 243**

**AM024313 has been incorporated into January 21, 2026 printing.**

---

**Synopsis:** Various tax matters.

---

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



January 21, 2026

Second Regular Session of the 124th General Assembly (2026)

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.

M  
e  
r  
g  
e  
d

## SENATE BILL No. 243

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 5-36.5 IS ADDED TO THE INDIANA CODE AS  
 2 A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE  
 3 JANUARY 1, 2027]:  
 4 **ARTICLE 36.5. PENNY PHASEOUT**  
 5 **Chapter 1. Payments to State and Local Units**  
 6 **Sec. 1. This chapter applies only to a cash transaction.**  
 7 **Sec. 2. As used in this chapter, "local unit" means any:**  
 8 **(1) county;**  
 9 **(2) township;**  
 10 **(3) city;**  
 11 **(4) town;**  
 12 **(5) school corporation; or**  
 13 **(6) special taxing district.**  
 14 **Sec. 3. As used in this chapter, "state" means:**  
 15 **(1) the state of Indiana;**

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

- 1           (2) any department of the state of Indiana;  
 2           (3) any agency of the state of Indiana;  
 3           (4) any state or local court;  
 4           (5) the general assembly;  
 5           (6) any state of Indiana task force, committee, board,  
 6           commission, or council;  
 7           (7) any body politic and corporate of the state of Indiana; or  
 8           (8) any other instrumentality of the state of Indiana.
- 9           **Sec. 4.** As used in this chapter, "state or local tax" means a tax,  
 10          fine, fee, or other amount required to be paid to the state or a local  
 11          unit. The term includes any interest, penalties, or other additional  
 12          fees or costs associated with a late payment or nonpayment of an  
 13          amount described in this section. The term does not include  
 14          payments for property or services sold or provided by the state or  
 15          local unit.
- 16          **Sec. 4.5.(a)** For a state or local tax, if the state or local tax has  
 17          one (1), two (2), three (3), four (4), six (6), seven (7), eight (8), or  
 18          nine (9) in the second decimal place, the state or local unit must  
 19          round the state or local tax amount downward to the next amount  
 20          divisible by five cents (\$0.05).
- 21          (b) For a state or local tax payable to the state or local unit  
 22          that is less than five cents (\$0.05), the state or local unit must round  
 23          the amount down to zero cents (\$0.00).
- 24          (c) For a state or local tax that is imposed on a transaction and  
 25          that is required to be remitted by a person or an entity to the state  
 26          or local unit as an agent or a trustee of the state or local unit the  
 27          state or local tax shall be computed on the total transaction  
 28          amount, as defined in IC 23-15-13-3, prior to any rounding  
 29          requirement required by IC 23-15-13.
- 30          (d) For any state or local tax that is:
- 31               (1) not imposed on a transaction but is required to be  
 32               withheld by a person or entity acting as an agent or trustee  
 33               for the state or a local unit; or  
 34               (2) otherwise included in a total transaction amount as  
 35               defined in IC 23-15-13-3;
- 36          the state or local tax withheld or included shall be computed  
 37          without rounding and, if applicable, the total transaction amount,  
 38          as defined in IC 23-15-13-3, shall be rounded in the manner  
 39          provided under IC 23-15-13-4.
- 40          (e) For purposes of this section, the following apply:
- 41               (1) The aggregate amount of a state or local tax described in  
 42               subsection (c) or (d) remitted by a person or entity, reduced

M  
e  
r  
g  
e  
d

1 by any collection allowances or similar amounts permitted to  
 2 be retained by the person or entity, shall be subject to the  
 3 rounding provisions described in subsections (a) and (b).  
 4 (2) If multiple state or local taxes are required to be reported  
 5 on a single form, the rounding of a remittance under  
 6 subsection (a) or (b) shall be applied to the total state or local  
 7 tax amount resulting from the computation on the form and  
 8 the remittance period.  
 9 (3) For state or local taxes not described in subdivision (2),  
 10 the rounding of a state or local tax remittance described in  
 11 subsection (a) or (b) shall be determined separately for each  
 12 state or local tax type and for each remittance period.  
 13 (4) If a state or local tax liability is reported in the manner  
 14 provided under subdivision (2), but the state or local unit  
 15 determines a separate liability from other state and local  
 16 taxes, subdivision (3) applies to the payment of the separate  
 17 liability.  
 18 (f) For purposes of subsections (c) and (d), if multiple state or  
 19 local taxes are required to be paid, each state or local tax shall be  
 20 computed separately and, if applicable, the total transaction  
 21 amount as defined in IC 23-15-13-3 shall be computed including all  
 22 state or local taxes required to be paid on the total transaction  
 23 amount.  
 24 SECTION 2. IC 6-2.5-1-5, AS AMENDED BY P.L.205-2025,  
 25 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JANUARY 1, 2027]: Sec. 5. (a) Except as provided in subsection (b),  
 27 "gross retail income" means the total amount of consideration,  
 28 including cash, credit, property, and services, for which tangible  
 29 personal property is sold, leased, or rented, valued in money, whether  
 30 received in money or otherwise, without any deduction for:  
 31 (1) the seller's cost of the property sold;  
 32 (2) the cost of materials used, labor or service cost, interest,  
 33 losses, all costs of transportation to the seller, all taxes imposed  
 34 on the seller, and any other expense of the seller;  
 35 (3) charges by the seller for any services necessary to complete  
 36 the sale, other than delivery and installation charges;  
 37 (4) delivery charges; or  
 38 (5) consideration received by the seller from a third party if:  
 39 (A) the seller actually receives consideration from a party  
 40 other than the purchaser and the consideration is directly  
 41 related to a price reduction or discount on the sale;  
 42 (B) the seller has an obligation to pass the price reduction

M  
e  
r  
g  
e  
d



1 or discount through to the purchaser;

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

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

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

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

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

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

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

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

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

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

38 (7) telecommunications nonrecurring charges;

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

41 (9) charges for serving or delivering food and food ingredients  
42 furnished, prepared, or served for consumption at a location, or

M  
e  
r  
g  
e  
d



1 on equipment, provided by the retail merchant, to the extent that  
 2 the charges for the serving or delivery are stated separately from  
 3 the price of the food and food ingredients when the purchaser  
 4 pays the charges.

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

6 (1) in the case of retail sales of special fuel (as defined in  
 7 IC 6-6-2.5-22) or kerosene (as defined in IC 16-44-2-2), the  
 8 gross retail income is the total sales price of the special fuel or  
 9 kerosene minus the part of that price attributable to tax imposed  
 10 under IC 6-6-2.5 (in the case of special fuel) or Section 4041 or  
 11 Section 4081 of the Internal Revenue Code (in the case of either  
 12 special fuel or kerosene);

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

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

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

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

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

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

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

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

**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**

M  
e  
r  
g  
e  
d



1 another state and a member, partner, or officer of the  
 2 limited liability company, partnership, corporation, or other  
 3 closely held business is a resident of Indiana or a  
 4 nonreciprocal state (as defined in IC 6-2.5-2-5(b)).

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

9 (A) both:

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

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

20 (B) purchased by an Indiana resident and:

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

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

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

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

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

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

M  
e  
r  
g  
e  
d



1 information available; and  
 2 (2) after June 30, 2026, may impose a penalty on the Indiana  
 3 resident of five hundred dollars (\$500), which is in addition  
 4 to any penalty assessed pursuant to IC 6-8.1-10-2.1 or  
 5 IC 6-8.1-10-4.  
 6 (d) A presumption under subsection (a) may be rebutted by  
 7 other evidence, such as evidence that:  
 8 (1) the vehicle, aircraft, cargo trailer, or watercraft is  
 9 insured for primary use at an address outside of Indiana;  
 10 (2) the vehicle, aircraft, cargo trailer, or watercraft will be  
 11 permanently stored or garaged at a physical address outside  
 12 Indiana; or  
 13 (3) the Indiana resident owns a secondary residence in the  
 14 state in which the vehicle, aircraft, cargo trailer, or  
 15 watercraft is titled or registered.  
 16 (e) Upon making a record of the department's actions, and  
 17 upon reasonable cause shown by the Indiana resident, the  
 18 department may waive, reduce, or compromise any penalty  
 19 imposed under subsection (c).  
 20 (f) The department shall deposit money from a penalty under  
 21 subsection (c) in accordance with IC 6-2.5-10-1.  
 22 SECTION 5. IC 6-3-1-3.5, AS AMENDED BY P.L.214-2025,  
 23 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 4, 2025 (RETROACTIVE)]: Sec. 3.5. When used in this article,  
 25 the term "adjusted gross income" shall mean the following:  
 26 (a) In the case of all individuals, "adjusted gross income" (as  
 27 defined in Section 62 of the Internal Revenue Code), modified as  
 28 follows:  
 29 (1) Subtract income that is exempt from taxation under this  
 30 article by the Constitution and statutes of the United States.  
 31 (2) Except as provided in subsection (c), add an amount equal to  
 32 any deduction or deductions allowed or allowable pursuant to  
 33 Section 62 of the Internal Revenue Code for taxes based on or  
 34 measured by income and levied at the state level by any state of  
 35 the United States.  
 36 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
 37 joint return filed by a husband and wife, subtract for each spouse  
 38 one thousand dollars (\$1,000).  
 39 (4) Subtract one thousand dollars (\$1,000) for:  
 40 (A) each of the exemptions provided by Section 151(c) of  
 41 the Internal Revenue Code (as effective January 1, 2017);  
 42 (B) each additional amount allowable under Section 63(f)

M  
e  
r  
g  
e  
d



- 1 of the Internal Revenue Code; and  
 2 (C) the spouse of the taxpayer if a separate return is made  
 3 by the taxpayer and if the spouse, for the calendar year in  
 4 which the taxable year of the taxpayer begins, has no gross  
 5 income and is not the dependent of another taxpayer.  
 6 (5) Subtract each of the following:  
 7 (A) One thousand five hundred dollars (\$1,500) for each of  
 8 the exemptions allowed under Section 151(c)(1)(B) of the  
 9 Internal Revenue Code (as effective January 1, 2004),  
 10 except that in the first taxable year in which a particular  
 11 exemption is allowed under Section 151(c)(1)(B) of the  
 12 Internal Revenue Code (as effective January 1, 2004),  
 13 subtract three thousand dollars (\$3,000) for that exemption.  
 14 (B) One thousand five hundred dollars (\$1,500) for each  
 15 exemption allowed under Section 151(c) of the Internal  
 16 Revenue Code (as effective January 1, 2017) for an  
 17 individual:  
 18 (i) who is less than nineteen (19) years of age or is a  
 19 full-time student who is less than twenty-four (24)  
 20 years of age;  
 21 (ii) for whom the taxpayer is the legal guardian; and  
 22 (iii) for whom the taxpayer does not claim an  
 23 exemption under clause (A).  
 24 (C) Five hundred dollars (\$500) for each additional amount  
 25 allowable under Section 63(f)(1) of the Internal Revenue  
 26 Code if the federal adjusted gross income of the taxpayer,  
 27 or the taxpayer and the taxpayer's spouse in the case of a  
 28 joint return, is less than forty thousand dollars (\$40,000). In  
 29 the case of a married individual filing a separate return, the  
 30 qualifying income amount in this clause is equal to twenty  
 31 thousand dollars (\$20,000).  
 32 (D) Three thousand dollars (\$3,000) for each exemption  
 33 allowed under Section 151(c) of the Internal Revenue Code  
 34 (as effective January 1, 2017) for an individual who is:  
 35 (i) an adopted child of the taxpayer; and  
 36 (ii) less than nineteen (19) years of age or is a full-time  
 37 student who is less than twenty-four (24) years of age.  
 38 This amount is in addition to any amount subtracted under  
 39 clause (A) or (B).  
 40 This amount is in addition to the amount subtracted under  
 41 subdivision (4).  
 42 (6) Subtract any amounts included in federal adjusted gross

M  
e  
r  
g  
e  
d



- 1 income under Section 111 of the Internal Revenue Code as a  
2 recovery of items previously deducted as an itemized deduction  
3 from adjusted gross income.
- 4 (7) Subtract any amounts included in federal adjusted gross  
5 income under the Internal Revenue Code which amounts were  
6 received by the individual as supplemental railroad retirement  
7 annuities under 45 U.S.C. 231 and which are not deductible  
8 under subdivision (1).
- 9 (8) Subtract an amount equal to the amount of federal Social  
10 Security and Railroad Retirement benefits included in a  
11 taxpayer's federal gross income by Section 86 of the Internal  
12 Revenue Code.
- 13 (9) In the case of a nonresident taxpayer or a resident taxpayer  
14 residing in Indiana for a period of less than the taxpayer's entire  
15 taxable year, the total amount of the deductions allowed pursuant  
16 to subdivisions (3), (4), and (5) shall be reduced to an amount  
17 which bears the same ratio to the total as the taxpayer's income  
18 taxable in Indiana bears to the taxpayer's total income.
- 19 (10) In the case of an individual who is a recipient of assistance  
20 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
21 subtract an amount equal to that portion of the individual's  
22 adjusted gross income with respect to which the individual is not  
23 allowed under federal law to retain an amount to pay state and  
24 local income taxes.
- 25 (11) In the case of an eligible individual, subtract the amount of  
26 a Holocaust victim's settlement payment included in the  
27 individual's federal adjusted gross income.
- 28 (12) Subtract an amount equal to the portion of any premiums  
29 paid during the taxable year by the taxpayer for a qualified long  
30 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
31 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse  
32 file a joint income tax return or the taxpayer is otherwise entitled  
33 to a deduction under this subdivision for the taxpayer's spouse,  
34 or both.
- 35 (13) Subtract an amount equal to the lesser of:  
36 (A) two thousand five hundred dollars (\$2,500), or one  
37 thousand two hundred fifty dollars (\$1,250) in the case of a  
38 married individual filing a separate return; or  
39 (B) the amount of property taxes that are paid during the  
40 taxable year in Indiana by the individual on the individual's  
41 principal place of residence.
- 42 (14) Subtract an amount equal to the amount of a September 11

M  
e  
r  
g  
e  
d

1 terrorist attack settlement payment included in the individual's  
 2 federal adjusted gross income.  
 3 (15) Add or subtract the amount necessary to make the adjusted  
 4 gross income of any taxpayer that owns property for which bonus  
 5 depreciation was allowed in the current taxable year or in an  
 6 earlier taxable year equal to the amount of adjusted gross income  
 7 that would have been computed had an election **not** been made  
 8 under Section 168(k) of the Internal Revenue Code to **not** apply  
 9 bonus depreciation to the property in the year that it was placed  
 10 in service.  
 11 (16) Add an amount equal to any deduction allowed under  
 12 Section 172 of the Internal Revenue Code (concerning net  
 13 operating losses).  
 14 (17) Add or subtract the amount necessary to make the adjusted  
 15 gross income of any taxpayer that placed Section 179 property  
 16 (as defined in Section 179 of the Internal Revenue Code) in  
 17 service in the current taxable year or in an earlier taxable year  
 18 equal to the amount of adjusted gross income that would have  
 19 been computed had an election for federal income tax purposes  
 20 not been made for the year in which the property was placed in  
 21 service to take deductions under Section 179 of the Internal  
 22 Revenue Code in a total amount exceeding the sum of:  
 23 (A) twenty-five thousand dollars (\$25,000) to the extent  
 24 deductions under Section 179 of the Internal Revenue Code  
 25 were not elected as provided in clause (B); and  
 26 (B) for taxable years beginning after December 31, 2017,  
 27 the deductions elected under Section 179 of the Internal  
 28 Revenue Code on property acquired in an exchange if:  
 29 (i) the exchange would have been eligible for  
 30 nonrecognition of gain or loss under Section 1031 of  
 31 the Internal Revenue Code in effect on January 1,  
 32 2017;  
 33 (ii) the exchange is not eligible for nonrecognition of  
 34 gain or loss under Section 1031 of the Internal  
 35 Revenue Code; and  
 36 (iii) the taxpayer made an election to take deductions  
 37 under Section 179 of the Internal Revenue Code with  
 38 regard to the acquired property in the year that the  
 39 property was placed into service.  
 40 The amount of deductions allowable for an item of property  
 41 under this clause may not exceed the amount of adjusted  
 42 gross income realized on the property that would have been

M  
e  
r  
g  
e  
d



- 1           deferred under the Internal Revenue Code in effect on  
2           January 1, 2017.
- 3           (18) Subtract an amount equal to the amount of the taxpayer's  
4           qualified military income that was not excluded from the  
5           taxpayer's gross income for federal income tax purposes under  
6           Section 112 of the Internal Revenue Code.
- 7           (19) Subtract income that is:
- 8                (A) exempt from taxation under IC 6-3-2-21.7 (certain  
9                income derived from patents); and
- 10              (B) included in the individual's federal adjusted gross  
11              income under the Internal Revenue Code.
- 12           (20) Add an amount equal to any income not included in gross  
13           income as a result of the deferral of income arising from  
14           business indebtedness discharged in connection with the  
15           reacquisition after December 31, 2008, and before January 1,  
16           2011, of an applicable debt instrument, as provided in Section  
17           108(i) of the Internal Revenue Code. Subtract the amount  
18           necessary from the adjusted gross income of any taxpayer that  
19           added an amount to adjusted gross income in a previous year to  
20           offset the amount included in federal gross income as a result of  
21           the deferral of income arising from business indebtedness  
22           discharged in connection with the reacquisition after December  
23           31, 2008, and before January 1, 2011, of an applicable debt  
24           instrument, as provided in Section 108(i) of the Internal Revenue  
25           Code.
- 26           (21) Add the amount excluded from federal gross income under  
27           Section 103 of the Internal Revenue Code for interest received  
28           on an obligation of a state other than Indiana, or a political  
29           subdivision of such a state, that is acquired by the taxpayer after  
30           December 31, 2011. For purposes of this subdivision:
- 31                (A) if the taxpayer receives interest from a pass through  
32                entity, a regulated investment company, a hedge fund, or  
33                similar arrangement, the taxpayer will be considered to have  
34                acquired the obligation on the date the entity acquired the  
35                obligation;
- 36                (B) if ownership of the obligation occurs by means other  
37                than a purchase, the date of acquisition of the obligation  
38                shall be the date ownership of the obligation was  
39                transferred, except to the extent provided in clause (A), and  
40                if a portion of the obligation is acquired on multiple dates,  
41                the date of acquisition shall be considered separately for  
42                each portion of the obligation; and

M  
e  
r  
g  
e  
d

1 (C) if ownership of the obligation occurred as the result of  
 2 a refinancing of another obligation, the acquisition date  
 3 shall be the date on which the obligation was refinanced.  
 4 (22) Subtract an amount as described in Section 1341(a)(2) of  
 5 the Internal Revenue Code to the extent, if any, that the amount  
 6 was previously included in the taxpayer's adjusted gross income  
 7 for a prior taxable year.  
 8 (23) For taxable years beginning after December 25, 2016, add  
 9 an amount equal to the deduction for deferred foreign income  
 10 that was claimed by the taxpayer for the taxable year under  
 11 Section 965(c) of the Internal Revenue Code.  
 12 (24) Subtract any interest expense paid or accrued in the current  
 13 taxable year but not deducted as a result of the limitation  
 14 imposed under Section 163(j)(1) of the Internal Revenue Code.  
 15 Add any interest expense paid or accrued in a previous taxable  
 16 year but allowed as a deduction under Section 163 of the Internal  
 17 Revenue Code in the current taxable year. For purposes of this  
 18 subdivision, an interest expense is considered paid or accrued  
 19 only in the first taxable year the deduction would have been  
 20 allowable under Section 163 of the Internal Revenue Code if the  
 21 limitation under Section 163(j)(1) of the Internal Revenue Code  
 22 did not exist.  
 23 (25) Subtract the amount that would have been excluded from  
 24 gross income but for the enactment of Section 118(b)(2) of the  
 25 Internal Revenue Code for taxable years ending after December  
 26 22, 2017.  
 27 (26) For taxable years beginning after December 31, 2019, and  
 28 before January 1, 2021, add an amount of the deduction claimed  
 29 under Section 62(a)(22) of the Internal Revenue Code.  
 30 (27) For taxable years beginning after December 31, 2019, for  
 31 payments made by an employer under an education assistance  
 32 program after March 27, 2020:  
 33 (A) add the amount of payments by an employer that are  
 34 excluded from the taxpayer's federal gross income under  
 35 Section 127(c)(1)(B) of the Internal Revenue Code; and  
 36 (B) deduct the interest allowable under Section 221 of the  
 37 Internal Revenue Code, if the disallowance under Section  
 38 221(e)(1) of the Internal Revenue Code did not apply to the  
 39 payments described in clause (A). For purposes of applying  
 40 Section 221(b) of the Internal Revenue Code to the amount  
 41 allowable under this clause, the amount under clause (A)  
 42 shall not be added to adjusted gross income.

M  
e  
r  
g  
e  
d



- 1 (28) Add an amount equal to the remainder of:
- 2 (A) the amount allowable as a deduction under Section
- 3 274(n) of the Internal Revenue Code; minus
- 4 (B) the amount otherwise allowable as a deduction under
- 5 Section 274(n) of the Internal Revenue Code, if Section
- 6 274(n)(2)(D) of the Internal Revenue Code was not in effect
- 7 for amounts paid or incurred after December 31, 2020.
- 8 (29) For taxable years beginning after December 31, 2017, and
- 9 before January 1, 2021, add an amount equal to the excess
- 10 business loss of the taxpayer as defined in Section 461(l)(3) of
- 11 the Internal Revenue Code. In addition:
- 12 (A) If a taxpayer has an excess business loss under this
- 13 subdivision and also has modifications under subdivisions
- 14 (15) and (17) for property placed in service during the
- 15 taxable year, the taxpayer shall treat a portion of the taxable
- 16 year modifications for that property as occurring in the
- 17 taxable year the property is placed in service and a portion
- 18 of the modifications as occurring in the immediately
- 19 following taxable year.
- 20 (B) The portion of the modifications under subdivisions
- 21 (15) and (17) for property placed in service during the
- 22 taxable year treated as occurring in the taxable year in
- 23 which the property is placed in service equals:
- 24 (i) the modification for the property otherwise
- 25 determined under this section; minus
- 26 (ii) the excess business loss disallowed under this
- 27 subdivision;
- 28 but not less than zero (0).
- 29 (C) The portion of the modifications under subdivisions
- 30 (15) and (17) for property placed in service during the
- 31 taxable year treated as occurring in the taxable year
- 32 immediately following the taxable year in which the
- 33 property is placed in service equals the modification for the
- 34 property otherwise determined under this section minus the
- 35 amount in clause (B).
- 36 (D) Any reallocation of modifications between taxable years
- 37 under clauses (B) and (C) shall be first allocated to the
- 38 modification under subdivision (15), then to the
- 39 modification under subdivision (17).
- 40 **(30) Add For taxable years ending after December 31, 2020,**
- 41 **and before January 1, 2026, add** an amount equal to the
- 42 amount excluded from federal gross income under Section

M  
e  
r  
g  
e  
d



- 1 108(f)(5) of the Internal Revenue Code. For purposes of this  
 2 subdivision:
- 3 (A) if an amount excluded under Section 108(f)(5) of the  
 4 Internal Revenue Code would be excludible under Section  
 5 108(a)(1)(B) of the Internal Revenue Code, the exclusion  
 6 under Section 108(a)(1)(B) of the Internal Revenue Code  
 7 shall take precedence; and  
 8 (B) if an amount would have been excludible under Section  
 9 108(f)(5) of the Internal Revenue Code as in effect on  
 10 January 1, 2020, the amount is not required to be added  
 11 back under this subdivision.
- 12 (31) For taxable years ending after March 12, 2020, subtract an  
 13 amount equal to the deduction disallowed pursuant to:
- 14 (A) Section 2301(e) of the CARES Act (Public Law  
 15 116-136), as modified by Sections 206 and 207 of the  
 16 Taxpayer Certainty and Disaster Relief Tax Act (Division  
 17 EE of Public Law 116-260); and  
 18 (B) Section 3134(e) of the Internal Revenue Code.
- 19 (32) Subtract the amount of an ESA annual grant amount and, as  
 20 applicable, a CSA annual grant amount distributed to a  
 21 taxpayer's Indiana education scholarship account under  
 22 IC 20-51.4 that is used for an ESA or CSA qualified expense (as  
 23 defined in IC 20-51.4-2) to the extent the distribution used for  
 24 the qualified expense is included in the taxpayer's federal  
 25 adjusted gross income under the Internal Revenue Code.
- 26 (33) For taxable years beginning after December 31, 2019, and  
 27 before January 1, 2021, add an amount equal to the amount of  
 28 unemployment compensation excluded from federal gross  
 29 income under Section 85(c) of the Internal Revenue Code.
- 30 (34) For taxable years beginning after December 31, 2022,  
 31 subtract an amount equal to the deduction disallowed under  
 32 Section 280C(h) of the Internal Revenue Code.
- 33 (35) For taxable years beginning after December 31, 2021, add  
 34 or subtract amounts related to specified research or experimental  
 35 **procedures expenditures** as required under IC 6-3-2-29.
- 36 (36) Subtract any other amounts the taxpayer is entitled to  
 37 deduct under IC 6-3-2.
- 38 (37) Subtract the amount of a CSA annual grant amount  
 39 distributed to a taxpayer's career scholarship account under  
 40 IC 20-51.4-4.5 that is used for a CSA qualified expense (as  
 41 defined in IC 20-51.4-2-3.8), to the extent the distribution used  
 42 for the CSA qualified expense is included in the taxpayer's

M  
e  
r  
g  
e  
d

1 federal adjusted gross income under the Internal Revenue Code.

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

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

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

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

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

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

21 (5) Add or subtract the amount necessary to make the adjusted  
 22 gross income of any taxpayer that owns property for which bonus  
 23 depreciation was allowed in the current taxable year or in an  
 24 earlier taxable year equal to the amount of adjusted gross income  
 25 that would have been computed had an election ~~not~~ been made  
 26 under Section 168(k) of the Internal Revenue Code to **not** apply  
 27 bonus depreciation to the property in the year that it was placed  
 28 in service.

29 (6) Add an amount equal to any deduction allowed under Section  
 30 172 of the Internal Revenue Code (concerning net operating  
 31 losses).

32 (7) Add or subtract the amount necessary to make the adjusted  
 33 gross income of any taxpayer that placed Section 179 property  
 34 (as defined in Section 179 of the Internal Revenue Code) in  
 35 service in the current taxable year or in an earlier taxable year  
 36 equal to the amount of adjusted gross income that would have  
 37 been computed had an election for federal income tax purposes  
 38 not been made for the year in which the property was placed in  
 39 service to take deductions under Section 179 of the Internal  
 40 Revenue Code in a total amount exceeding the sum of:

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

M  
e  
r  
g  
e  
d



1 were not elected as provided in clause (B); and  
 2 (B) for taxable years beginning after December 31, 2017,  
 3 the deductions elected under Section 179 of the Internal  
 4 Revenue Code on property acquired in an exchange if:

5 (i) the exchange would have been eligible for  
 6 nonrecognition of gain or loss under Section 1031 of  
 7 the Internal Revenue Code in effect on January 1,  
 8 2017;

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

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

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

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

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

27 (B) any directly related interest expenses (as defined in  
 28 IC 6-3-2-20) that reduced the corporation's adjusted gross  
 29 income (determined without regard to this subdivision). For  
 30 purposes of this clause, any directly related interest expense  
 31 that constitutes business interest within the meaning of  
 32 Section 163(j) of the Internal Revenue Code shall be  
 33 considered to have reduced the taxpayer's federal taxable  
 34 income only in the first taxable year in which the deduction  
 35 otherwise would have been allowable under Section 163 of  
 36 the Internal Revenue Code if the limitation under Section  
 37 163(j)(1) of the Internal Revenue Code did not exist.

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

42 (10) Subtract income that is:

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

- 1 (A) exempt from taxation under IC 6-3-2-21.7 (certain  
2 income derived from patents); and  
3 (B) included in the corporation's taxable income under the  
4 Internal Revenue Code.
- 5 (11) Add an amount equal to any income not included in gross  
6 income as a result of the deferral of income arising from  
7 business indebtedness discharged in connection with the  
8 reacquisition after December 31, 2008, and before January 1,  
9 2011, of an applicable debt instrument, as provided in Section  
10 108(i) of the Internal Revenue Code. Subtract from the adjusted  
11 gross income of any taxpayer that added an amount to adjusted  
12 gross income in a previous year the amount necessary to offset  
13 the amount included in federal gross income as a result of the  
14 deferral of income arising from business indebtedness  
15 discharged in connection with the reacquisition after December  
16 31, 2008, and before January 1, 2011, of an applicable debt  
17 instrument, as provided in Section 108(i) of the Internal Revenue  
18 Code.
- 19 (12) Add the amount excluded from federal gross income under  
20 Section 103 of the Internal Revenue Code for interest received  
21 on an obligation of a state other than Indiana, or a political  
22 subdivision of such a state, that is acquired by the taxpayer after  
23 December 31, 2011. For purposes of this subdivision:
- 24 (A) if the taxpayer receives interest from a pass through  
25 entity, a regulated investment company, a hedge fund, or  
26 similar arrangement, the taxpayer will be considered to have  
27 acquired the obligation on the date the entity acquired the  
28 obligation;
- 29 (B) if ownership of the obligation occurs by means other  
30 than a purchase, the date of acquisition of the obligation  
31 shall be the date ownership of the obligation was  
32 transferred, except to the extent provided in clause (A), and  
33 if a portion of the obligation is acquired on multiple dates,  
34 the date of acquisition shall be considered separately for  
35 each portion of the obligation; and
- 36 (C) if ownership of the obligation occurred as the result of  
37 a refinancing of another obligation, the acquisition date  
38 shall be the date on which the obligation was refinanced.
- 39 (13) For taxable years beginning after December 25, 2016:
- 40 (A) for a corporation other than a real estate investment  
41 trust, add:  
42 (i) an amount equal to the amount reported by the

M  
e  
r  
g  
e  
d

1 taxpayer on IRC 965 Transition Tax Statement, line 1;  
 2 or  
 3 (ii) if the taxpayer deducted an amount under Section  
 4 965(c) of the Internal Revenue Code in determining the  
 5 taxpayer's taxable income for purposes of the federal  
 6 income tax, the amount deducted under Section 965(c)  
 7 of the Internal Revenue Code; and  
 8 (B) for a real estate investment trust, add an amount equal  
 9 to the deduction for deferred foreign income that was  
 10 claimed by the taxpayer for the taxable year under Section  
 11 965(c) of the Internal Revenue Code, but only to the extent  
 12 that the taxpayer included income pursuant to Section 965  
 13 of the Internal Revenue Code in its taxable income for  
 14 federal income tax purposes or is required to add back  
 15 dividends paid under subdivision (9).  
 16 (14) Add an amount equal to the deduction that was claimed by  
 17 the taxpayer for the taxable year under Section 250(a)(1)(B) of  
 18 the Internal Revenue Code (attributable to ~~global intangible~~  
 19 ~~low-taxed income~~; **net CFC tested income**). The taxpayer shall  
 20 separately specify the amount of the reduction under Section  
 21 250(a)(1)(B)(i) of the Internal Revenue Code and under Section  
 22 250(a)(1)(B)(ii) of the Internal Revenue Code.  
 23 (15) Subtract any interest expense paid or accrued in the current  
 24 taxable year but not deducted as a result of the limitation  
 25 imposed under Section 163(j)(1) of the Internal Revenue Code.  
 26 Add any interest expense paid or accrued in a previous taxable  
 27 year but allowed as a deduction under Section 163 of the Internal  
 28 Revenue Code in the current taxable year. For purposes of this  
 29 subdivision, an interest expense is considered paid or accrued  
 30 only in the first taxable year the deduction would have been  
 31 allowable under Section 163 of the Internal Revenue Code if the  
 32 limitation under Section 163(j)(1) of the Internal Revenue Code  
 33 did not exist.  
 34 (16) Subtract the amount that would have been excluded from  
 35 gross income but for the enactment of Section 118(b)(2) of the  
 36 Internal Revenue Code for taxable years ending after December  
 37 22, 2017.  
 38 (17) Add an amount equal to the remainder of:  
 39 (A) the amount allowable as a deduction under Section  
 40 274(n) of the Internal Revenue Code; minus  
 41 (B) the amount otherwise allowable as a deduction under  
 42 Section 274(n) of the Internal Revenue Code, if Section

M  
e  
r  
g  
e  
d



- 1                   274(n)(2)(D) of the Internal Revenue Code was not in effect
- 2                   for amounts paid or incurred after December 31, 2020.
- 3           (18) For taxable years ending after March 12, 2020, subtract an
- 4           amount equal to the deduction disallowed pursuant to:
- 5                   (A) Section 2301(e) of the CARES Act (Public Law
- 6                   116-136), as modified by Sections 206 and 207 of the
- 7                   Taxpayer Certainty and Disaster Relief Tax Act (Division
- 8                   EE of Public Law 116-260); and
- 9                   (B) Section 3134(e) of the Internal Revenue Code.
- 10          (19) For taxable years beginning after December 31, 2022,
- 11          subtract an amount equal to the deduction disallowed under
- 12          Section 280C(h) of the Internal Revenue Code.
- 13          (20) For taxable years beginning after December 31, 2021,
- 14          subtract the amount of any:
- 15                   (A) federal, state, or local grant received by the taxpayer;
- 16                   and
- 17                   (B) discharged federal, state, or local indebtedness incurred
- 18                   by the taxpayer;
- 19          for purposes of providing or expanding access to broadband
- 20          service in this state.
- 21          (21) For taxable years beginning after December 31, 2021, add
- 22          or subtract amounts related to specified research or experimental
- 23          procedures expenditures as required under IC 6-3-2-29.
- 24          **(22) Add or subtract an amount equal to the modifications**
- 25          **required for qualified production property under**
- 26          **IC 6-3-2-30.**
- 27          ~~(22)~~ **(23)** Add or subtract any other amounts the taxpayer is:
- 28                   (A) required to add or subtract; or
- 29                   (B) entitled to deduct;
- 30          under IC 6-3-2.
- 31          (c) The following apply to taxable years beginning after December
- 32          31, 2018, for purposes of the add back of any deduction allowed on the
- 33          taxpayer's federal income tax return for wagering taxes, as provided in
- 34          subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
- 35          the taxpayer is a corporation:
- 36                   (1) For taxable years beginning after December 31, 2018, and
- 37                   before January 1, 2020, a taxpayer is required to add back under
- 38                   this section eighty-seven and five-tenths percent (87.5%) of any
- 39                   deduction allowed on the taxpayer's federal income tax return for
- 40                   wagering taxes.
- 41                   (2) For taxable years beginning after December 31, 2019, and
- 42                   before January 1, 2021, a taxpayer is required to add back under

M  
e  
r  
g  
e  
d



1 this section seventy-five percent (75%) of any deduction allowed  
 2 on the taxpayer's federal income tax return for wagering taxes.  
 3 (3) For taxable years beginning after December 31, 2020, and  
 4 before January 1, 2022, a taxpayer is required to add back under  
 5 this section sixty-two and five-tenths percent (62.5%) of any  
 6 deduction allowed on the taxpayer's federal income tax return for  
 7 wagering taxes.  
 8 (4) For taxable years beginning after December 31, 2021, and  
 9 before January 1, 2023, a taxpayer is required to add back under  
 10 this section fifty percent (50%) of any deduction allowed on the  
 11 taxpayer's federal income tax return for wagering taxes.  
 12 (5) For taxable years beginning after December 31, 2022, and  
 13 before January 1, 2024, a taxpayer is required to add back under  
 14 this section thirty-seven and five-tenths percent (37.5%) of any  
 15 deduction allowed on the taxpayer's federal income tax return for  
 16 wagering taxes.  
 17 (6) For taxable years beginning after December 31, 2023, and  
 18 before January 1, 2025, a taxpayer is required to add back under  
 19 this section twenty-five percent (25%) of any deduction allowed  
 20 on the taxpayer's federal income tax return for wagering taxes.  
 21 (7) For taxable years beginning after December 31, 2024, and  
 22 before January 1, 2026, a taxpayer is required to add back under  
 23 this section twelve and five-tenths percent (12.5%) of any  
 24 deduction allowed on the taxpayer's federal income tax return for  
 25 wagering taxes.  
 26 (8) For taxable years beginning after December 31, 2025, a  
 27 taxpayer is not required to add back under this section any  
 28 amount of a deduction allowed on the taxpayer's federal income  
 29 tax return for wagering taxes.  
 30 (d) In the case of life insurance companies (as defined in Section  
 31 816(a) of the Internal Revenue Code) that are organized under Indiana  
 32 law, the same as "life insurance company taxable income" (as defined  
 33 in Section 801 of the Internal Revenue Code), adjusted as follows:  
 34 (1) Subtract income that is exempt from taxation under this  
 35 article by the Constitution and statutes of the United States.  
 36 (2) Add an amount equal to any deduction allowed or allowable  
 37 under Section 170 of the Internal Revenue Code (concerning  
 38 charitable contributions).  
 39 (3) Add an amount equal to a deduction allowed or allowable  
 40 under Section 805 or Section 832(c) of the Internal Revenue  
 41 Code for taxes based on or measured by income and levied at the  
 42 state level by any state.

M  
e  
r  
g  
e  
d



- 1 (4) Subtract an amount equal to the amount included in the
- 2 company's taxable income under Section 78 of the Internal
- 3 Revenue Code (concerning foreign tax credits).
- 4 (5) Add or subtract the amount necessary to make the adjusted
- 5 gross income of any taxpayer that owns property for which bonus
- 6 depreciation was allowed in the current taxable year or in an
- 7 earlier taxable year equal to the amount of adjusted gross income
- 8 that would have been computed had an election **not** been made
- 9 under Section 168(k) of the Internal Revenue Code to **not** apply
- 10 bonus depreciation to the property in the year that it was placed
- 11 in service.
- 12 (6) Add an amount equal to any deduction allowed under Section
- 13 172 of the Internal Revenue Code (concerning net operating
- 14 losses).
- 15 (7) Add or subtract the amount necessary to make the adjusted
- 16 gross income of any taxpayer that placed Section 179 property
- 17 (as defined in Section 179 of the Internal Revenue Code) in
- 18 service in the current taxable year or in an earlier taxable year
- 19 equal to the amount of adjusted gross income that would have
- 20 been computed had an election for federal income tax purposes
- 21 not been made for the year in which the property was placed in
- 22 service to take deductions under Section 179 of the Internal
- 23 Revenue Code in a total amount exceeding the sum of:
- 24 (A) twenty-five thousand dollars (\$25,000) to the extent
- 25 deductions under Section 179 of the Internal Revenue Code
- 26 were not elected as provided in clause (B); and
- 27 (B) for taxable years beginning after December 31, 2017,
- 28 the deductions elected under Section 179 of the Internal
- 29 Revenue Code on property acquired in an exchange if:
- 30 (i) the exchange would have been eligible for
- 31 nonrecognition of gain or loss under Section 1031 of
- 32 the Internal Revenue Code in effect on January 1,
- 33 2017;
- 34 (ii) the exchange is not eligible for nonrecognition of
- 35 gain or loss under Section 1031 of the Internal
- 36 Revenue Code; and
- 37 (iii) the taxpayer made an election to take deductions
- 38 under Section 179 of the Internal Revenue Code with
- 39 regard to the acquired property in the year that the
- 40 property was placed into service.
- 41 The amount of deductions allowable for an item of property
- 42 under this clause may not exceed the amount of adjusted

M  
e  
r  
g  
e  
d



- 1 gross income realized on the property that would have been  
 2 deferred under the Internal Revenue Code in effect on  
 3 January 1, 2017.
- 4 (8) Subtract income that is:
- 5 (A) exempt from taxation under IC 6-3-2-21.7 (certain  
 6 income derived from patents); and  
 7 (B) included in the insurance company's taxable income  
 8 under the Internal Revenue Code.
- 9 (9) Add an amount equal to any income not included in gross  
 10 income as a result of the deferral of income arising from  
 11 business indebtedness discharged in connection with the  
 12 reacquisition after December 31, 2008, and before January 1,  
 13 2011, of an applicable debt instrument, as provided in Section  
 14 108(i) of the Internal Revenue Code. Subtract from the adjusted  
 15 gross income of any taxpayer that added an amount to adjusted  
 16 gross income in a previous year the amount necessary to offset  
 17 the amount included in federal gross income as a result of the  
 18 deferral of income arising from business indebtedness  
 19 discharged in connection with the reacquisition after December  
 20 31, 2008, and before January 1, 2011, of an applicable debt  
 21 instrument, as provided in Section 108(i) of the Internal Revenue  
 22 Code.
- 23 (10) Add an amount equal to any exempt insurance income  
 24 under Section 953(e) of the Internal Revenue Code that is active  
 25 financing income under Subpart F of Subtitle A, Chapter 1,  
 26 Subchapter N of the Internal Revenue Code.
- 27 (11) Add the amount excluded from federal gross income under  
 28 Section 103 of the Internal Revenue Code for interest received  
 29 on an obligation of a state other than Indiana, or a political  
 30 subdivision of such a state, that is acquired by the taxpayer after  
 31 December 31, 2011. For purposes of this subdivision:
- 32 (A) if the taxpayer receives interest from a pass through  
 33 entity, a regulated investment company, a hedge fund, or  
 34 similar arrangement, the taxpayer will be considered to have  
 35 acquired the obligation on the date the entity acquired the  
 36 obligation;
- 37 (B) if ownership of the obligation occurs by means other  
 38 than a purchase, the date of acquisition of the obligation  
 39 shall be the date ownership of the obligation was  
 40 transferred, except to the extent provided in clause (A), and  
 41 if a portion of the obligation is acquired on multiple dates,  
 42 the date of acquisition shall be considered separately for

M  
e  
r  
g  
e  
d

- 1 each portion of the obligation; and  
 2 (C) if ownership of the obligation occurred as the result of  
 3 a refinancing of another obligation, the acquisition date  
 4 shall be the date on which the obligation was refinanced.
- 5 (12) For taxable years beginning after December 25, 2016, add:  
 6 (A) an amount equal to the amount reported by the taxpayer  
 7 on IRC 965 Transition Tax Statement, line 1; or  
 8 (B) if the taxpayer deducted an amount under Section  
 9 965(c) of the Internal Revenue Code in determining the  
 10 taxpayer's taxable income for purposes of the federal  
 11 income tax, the amount deducted under Section 965(c) of  
 12 the Internal Revenue Code.
- 13 (13) Add an amount equal to the deduction that was claimed by  
 14 the taxpayer for the taxable year under Section 250(a)(1)(B) of  
 15 the Internal Revenue Code (attributable to ~~global intangible~~  
 16 ~~low-taxed income~~; **net CFC tested income**). The taxpayer shall  
 17 separately specify the amount of the reduction under Section  
 18 250(a)(1)(B)(i) of the Internal Revenue Code and under Section  
 19 250(a)(1)(B)(ii) of the Internal Revenue Code.
- 20 (14) Subtract any interest expense paid or accrued in the current  
 21 taxable year but not deducted as a result of the limitation  
 22 imposed under Section 163(j)(1) of the Internal Revenue Code.  
 23 Add any interest expense paid or accrued in a previous taxable  
 24 year but allowed as a deduction under Section 163 of the Internal  
 25 Revenue Code in the current taxable year. For purposes of this  
 26 subdivision, an interest expense is considered paid or accrued  
 27 only in the first taxable year the deduction would have been  
 28 allowable under Section 163 of the Internal Revenue Code if the  
 29 limitation under Section 163(j)(1) of the Internal Revenue Code  
 30 did not exist.
- 31 (15) Subtract the amount that would have been excluded from  
 32 gross income but for the enactment of Section 118(b)(2) of the  
 33 Internal Revenue Code for taxable years ending after December  
 34 22, 2017.
- 35 (16) Add an amount equal to the remainder of:  
 36 (A) the amount allowable as a deduction under Section  
 37 274(n) of the Internal Revenue Code; minus  
 38 (B) the amount otherwise allowable as a deduction under  
 39 Section 274(n) of the Internal Revenue Code, if Section  
 40 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 41 for amounts paid or incurred after December 31, 2020.
- 42 (17) For taxable years ending after March 12, 2020, subtract an

M  
e  
r  
g  
e  
d

- 1 amount equal to the deduction disallowed pursuant to:
- 2 (A) Section 2301(e) of the CARES Act (Public Law
- 3 116-136), as modified by Sections 206 and 207 of the
- 4 Taxpayer Certainty and Disaster Relief Tax Act (Division
- 5 EE of Public Law 116-260); and
- 6 (B) Section 3134(e) of the Internal Revenue Code.
- 7 (18) For taxable years beginning after December 31, 2022,
- 8 subtract an amount equal to the deduction disallowed under
- 9 Section 280C(h) of the Internal Revenue Code.
- 10 (19) For taxable years beginning after December 31, 2021, add
- 11 or subtract amounts related to specified research or experimental
- 12 **procedures expenditures** as required under IC 6-3-2-29.
- 13 **(20) Add or subtract an amount equal to the modifications**
- 14 **required for qualified production property under**
- 15 **IC 6-3-2-30.**
- 16 ~~(20)~~ **(21)** Add or subtract any other amounts the taxpayer is:
- 17 (A) required to add or subtract; or
- 18 (B) entitled to deduct;
- 19 under IC 6-3-2.
- 20 (e) In the case of insurance companies subject to tax under Section
- 21 831 of the Internal Revenue Code and organized under Indiana law, the
- 22 same as "taxable income" (as defined in Section 832 of the Internal
- 23 Revenue Code), adjusted as follows:
- 24 (1) Subtract income that is exempt from taxation under this
- 25 article by the Constitution and statutes of the United States.
- 26 (2) Add an amount equal to any deduction allowed or allowable
- 27 under Section 170 of the Internal Revenue Code (concerning
- 28 charitable contributions).
- 29 (3) Add an amount equal to a deduction allowed or allowable
- 30 under Section 805 or Section 832(c) of the Internal Revenue
- 31 Code for taxes based on or measured by income and levied at the
- 32 state level by any state.
- 33 (4) Subtract an amount equal to the amount included in the
- 34 company's taxable income under Section 78 of the Internal
- 35 Revenue Code (concerning foreign tax credits).
- 36 (5) Add or subtract the amount necessary to make the adjusted
- 37 gross income of any taxpayer that owns property for which bonus
- 38 depreciation was allowed in the current taxable year or in an
- 39 earlier taxable year equal to the amount of adjusted gross income
- 40 that would have been computed had an election **not** been made
- 41 under Section 168(k) of the Internal Revenue Code to **not** apply
- 42 bonus depreciation to the property in the year that it was placed

M  
e  
r  
g  
e  
d

1 in service.  
 2 (6) Add an amount equal to any deduction allowed under Section  
 3 172 of the Internal Revenue Code (concerning net operating  
 4 losses).  
 5 (7) Add or subtract the amount necessary to make the adjusted  
 6 gross income of any taxpayer that placed Section 179 property  
 7 (as defined in Section 179 of the Internal Revenue Code) in  
 8 service in the current taxable year or in an earlier taxable year  
 9 equal to the amount of adjusted gross income that would have  
 10 been computed had an election for federal income tax purposes  
 11 not been made for the year in which the property was placed in  
 12 service to take deductions under Section 179 of the Internal  
 13 Revenue Code in a total amount exceeding the sum of:  
 14 (A) twenty-five thousand dollars (\$25,000) to the extent  
 15 deductions under Section 179 of the Internal Revenue Code  
 16 were not elected as provided in clause (B); and  
 17 (B) for taxable years beginning after December 31, 2017,  
 18 the deductions elected under Section 179 of the Internal  
 19 Revenue Code on property acquired in an exchange if:  
 20 (i) the exchange would have been eligible for  
 21 nonrecognition of gain or loss under Section 1031 of  
 22 the Internal Revenue Code in effect on January 1,  
 23 2017;  
 24 (ii) the exchange is not eligible for nonrecognition of  
 25 gain or loss under Section 1031 of the Internal  
 26 Revenue Code; and  
 27 (iii) the taxpayer made an election to take deductions  
 28 under Section 179 of the Internal Revenue Code with  
 29 regard to the acquired property in the year that the  
 30 property was placed into service.  
 31 The amount of deductions allowable for an item of property  
 32 under this clause may not exceed the amount of adjusted  
 33 gross income realized on the property that would have been  
 34 deferred under the Internal Revenue Code in effect on  
 35 January 1, 2017.  
 36 (8) Subtract income that is:  
 37 (A) exempt from taxation under IC 6-3-2-21.7 (certain  
 38 income derived from patents); and  
 39 (B) included in the insurance company's taxable income  
 40 under the Internal Revenue Code.  
 41 (9) Add an amount equal to any income not included in gross  
 42 income as a result of the deferral of income arising from

M  
e  
r  
g  
e  
d



1 business indebtedness discharged in connection with the  
 2 reacquisition after December 31, 2008, and before January 1,  
 3 2011, of an applicable debt instrument, as provided in Section  
 4 108(i) of the Internal Revenue Code. Subtract from the adjusted  
 5 gross income of any taxpayer that added an amount to adjusted  
 6 gross income in a previous year the amount necessary to offset  
 7 the amount included in federal gross income as a result of the  
 8 deferral of income arising from business indebtedness  
 9 discharged in connection with the reacquisition after December  
 10 31, 2008, and before January 1, 2011, of an applicable debt  
 11 instrument, as provided in Section 108(i) of the Internal Revenue  
 12 Code.

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

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

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

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

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

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

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

40 (B) if the taxpayer deducted an amount under Section  
 41 965(c) of the Internal Revenue Code in determining the  
 42 taxpayer's taxable income for purposes of the federal

M  
e  
r  
g  
e  
d



- 1 income tax, the amount deducted under Section 965(c) of  
 2 the Internal Revenue Code.
- 3 (13) Add an amount equal to the deduction that was claimed by  
 4 the taxpayer for the taxable year under Section 250(a)(1)(B) of  
 5 the Internal Revenue Code (attributable to ~~global intangible~~  
 6 ~~low-taxed income~~). **net CFC tested income**). The taxpayer shall  
 7 separately specify the amount of the reduction under Section  
 8 250(a)(1)(B)(i) of the Internal Revenue Code and under Section  
 9 250(a)(1)(B)(ii) of the Internal Revenue Code.
- 10 (14) Subtract any interest expense paid or accrued in the current  
 11 taxable year but not deducted as a result of the limitation  
 12 imposed under Section 163(j)(1) of the Internal Revenue Code.  
 13 Add any interest expense paid or accrued in a previous taxable  
 14 year but allowed as a deduction under Section 163 of the Internal  
 15 Revenue Code in the current taxable year. For purposes of this  
 16 subdivision, an interest expense is considered paid or accrued  
 17 only in the first taxable year the deduction would have been  
 18 allowable under Section 163 of the Internal Revenue Code if the  
 19 limitation under Section 163(j)(1) of the Internal Revenue Code  
 20 did not exist.
- 21 (15) Subtract the amount that would have been excluded from  
 22 gross income but for the enactment of Section 118(b)(2) of the  
 23 Internal Revenue Code for taxable years ending after December  
 24 22, 2017.
- 25 (16) Add an amount equal to the remainder of:  
 26 (A) the amount allowable as a deduction under Section  
 27 274(n) of the Internal Revenue Code; minus  
 28 (B) the amount otherwise allowable as a deduction under  
 29 Section 274(n) of the Internal Revenue Code, if Section  
 30 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 31 for amounts paid or incurred after December 31, 2020.
- 32 (17) For taxable years ending after March 12, 2020, subtract an  
 33 amount equal to the deduction disallowed pursuant to:  
 34 (A) Section 2301(e) of the CARES Act (Public Law  
 35 116-136), as modified by Sections 206 and 207 of the  
 36 Taxpayer Certainty and Disaster Relief Tax Act (Division  
 37 EE of Public Law 116-260); and  
 38 (B) Section 3134(e) of the Internal Revenue Code.
- 39 (18) For taxable years beginning after December 31, 2022,  
 40 subtract an amount equal to the deduction disallowed under  
 41 Section 280C(h) of the Internal Revenue Code.
- 42 (19) For taxable years beginning after December 31, 2021, add

M  
e  
r  
g  
e  
d

1 or subtract amounts related to specified research or experimental  
 2 ~~procedures~~ **expenditures** as required under IC 6-3-2-29.  
 3 **(20) Add or subtract an amount equal to the modifications**  
 4 **required for qualified production property under**  
 5 **IC 6-3-2-30.**  
 6 ~~(20)~~ **(21)** Add or subtract any other amounts the taxpayer is:  
 7 (A) required to add or subtract; or  
 8 (B) entitled to deduct;  
 9 under IC 6-3-2.  
 10 (f) In the case of trusts and estates, "taxable income" (as defined  
 11 for trusts and estates in Section 641(b) of the Internal Revenue Code)  
 12 adjusted as follows:  
 13 (1) Subtract income that is exempt from taxation under this  
 14 article by the Constitution and statutes of the United States.  
 15 (2) Subtract an amount equal to the amount of a September 11  
 16 terrorist attack settlement payment included in the federal  
 17 adjusted gross income of the estate of a victim of the September  
 18 11 terrorist attack or a trust to the extent the trust benefits a  
 19 victim of the September 11 terrorist attack.  
 20 (3) Add or subtract the amount necessary to make the adjusted  
 21 gross income of any taxpayer that owns property for which bonus  
 22 depreciation was allowed in the current taxable year or in an  
 23 earlier taxable year equal to the amount of adjusted gross income  
 24 that would have been computed had an election ~~not~~ been made  
 25 under Section 168(k) of the Internal Revenue Code to **not** apply  
 26 bonus depreciation to the property in the year that it was placed  
 27 in service.  
 28 (4) Add an amount equal to any deduction allowed under Section  
 29 172 of the Internal Revenue Code (concerning net operating  
 30 losses).  
 31 (5) Add or subtract the amount necessary to make the adjusted  
 32 gross income of any taxpayer that placed Section 179 property  
 33 (as defined in Section 179 of the Internal Revenue Code) in  
 34 service in the current taxable year or in an earlier taxable year  
 35 equal to the amount of adjusted gross income that would have  
 36 been computed had an election for federal income tax purposes  
 37 not been made for the year in which the property was placed in  
 38 service to take deductions under Section 179 of the Internal  
 39 Revenue Code in a total amount exceeding the sum of:  
 40 (A) twenty-five thousand dollars (\$25,000) to the extent  
 41 deductions under Section 179 of the Internal Revenue Code  
 42 were not elected as provided in clause (B); and

M  
e  
r  
g  
e  
d



- 1 (B) for taxable years beginning after December 31, 2017,
- 2 the deductions elected under Section 179 of the Internal
- 3 Revenue Code on property acquired in an exchange if:
- 4 (i) the exchange would have been eligible for
- 5 nonrecognition of gain or loss under Section 1031 of
- 6 the Internal Revenue Code in effect on January 1,
- 7 2017;
- 8 (ii) the exchange is not eligible for nonrecognition of
- 9 gain or loss under Section 1031 of the Internal
- 10 Revenue Code; and
- 11 (iii) the taxpayer made an election to take deductions
- 12 under Section 179 of the Internal Revenue Code with
- 13 regard to the acquired property in the year that the
- 14 property was placed into service.
- 15 The amount of deductions allowable for an item of property
- 16 under this clause may not exceed the amount of adjusted
- 17 gross income realized on the property that would have been
- 18 deferred under the Internal Revenue Code in effect on
- 19 January 1, 2017.
- 20 (6) Subtract income that is:
- 21 (A) exempt from taxation under IC 6-3-2-21.7 (certain
- 22 income derived from patents); and
- 23 (B) included in the taxpayer's taxable income under the
- 24 Internal Revenue Code.
- 25 (7) Add an amount equal to any income not included in gross
- 26 income as a result of the deferral of income arising from
- 27 business indebtedness discharged in connection with the
- 28 reacquisition after December 31, 2008, and before January 1,
- 29 2011, of an applicable debt instrument, as provided in Section
- 30 108(i) of the Internal Revenue Code. Subtract from the adjusted
- 31 gross income of any taxpayer that added an amount to adjusted
- 32 gross income in a previous year the amount necessary to offset
- 33 the amount included in federal gross income as a result of the
- 34 deferral of income arising from business indebtedness
- 35 discharged in connection with the reacquisition after December
- 36 31, 2008, and before January 1, 2011, of an applicable debt
- 37 instrument, as provided in Section 108(i) of the Internal Revenue
- 38 Code.
- 39 (8) Add the amount excluded from federal gross income under
- 40 Section 103 of the Internal Revenue Code for interest received
- 41 on an obligation of a state other than Indiana, or a political
- 42 subdivision of such a state, that is acquired by the taxpayer after

M  
e  
r  
g  
e  
d



1 December 31, 2011. For purposes of this subdivision:  
 2 (A) if the taxpayer receives interest from a pass through  
 3 entity, a regulated investment company, a hedge fund, or  
 4 similar arrangement, the taxpayer will be considered to have  
 5 acquired the obligation on the date the entity acquired the  
 6 obligation;  
 7 (B) if ownership of the obligation occurs by means other  
 8 than a purchase, the date of acquisition of the obligation  
 9 shall be the date ownership of the obligation was  
 10 transferred, except to the extent provided in clause (A), and  
 11 if a portion of the obligation is acquired on multiple dates,  
 12 the date of acquisition shall be considered separately for  
 13 each portion of the obligation; and  
 14 (C) if ownership of the obligation occurred as the result of  
 15 a refinancing of another obligation, the acquisition date  
 16 shall be the date on which the obligation was refinanced.  
 17 (9) For taxable years beginning after December 25, 2016, add an  
 18 amount equal to:  
 19 (A) the amount reported by the taxpayer on IRC 965  
 20 Transition Tax Statement, line 1;  
 21 (B) if the taxpayer deducted an amount under Section  
 22 965(c) of the Internal Revenue Code in determining the  
 23 taxpayer's taxable income for purposes of the federal  
 24 income tax, the amount deducted under Section 965(c) of  
 25 the Internal Revenue Code; and  
 26 (C) with regard to any amounts of income under Section  
 27 965 of the Internal Revenue Code distributed by the  
 28 taxpayer, the deduction under Section 965(c) of the Internal  
 29 Revenue Code attributable to such distributed amounts and  
 30 not reported to the beneficiary.  
 31 For purposes of this article, the amount required to be added  
 32 back under clause (B) is not considered to be distributed or  
 33 distributable to a beneficiary of the estate or trust for purposes of  
 34 Sections 651 and 661 of the Internal Revenue Code.  
 35 (10) Subtract any interest expense paid or accrued in the current  
 36 taxable year but not deducted as a result of the limitation  
 37 imposed under Section 163(j)(1) of the Internal Revenue Code.  
 38 Add any interest expense paid or accrued in a previous taxable  
 39 year but allowed as a deduction under Section 163 of the Internal  
 40 Revenue Code in the current taxable year. For purposes of this  
 41 subdivision, an interest expense is considered paid or accrued  
 42 only in the first taxable year the deduction would have been

M  
e  
r  
g  
e  
d



- 1 allowable under Section 163 of the Internal Revenue Code if the  
 2 limitation under Section 163(j)(1) of the Internal Revenue Code  
 3 did not exist.
- 4 (11) Add an amount equal to the deduction for qualified business  
 5 income that was claimed by the taxpayer for the taxable year  
 6 under Section 199A of the Internal Revenue Code.
- 7 (12) Subtract the amount that would have been excluded from  
 8 gross income but for the enactment of Section 118(b)(2) of the  
 9 Internal Revenue Code for taxable years ending after December  
 10 22, 2017.
- 11 (13) Add an amount equal to the remainder of:  
 12 (A) the amount allowable as a deduction under Section  
 13 274(n) of the Internal Revenue Code; minus  
 14 (B) the amount otherwise allowable as a deduction under  
 15 Section 274(n) of the Internal Revenue Code, if Section  
 16 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 17 for amounts paid or incurred after December 31, 2020.
- 18 (14) For taxable years beginning after December 31, 2017, and  
 19 before January 1, 2021, add an amount equal to the excess  
 20 business loss of the taxpayer as defined in Section 461(l)(3) of  
 21 the Internal Revenue Code. In addition:  
 22 (A) If a taxpayer has an excess business loss under this  
 23 subdivision and also has modifications under subdivisions  
 24 (3) and (5) for property placed in service during the taxable  
 25 year, the taxpayer shall treat a portion of the taxable year  
 26 modifications for that property as occurring in the taxable  
 27 year the property is placed in service and a portion of the  
 28 modifications as occurring in the immediately following  
 29 taxable year.  
 30 (B) The portion of the modifications under subdivisions (3)  
 31 and (5) for property placed in service during the taxable  
 32 year treated as occurring in the taxable year in which the  
 33 property is placed in service equals:  
 34 (i) the modification for the property otherwise  
 35 determined under this section; minus  
 36 (ii) the excess business loss disallowed under this  
 37 subdivision;  
 38 but not less than zero (0).  
 39 (C) The portion of the modifications under subdivisions (3)  
 40 and (5) for property placed in service during the taxable  
 41 year treated as occurring in the taxable year immediately  
 42 following the taxable year in which the property is placed in

M  
e  
r  
g  
e  
d

- 1 service equals the modification for the property otherwise  
 2 determined under this section minus the amount in clause  
 3 (B).  
 4 (D) Any reallocation of modifications between taxable years  
 5 under clauses (B) and (C) shall be first allocated to the  
 6 modification under subdivision (3), then to the modification  
 7 under subdivision (5).  
 8 (15) For taxable years ending after March 12, 2020, subtract an  
 9 amount equal to the deduction disallowed pursuant to:  
 10 (A) Section 2301(e) of the CARES Act (Public Law  
 11 116-136), as modified by Sections 206 and 207 of the  
 12 Taxpayer Certainty and Disaster Relief Tax Act (Division  
 13 EE of Public Law 116-260); and  
 14 (B) Section 3134(e) of the Internal Revenue Code.  
 15 (16) For taxable years beginning after December 31, 2022,  
 16 subtract an amount equal to the deduction disallowed under  
 17 Section 280C(h) of the Internal Revenue Code.  
 18 (17) Except as provided in subsection (c), for taxable years  
 19 beginning after December 31, 2022, add an amount equal to any  
 20 deduction or deductions allowed or allowable in determining  
 21 taxable income under Section 641(b) of the Internal Revenue  
 22 Code for taxes based on or measured by income and levied at the  
 23 state level by any state of the United States.  
 24 (18) For taxable years beginning after December 31, 2021, add  
 25 or subtract amounts related to specified research or experimental  
 26 **procedures expenditures** as required under IC 6-3-2-29.  
 27 **(19) Add or subtract an amount equal to the modifications**  
 28 **required for qualified production property under**  
 29 **IC 6-3-2-30.**  
 30 ~~(19)~~ **(20)** Add or subtract any other amounts the taxpayer is:  
 31 (A) required to add or subtract; or  
 32 (B) entitled to deduct;  
 33 under IC 6-3-2.  
 34 (g) For purposes of IC 6-3-2.1, IC 6-3-4-12, IC 6-3-4-13, and  
 35 IC 6-3-4-15 for taxable years beginning after December 31, 2022,  
 36 "adjusted gross income" of a pass through entity means the items of  
 37 ordinary income and loss in the case of a partnership or a corporation  
 38 described in IC 6-3-2-2.8(2), or distributions subject to tax for state and  
 39 federal income tax for beneficiaries in the case of a trust or estate,  
 40 whichever is applicable, for the taxable year modified as follows:  
 41 (1) Add the separately stated items of income and gains, or the  
 42 equivalent items that must be considered separately by a

M  
e  
r  
g  
e  
d

1 beneficiary, as determined for federal purposes, attributed to the  
 2 partners, shareholders, or beneficiaries of the pass through  
 3 entity, determined without regard to whether the owner is  
 4 permitted to exclude all or part of the income or gain or deduct  
 5 any amount against the income or gain.

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

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

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

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

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

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

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

M  
e  
r  
g  
e  
d

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

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

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

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

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

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

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

37 (B) If a trade or business has federal unrelated business  
 38 taxable income of less than zero (0) for a taxable year, the  
 39 taxpayer shall apply the modifications under this section for  
 40 the taxable year against the net operating loss in the manner  
 41 required under IC 6-3-2-2.5 and IC 6-3-2-2.6 for separately  
 42 stated net operating losses. However, if the application of

M  
e  
r  
g  
e  
d

1 modifications required under IC 6-3-2-2.5 or IC 6-3-2-2.6  
2 results in the separately stated net operating loss for the  
3 trade or business being zero (0), the modifications that  
4 increase adjusted gross income under this section and  
5 remain after the calculations to adjust the separately stated  
6 net operating loss to zero (0) that result from the trade or  
7 business must be treated as modifications to which clause  
8 (A) applies for the taxable year.  
9 (C) If a trade or business otherwise described in Section  
10 512(a)(6) of the Internal Revenue Code incurred a net  
11 operating loss for a taxable year beginning after December  
12 31, 2017, and before January 1, 2021, and the net operating  
13 loss was carried back for federal tax purposes:  
14 (i) if the loss was carried back to a taxable year for  
15 which the requirements under Section 512(a)(6) of the  
16 Internal Revenue Code did not apply, the portion of the  
17 loss and modifications attributable to the loss shall be  
18 treated as adjusted gross income of the taxpayer for the  
19 first taxable year of the taxpayer beginning after  
20 December 31, 2022, and shall be treated as part of the  
21 adjusted gross income attributable to clause (A),  
22 unless, and to the extent, the loss and modifications  
23 were applied to adjusted gross income for a previous  
24 taxable year, as determined under this article; and  
25 (ii) if the loss was carried back to a taxable year for  
26 which the requirements under Section 512(a)(6) of the  
27 Internal Revenue Code applied, the portion of the loss  
28 and modifications attributable to the loss shall be  
29 treated as adjusted gross income of the taxpayer for the  
30 first taxable year of the taxpayer beginning after  
31 December 31, 2022, and for purposes of this clause,  
32 the inclusion of losses and modifications shall be in the  
33 same manner as provided in clause (B), unless, and to  
34 the extent, the loss and modifications were applied to  
35 adjusted gross income for a previous taxable year, as  
36 determined under this article.  
37 (D) Notwithstanding any provision in this subdivision, if a  
38 taxpayer computed its adjusted gross income for a taxable  
39 year beginning before January 1, 2023, based on a  
40 reasonable interpretation of this article, the taxpayer shall  
41 be permitted to compute its adjusted gross income for those  
42 taxable years based on that interpretation. However, a

M  
e  
r  
g  
e  
d



1 taxpayer must continue to report any tax attributes for  
 2 taxable years beginning after December 31, 2022, in a  
 3 manner consistent with its previous interpretation.  
 4 (2) In the case of a corporation, other than a captive real estate  
 5 investment trust, for which the adjusted gross income under this  
 6 article is determined after a deduction for dividends paid under  
 7 the Internal Revenue Code, the modifications required under this  
 8 section shall be applied in ratio to the corporation's taxable  
 9 income (as defined in Section 63 of the Internal Revenue Code)  
 10 after deductions for dividends paid under the Internal Revenue  
 11 Code compared to the corporation's taxable income (as defined  
 12 in Section 63 of the Internal Revenue Code) before the deduction  
 13 for dividends paid under the Internal Revenue Code.  
 14 (3) In the case of a trust or estate, the trust or estate is required  
 15 to include only the portion of the modifications not passed  
 16 through to beneficiaries.  
 17 (4) In the case of a taxpayer for which modifications are required  
 18 to be applied against a separately stated net operating loss under  
 19 IC 6-3-2-2.5 or IC 6-3-2-2.6, the modifications required under  
 20 this section must be adjusted to reflect the required application  
 21 of the modifications against a separately stated net operating  
 22 loss, in order to avoid the application of a particular modification  
 23 multiple times.  
 24 SECTION 6. IC 6-3-1-11, AS AMENDED BY P.L.194-2023,  
 25 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 11. (a) The term "Internal  
 27 Revenue Code" means the Internal Revenue Code of 1986 of the  
 28 United States as amended and in effect on January 1, ~~2023~~. **2026**.  
 29 (b) Whenever the Internal Revenue Code is mentioned in this  
 30 article, or in another provision of the Indiana Code that cites the  
 31 definition of "Internal Revenue Code" provided in this section, the  
 32 particular provisions that are referred to, together with all the other  
 33 provisions of the Internal Revenue Code in effect on January 1, ~~2023~~;  
 34 **2026**, that pertain to the provisions specifically mentioned, shall be  
 35 regarded as incorporated in this article by reference and have the same  
 36 force and effect as though fully set forth in this article. To the extent  
 37 that a federal statute in the United States Code is enacted or amended  
 38 in a title other than the Internal Revenue Code on or before January 1,  
 39 ~~2023~~; **2026**, and affects federal adjusted gross income, federal taxable  
 40 income, federal tax credits, or other federal tax attributes, the federal  
 41 statute shall be considered to be part of the Internal Revenue Code as  
 42 amended and in effect on January 1, ~~2023~~. **2026**. To the extent:

M  
e  
r  
g  
e  
d



1 (1) the provisions of the Internal Revenue Code apply to this  
 2 article, regulations adopted under Section 7805(a) of the Internal  
 3 Revenue Code, and in effect on January 1, ~~2023~~; **2026**; and  
 4 (2) a federal statute in the United States Code that is enacted or  
 5 amended in a title other than the Internal Revenue Code on or  
 6 before January 1, ~~2023~~; **2026**, and affects federal adjusted gross  
 7 income, federal taxable income, federal tax credits, or other  
 8 federal tax attributes applies to this article, regulations adopted  
 9 under the federal statute of the United States Code and in effect  
 10 on January 1, ~~2023~~; **2026**;

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

14 (c) An amendment to the Internal Revenue Code made by an act  
 15 passed by Congress before January 1, ~~2023~~; **2026**, other than the  
 16 federal 21st Century Cures Act (P.L. 114-255) and the federal Disaster  
 17 Tax Relief and Airport and Airway Extension Act of 2017 (P.L.  
 18 115-63), that is effective for any taxable year that began before January  
 19 1, ~~2023~~; **2026**, and that affects:

- 20 (1) individual adjusted gross income (as defined in Section 62 of
- 21 the Internal Revenue Code);
- 22 (2) corporate taxable income (as defined in Section 63 of the
- 23 Internal Revenue Code);
- 24 (3) trust and estate taxable income (as defined in Section 641(b)
- 25 of the Internal Revenue Code);
- 26 (4) life insurance company taxable income (as defined in Section
- 27 801(b) of the Internal Revenue Code);
- 28 (5) mutual insurance company taxable income (as defined in
- 29 Section 821(b) of the Internal Revenue Code); or
- 30 (6) taxable income (as defined in Section 832 of the Internal
- 31 Revenue Code);

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

35 (d) This subsection applies to a taxable year ending before January  
 36 1, 2013. The following provisions of the Internal Revenue Code that  
 37 were amended by the Tax Relief Act, Unemployment Insurance  
 38 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are  
 39 treated as though they were not amended by the Tax Relief Act,  
 40 Unemployment Insurance Reauthorization, and Job Creation Act of  
 41 2010 (P.L. 111-312):

- 42 (1) Section 1367(a)(2) of the Internal Revenue Code pertaining

M  
e  
r  
g  
e  
d



- 1 to an adjustment of basis of the stock of shareholders.
- 2 (2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal
- 3 Revenue Code pertaining the treatment of certain dividends of
- 4 regulated investment companies.
- 5 (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code
- 6 pertaining to regulated investment companies qualified entity
- 7 treatment.
- 8 (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code
- 9 pertaining to the modification of tax treatment of certain
- 10 payments to controlling exempt organizations.
- 11 (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code
- 12 pertaining to the limitations on percentage depletion in the case
- 13 of oil and gas wells.
- 14 (6) Section 451(i)(3) of the Internal Revenue Code pertaining to
- 15 special rule for sales or dispositions to implement Federal
- 16 Energy Regulatory Commission or state electric restructuring
- 17 policy for qualified electric utilities.
- 18 (7) Section 954(c)(6) of the Internal Revenue Code pertaining to
- 19 the look-through treatment of payments between related
- 20 controlled foreign corporation under foreign personal holding
- 21 company rules.
- 22 The department shall develop forms and adopt any necessary rules
- 23 under IC 4-22-2 to implement this subsection.
- 24 SECTION 7. IC 6-3-2-2.5, AS AMENDED BY P.L.194-2023,
- 25 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 26 JULY 4, 2025 (RETROACTIVE)]: Sec. 2.5. (a) This section applies to
- 27 a resident person.
- 28 (b) Resident persons are entitled to a net operating loss deduction.
- 29 The amount of the deduction taken in a taxable year may not exceed
- 30 the taxpayer's unused Indiana net operating losses carried over to that
- 31 year. A taxpayer is not entitled to carryback any net operating losses
- 32 after December 31, 2011.
- 33 (c) An Indiana net operating loss equals the sum of the following:
- 34 (1) Subject to subsection (j), any separately stated net operating
- 35 loss, plus each of the following, as applicable:
- 36 (A) In the case of an individual, any deductions allowable
- 37 in determining the separately stated net operating loss for
- 38 the taxable year, but not allowable in determining federal
- 39 adjusted gross income.
- 40 (B) In the case of a separately stated net operating loss that
- 41 results from an excess business loss (as defined in Section
- 42 461(l) of the Internal Revenue Code) for a taxable year

M  
e  
r  
g  
e  
d



1 beginning after December 31, 2022, the modifications  
 2 required by IC 6-3-1-3.5, as set forth in subsection (d), that  
 3 result in an increase of the taxpayer's Indiana adjusted gross  
 4 income and that arise from federal deductions that resulted  
 5 in the excess business loss.

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

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

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

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

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

28 If the amount determined under this subdivision is less than zero  
 29 (0), the amount is an Indiana net operating loss. If the amount  
 30 determined under this subdivision is equal to or greater than zero  
 31 (0), the Indiana net operating loss under this subdivision is zero  
 32 (0).

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

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

- 40 (1) IC 6-3-1-3.5(a)(3);  
 41 (2) IC 6-3-1-3.5(a)(4);  
 42 (3) IC 6-3-1-3.5(a)(5);

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

- 1 (4) IC 6-3-1-3.5(a)(36);  
 2 (5) ~~IC 6-3-1-3.5(f)(19)~~; **IC 6-3-1-3.5(f)(20)**; and  
 3 (6) any modification required under Section 172(d) or Section  
 4 512(b) of the Internal Revenue Code that is also required under  
 5 IC 6-3-1-3.5 in determining Indiana adjusted gross income.  
 6 (e) Subject to the limitations contained in subsections (g), (h), and  
 7 (i), an Indiana net operating loss carryover shall be available as a  
 8 deduction from the taxpayer's adjusted gross income (as defined in  
 9 IC 6-3-1-3.5) in the carryover year provided in subsection (f), but not  
 10 in excess of the taxpayer's adjusted gross income (as defined in  
 11 IC 6-3-1-3.5) in the carryover year determined without regard to this  
 12 section.  
 13 (f) Carryovers shall be determined under this subsection as  
 14 follows:  
 15 (1) An Indiana net operating loss shall be an Indiana net  
 16 operating loss carryover to each of the carryover years following  
 17 the taxable year of the loss.  
 18 (2) An Indiana net operating loss may not be carried over for  
 19 more than twenty (20) taxable years after the taxable year of the  
 20 loss.  
 21 (g) Except as provided in subsection (h), the entire amount of the  
 22 Indiana net operating loss for any taxable year shall be carried to the  
 23 earliest of the taxable years to which (as determined under subsection  
 24 (f)) the loss may be carried. The amount of the Indiana net operating  
 25 loss remaining after the deduction is taken under this section in a  
 26 taxable year may be carried over as provided in subsection (f). The  
 27 amount of the Indiana net operating loss carried over from year to year  
 28 shall be reduced to the extent that the Indiana net operating loss  
 29 carryover is used by the taxpayer to obtain a deduction in a taxable  
 30 year, or as required by subsection (i), until the occurrence of the earlier  
 31 of the following:  
 32 (1) The entire amount of the Indiana net operating loss has been  
 33 used as a deduction or reduced as required by subsection (i).  
 34 (2) The Indiana net operating loss has been carried over to each  
 35 of the carryover years provided by subsection (f).  
 36 (h) An Indiana net operating loss that arises after the application  
 37 of Section 512(a)(6) of the Internal Revenue Code shall be allowable  
 38 only:  
 39 (1) in a taxable year in which the trade or business that generated  
 40 the federal net operating loss has an adjusted gross income  
 41 greater than zero (0) as determined under IC 6-3-1-3.5; and  
 42 (2) against the trade's or business's adjusted gross income;

M  
e  
r  
g  
e  
d

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

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

7 (1) If the taxpayer had a discharge of indebtedness that is  
 8 excluded from gross income under Section 108(a)(1)(A), Section  
 9 108(a)(1)(B), or Section 108(a)(1)(C) of the Internal Revenue  
 10 Code, the Indiana net operating loss shall be reduced by the  
 11 remainder of:

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

14 (B) the amount of discharge of indebtedness that reduced  
 15 the tax attributes under Section 108(b)(2)(D), Section  
 16 108(b)(2)(E), or Section 108(b)(2)(F) of the Internal  
 17 Revenue Code or was applied for federal tax purposes under  
 18 Section 108(b)(5) of the Internal Revenue Code.

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

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

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

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

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

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

M  
e  
r  
g  
e  
d



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

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

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

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

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

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

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

25 (B) In the case of a separately stated net operating loss that  
 26 results from an excess business loss (as defined in Section  
 27 461(l) of the Internal Revenue Code) for a taxable year  
 28 beginning after December 31, 2022, the modifications  
 29 required by IC 6-3-1-3.5, as set forth in subsection (d)(1),  
 30 that result in an increase of the taxpayer's Indiana adjusted  
 31 gross income and that arise from federal deductions that  
 32 resulted in the excess business loss.

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

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

42 (2) Subject to subsection (m), the taxpayer's preliminary federal

M  
e  
r  
g  
e  
d



1 net operating loss for a taxable year derived from sources within  
2 Indiana plus the sum of the following:

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

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

14 If the amount determined under this subdivision is less than zero  
15 (0), the amount is an Indiana net operating loss. If the amount  
16 determined under this subdivision is equal to or greater than zero  
17 (0), the Indiana net operating loss under this subdivision is zero  
18 (0).

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

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

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

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

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

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

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

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

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

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

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

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

40 (2) The amount of the taxpayer's net operating loss that is  
41 derived from sources within Indiana shall be determined in the  
42 same manner that the amount of the taxpayer's adjusted gross

M  
e  
r  
g  
e  
d



- 1 income derived from sources within Indiana is determined under  
 2 section 2 of this chapter for the same taxable year during which  
 3 each loss was incurred.
- 4 (e) Subject to the limitations contained in subsections (g) through  
 5 (l), an Indiana net operating loss carryover shall be available as a  
 6 deduction from the taxpayer's adjusted gross income derived from  
 7 sources within Indiana (as defined in section 2 of this chapter) in the  
 8 carryover year provided in subsection (f), but not in excess of the  
 9 taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the  
 10 carryover year determined without regard to the deduction allowable  
 11 under this section.
- 12 (f) Carryovers shall be determined under this subsection as  
 13 follows:
- 14 (1) An Indiana net operating loss shall be an Indiana net  
 15 operating loss carryover to each of the carryover years following  
 16 the taxable year of the loss.
- 17 (2) An Indiana net operating loss may not be carried over for  
 18 more than twenty (20) taxable years after the taxable year of the  
 19 loss.
- 20 (g) The entire amount of the Indiana net operating loss for any  
 21 taxable year shall be carried to the earliest of the taxable years to which  
 22 (as determined under subsection (f)) the loss may be carried. The  
 23 amount of the Indiana net operating loss remaining after the deduction  
 24 is taken under this section in a taxable year may be carried over as  
 25 provided in subsection (f). The amount of the Indiana net operating loss  
 26 carried over from year to year shall be reduced to the extent that the  
 27 Indiana net operating loss carryover is used by the taxpayer to obtain  
 28 a deduction in a taxable year, or as required by subsection (i), until the  
 29 occurrence of the earlier of the following:
- 30 (1) The entire amount of the Indiana net operating loss has been  
 31 used as a deduction or reduced as required by subsection (i).
- 32 (2) The Indiana net operating loss has been carried over to each  
 33 of the carryover years provided by subsection (f).
- 34 (h) An Indiana net operating loss deduction determined under this  
 35 section shall be allowed notwithstanding the fact that in the year the  
 36 taxpayer incurred the net operating loss the taxpayer was not subject to  
 37 the tax imposed under section 1 of this chapter because the taxpayer  
 38 was:
- 39 (1) a life insurance company (as defined in Section 816(a) of the  
 40 Internal Revenue Code); or  
 41 (2) an insurance company subject to tax under Section 831 of the  
 42 Internal Revenue Code.

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

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

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

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

10 (B) against the trade's or business's adjusted gross income;  
 11 until the federal net operating loss from the trade or business has  
 12 been exhausted. When the federal net operating loss from the  
 13 trade or business has been exhausted, and subject to the  
 14 limitations of this section, any remaining Indiana net operating  
 15 loss shall be allowable against any trade or business of the  
 16 taxpayer.

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

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

24 (1) If the taxpayer had a discharge of indebtedness derived from  
 25 Indiana sources that is excluded from gross income under  
 26 Section 108(a)(1)(A), Section 108(a)(1)(B), or Section  
 27 108(a)(1)(C) of the Internal Revenue Code, the Indiana net  
 28 operating loss shall be reduced by the remainder of:

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

31 (B) the amount of discharge of indebtedness derived from  
 32 Indiana sources that reduced the tax attributes under Section  
 33 108(b)(2)(D), Section 108(b)(2)(E), or Section 108(b)(2)(F)  
 34 of the Internal Revenue Code or was applied for federal tax  
 35 purposes under Section 108(b)(5) of the Internal Revenue  
 36 Code.

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

41 (3) The provisions of Section 108(d)(6) and Section 108(d)(7) of  
 42 the Internal Revenue Code shall apply to any discharge of

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 indebtedness for purposes of determining the reduction of net  
2 operating losses under this section.

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

6 (1) The amount a taxpayer may claim as an Indiana net operating  
7 loss deduction for a taxable year beginning after December 31,  
8 2022, shall not exceed the limitation imposed by Section  
9 382(b)(1) of the Internal Revenue Code multiplied by the  
10 apportionment percentage determined under section 2 of this  
11 chapter for the year in which the net operating loss is being  
12 claimed, unless otherwise provided by this subsection. The  
13 following apply:

14 (A) The limitation under this subdivision does not apply to  
15 adjusted gross income accrued in the portion of the taxable  
16 year on or before the change date (as defined in Section  
17 382(j) of the Internal Revenue Code). For purposes of this  
18 subdivision, the adjusted gross income of the taxpayer shall  
19 be multiplied by the number of days in the taxable year on  
20 or before the change date to the number of days in the  
21 taxable year.

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

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

34 (3) If the continuity of business requirements under Section  
35 382(c) of the Internal Revenue Code are not met, the Indiana net  
36 operating loss available for carryforward shall be zero (0) except  
37 to the extent of recognized built in gains derived from Indiana  
38 sources and amounts allowable under subdivision (2).

39 (4) If the limitation under Section 382(b) of the Internal Revenue  
40 Code is increased for a taxable year under Section 382(h) of the  
41 Internal Revenue Code, the limitation under subdivision (1) for  
42 that taxable year shall be increased by the federal increase in the

M  
e  
r  
g  
e  
d



1 net operating loss limitation for the taxable year multiplied by  
2 the Indiana apportionment percentage for that taxable year.

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

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

12 (l) If two (2) or more corporations file a consolidated return under  
13 IC 6-3-4-14 or a combined return under this chapter and have an  
14 Indiana net operating loss on a consolidated or combined basis for a  
15 taxable year:

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

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

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

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

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

39 (2) In the case of a modification under IC 6-3-1-3.5 required to  
40 modify a separately stated net operating loss or a preliminary  
41 federal net operating loss, the amount of the modification may  
42 not exceed the amount prescribed under IC 6-3-1-3.5 and must

M  
e  
r  
g  
e  
d



1 be applied in the following order:

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

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

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

13 SECTION 9. IC 6-3-2-29, AS ADDED BY P.L.194-2023,  
14 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JANUARY 1, 2025 (RETROACTIVE)]: Sec. 29. (a) As used in this  
16 section, "specified research or experimental expenditures" means:

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

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

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

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

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

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

42 (c) In the case of a taxpayer that owns an interest in a partnership

M  
e  
r  
g  
e  
d



1 or corporation described in section 2.8(2) of this chapter, the amount  
 2 that must be deducted under subsection (b)(1) for a particular taxable  
 3 year may not exceed the sum of:

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

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

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

14 (1) carried forward to the subsequent taxable year;

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

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

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

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

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

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

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

41 (1) is a pass through entity; and

42 (2) filed a return either:

M  
e  
r  
g  
e  
d



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

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

13 (g) The modifications required under this section are not  
 14 applicable if a taxpayer is not required under federal law to charge  
 15 specified research or experimental expenditures to capital account in  
 16 determining federal adjusted gross income, regardless of whether the  
 17 taxpayer elects to charge **specified** research or experimental  
 18 expenditures to capital account. **For purposes of this section:**

19 **(1) if the taxpayer is an eligible taxpayer permitted to**  
 20 **retroactively deduct certain specified research or**  
 21 **experimental expenditures as provided in P.L.119-21, Section**  
 22 **70302(f)(1); and**

23 **(2) does not make a retroactive election under this section;**  
 24 **the taxpayer shall be treated as if the taxpayer was required under**  
 25 **federal law to charge specified research or experimental**  
 26 **expenditures to capital account.**

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

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

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

37 **(3) any amended return filed with the Internal Revenue**  
 38 **Service shall be treated as being a final adjustment made by**  
 39 **the Internal Revenue Service on the date the amended return**  
 40 **is filed with the Internal Revenue Service or October 31,**  
 41 **2025, whichever is later.**

42 SECTION 10. IC 6-3-2-30 IS ADDED TO THE INDIANA CODE

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

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

5 (b) Except as otherwise provided in this section, if a taxpayer  
6 makes an election to claim the special depreciation allowance  
7 under Section 168(n) of the Internal Revenue Code with regard to  
8 qualified production property used by the taxpayer and placed in  
9 service during the current taxable year or a previous taxable year,  
10 the taxpayer shall add or subtract the amount required to make the  
11 taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5 or  
12 IC 6-5.5-1-2) equal to the amount of adjusted gross income  
13 determined as if an election had not been made under Section  
14 168(n) of the Internal Revenue Code.

15 (c) If a taxpayer:

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

19 (2) the taxpayer is considered to have elected to not claim  
20 other special depreciation allowances under Section 168 of  
21 the Internal Revenue Code as a result of that election;  
22 the taxpayer will be considered to have made an election to not  
23 claim the special depreciation allowances described in subdivision  
24 (2) for purposes of computing adjusted gross income under this  
25 article or IC 6-5.5.

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

29 (1) will be considered to have made an election under Section  
30 168(n) of the Internal Revenue Code;

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

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

41 SECTION 11. IC 6-3-2-31 IS ADDED TO THE INDIANA CODE  
42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 31. (a) This section**  
 2 **applies to the taxable year beginning after December 31, 2025, and**  
 3 **ending before January 1, 2027.**

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

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

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

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

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

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

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

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

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

- 1 by the quotient of:
- 2 (1) the qualified overtime compensation included in the
- 3 taxpayer's adjusted gross income after the application of any
- 4 other exemption, deduction, or exclusion of qualified tips
- 5 from the taxpayer's adjusted gross income under this article
- 6 or IC 6-3.6; divided by
- 7 (2) the qualified overtime compensation included in the
- 8 taxpayer's federal adjusted gross income.

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

12 SECTION 13. IC 6-3-2-33 IS ADDED TO THE INDIANA CODE  
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 14 JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 33. (a) This section**  
 15 **applies to the taxable year beginning after December 31, 2025, and**  
 16 **ending before January 1, 2027.**

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

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

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

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

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

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

42 (d) An electing entity that has direct owners that would be

M  
e  
r  
g  
e  
d



1 permitted to claim a credit under IC 6-3-3-3 for taxes paid to another  
 2 state with regard to a taxable year may elect to claim a credit under this  
 3 chapter for:

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

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

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

15 (2) an amount equal to the income attributable to Indiana  
 16 multiplied by the rate imposed by IC 6-3-2-1(a) (before July 1,  
 17 2025) or IC 6-3-2-1(b) (after June 30, 2025) or the maximum  
 18 individual income tax rate by the nonresident direct owner's state  
 19 of residence, whichever rate is less, if the nonresident direct  
 20 owner would be permitted a credit under IC 6-3-3-3(b) for the  
 21 income attributable to Indiana and derived from the electing  
 22 entity.

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

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

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

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

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

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

40 (A) An election under subsection (e) applies to all credits  
 41 other than the credits described in subsections (b) through

42 (d). No allowance for an election to apply to one (1) or more

M  
e  
r  
g  
e  
d



1 credits and to not apply to one (1) or more credits is  
 2 permitted.  
 3 (B) The election to claim the credits under subsections (d)  
 4 and (e) must be made on the original return filed by the  
 5 electing entity. A failure to claim a credit shall be treated as  
 6 if the credit was not allowable to the electing entity.  
 7 (C) An election to apply a credit applies to the tax for all  
 8 direct owners of the electing entity, provided that an  
 9 election under subsection (d) applies only to direct owners  
 10 that are individuals, estates, or trusts.  
 11 (2) If an electing entity claims credits under both subsections (d)  
 12 and (e), the electing entity shall apply the credit under subsection  
 13 (d) first, then any amount allowable under subsection (e).  
 14 (3) The sum of the credits attributable to a direct owner of an  
 15 electing entity shall not exceed the tax computed by the electing  
 16 entity for the direct owner under this chapter.  
 17 (4) A provision under IC 6-3-3 or IC 6-3.1 requiring a credit to  
 18 be passed through shall not prevent an electing entity from  
 19 applying the credit against the tax imposed under this chapter.  
 20 (5) An entity owner shall be permitted to claim any credit  
 21 otherwise allowable to the owner to the extent otherwise  
 22 permitted by IC 6-3-3 or IC 6-3.1.  
 23 SECTION 15. IC 6-3-3-12.1, AS AMENDED BY P.L.205-2025,  
 24 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 12.1. (a) As used in this  
 26 section, "ABLE account" has the meaning set forth in IC 12-11-14-1.  
 27 (b) As used in this section, "contribution" means the amount of  
 28 money directly provided to an Indiana ABLE 529A savings plan  
 29 account by a taxpayer. A contribution does not include any of the  
 30 following:  
 31 (1) Money credited to an ABLE account as a result of bonus  
 32 points or other forms of consideration earned by the taxpayer  
 33 that result in a transfer of money to the ABLE account.  
 34 (2) Money transferred from any qualified ABLE program under  
 35 Section 529A of the Internal Revenue Code or from any other  
 36 similar plan.  
 37 (3) Money transferred from any qualified tuition program under  
 38 Section 529 of the Internal Revenue Code or from any other  
 39 similar plan.  
 40 (4) **Money transferred in a qualified ABLE rollover**  
 41 **contribution described in Section 530A(d)(4)(B) of the**  
 42 **Internal Revenue Code.**

M  
e  
r  
g  
e  
d



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

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

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

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

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

- 14 (1) to pay for qualified disability expenses, excluding any  
15 withdrawals or distributions used to pay for qualified disability  
16 expenses, if the withdrawals or distributions are made from an  
17 Indiana ABLE 529A savings plan that is terminated within  
18 twelve (12) months after the ABLE account is opened;
- 19 (2) as a result of the death of a designated beneficiary; or
- 20 (3) by an Indiana ABLE 529A savings plan as the result of a  
21 transfer of funds by an Indiana ABLE 529A savings plan from  
22 one (1) third party custodian to another.

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

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

- 30 (1) an individual filing a single return;
- 31 (2) a married couple filing a joint return; or
- 32 (3) a married individual filing a separate return.

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

- 36 (1) Twenty percent (20%) of the amount of the total  
37 contributions made by the taxpayer to an ABLE account or  
38 accounts of an Indiana ABLE 529A savings plan during the  
39 taxable year.
- 40 (2) Five hundred dollars (\$500).
- 41 (3) The amount of the taxpayer's adjusted gross income tax  
42 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,

M  
e  
r  
g  
e  
d



- 1 reduced by the sum of all credits (as determined without regard  
2 to this section) allowed by IC 6-3-1 through IC 6-3-7.
- 3 (j) A taxpayer is not entitled to a carryback, carryover, or refund  
4 of an unused credit.
- 5 (k) A taxpayer may not sell, assign, convey, or otherwise transfer  
6 the tax credit provided by this section.
- 7 (l) To receive the credit provided by this section, a taxpayer must  
8 claim the credit on the taxpayer's annual state tax return or returns in  
9 the manner prescribed by the department. The taxpayer shall submit to  
10 the department all information that the department determines is  
11 necessary for the calculation of the credit provided by this section.
- 12 (m) An owner of an ABLE account of an Indiana ABLE 529A  
13 savings plan must repay all or a part of the credit in a taxable year in  
14 which any nonqualified withdrawal is made from the ABLE account.  
15 The amount the taxpayer must repay is equal to the lesser of:
- 16 (1) twenty percent (20%) of the total amount of nonqualified  
17 withdrawals made during the taxable year from the ABLE  
18 account; or
- 19 (2) the excess of:
- 20 (A) the cumulative amount of all credits provided by this  
21 section that are claimed by any taxpayer with respect to the  
22 taxpayer's contributions to the ABLE account for all prior  
23 taxable years; over
- 24 (B) the cumulative amount of repayments paid by the owner  
25 of the ABLE account under this subsection for all prior  
26 taxable years.
- 27 (n) Any required repayment under subsection (m) must be  
28 reported by the owner of the ABLE account on the owner's annual state  
29 income tax return for any taxable year in which a nonqualified  
30 withdrawal is made.
- 31 (o) A nonresident owner of an ABLE account who is not required  
32 to file an annual income tax return for a taxable year in which a  
33 nonqualified withdrawal is made shall make any required repayment on  
34 the form required under IC 6-3-4-1(2). If the nonresident owner of the  
35 ABLE account does not make the required repayment, the department  
36 shall issue a demand notice in accordance with IC 6-8.1-5-1.
- 37 (p) The executive director of the Indiana ABLE authority shall  
38 submit or cause to be submitted to the department a copy of all  
39 information returns or statements issued to ABLE account owners,  
40 designated beneficiaries, and other taxpayers for each taxable year with  
41 respect to:
- 42 (1) nonqualified withdrawals made from ABLE accounts for the

M  
e  
r  
g  
e  
d

- 1 taxable year; or  
 2 (2) ABLÉ account closings for the taxable year.  
 3 (q) The following apply to contributions made after December 31,  
 4 2023:
- 5 (1) For purposes of this section, all or part of a contribution  
 6 made after the end of a taxable year, and not later than the due  
 7 date of the taxpayer's adjusted gross income tax return for the  
 8 taxable year under this article (as determined without regard to  
 9 any allowable extensions), shall be considered as having been  
 10 made during the taxable year preceding the contribution if:
- 11 (A) the taxpayer elects to treat all or part of a contribution  
 12 as occurring in the taxable year preceding the contribution;  
 13 (B) the taxpayer designates the amounts of the contribution  
 14 to be treated as occurring in each taxable year, in the case  
 15 of a single contribution that is to be allowable under this  
 16 section in two (2) separate years; and  
 17 (C) the taxpayer irrevocably waives the right to claim the  
 18 contribution claimed in the taxable year preceding the  
 19 contribution as occurring in the taxable year of the  
 20 contribution.
- 21 (2) An irrevocable election under this subsection must be made  
 22 in writing at the time the contribution is made.
- 23 (3) The Indiana ABLÉ authority may prescribe any forms  
 24 necessary for purposes of this subsection.
- 25 SECTION 16. IC 6-3-3-13, AS AMENDED BY P.L.180-2022(ss),  
 26 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 JANUARY 1, 2022 (RETROACTIVE)]: Sec. 13. (a) This section  
 28 applies only to taxable years beginning after December 31, 2014.
- 29 (b) Each taxable year, an individual **who is a resident of Indiana**  
 30 **during the taxable year and** who is eligible to claim the credit  
 31 provided by Section 23 of the Internal Revenue Code on the  
 32 individual's federal return for the taxable year is entitled to a credit  
 33 against the individual's adjusted gross income tax liability for the  
 34 taxable year equal to the lesser of:
- 35 (1) the amount of the credit allowable under Section 23 of the  
 36 Internal Revenue Code for each eligible child on the individual's  
 37 federal return for the taxable year multiplied by twenty percent  
 38 (20%); or  
 39 (2) two thousand five hundred dollars (\$2,500) for each eligible  
 40 child.
- 41 (c) If the amount of the credit under this section exceeds the  
 42 taxpayer's state income tax liability for the taxable year, the excess

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 shall be refunded to the taxpayer.

2 (d) If all or part of the credit allowed under Section 23 of the  
3 Internal Revenue Code for a taxable year beginning after December 31,  
4 2014, is required to be claimed in, or carried forward to, a taxable year  
5 after the taxable year in which the credit is first allowed, the part  
6 carried forward and allowed to be claimed as a credit shall be treated  
7 as allowable under subsection (b), however, to the extent that a portion  
8 of a taxpayer's federal credit under Section 23 of the Internal Revenue  
9 Code is carried forward to a subsequent taxable year, the aggregate  
10 sum of credits claimed by the taxpayer under this section over the  
11 applicable taxable years may not exceed two thousand five hundred  
12 dollars (\$2,500). A credit first allowed under Section 23 of the Internal  
13 Revenue Code for a taxable year beginning before January 1, 2015, and  
14 required to be claimed in, or carried forward to, a taxable year after the  
15 taxable year in which the credit is first allowed shall not be treated as  
16 allowable under subsection (b).

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

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

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

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

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

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

42 (1) In applying Section 6654 of the Internal Revenue Code for

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 the purposes of this article, "estimated tax" means the amount  
 2 which the individual estimates as the sum of the amount of the  
 3 adjusted gross income tax imposed by this article for the taxable  
 4 year and the sum of the amount of local income tax under  
 5 IC 6-3.6, including any amounts of credits required to be  
 6 recaptured under IC 6-3-3 and IC 6-3.1, minus the amount which  
 7 the individual estimates as the sum of any credits against the tax  
 8 provided by IC 6-3-3, IC 6-3.1, and IC 6-3.6, other than the  
 9 amounts of tax withheld under this chapter.  
 10 (2) Estimated tax for a nonresident alien (as defined in Section  
 11 7701 of the Internal Revenue Code) must be computed by  
 12 applying not more than one (1) exclusion under  
 13 IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4), regardless of the total  
 14 number of exclusions that IC 6-3-1-3.5(a)(3) and  
 15 IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's  
 16 final return for the taxable year.  
 17 (3) If an individual does not file a return for the preceding  
 18 taxable year and the individual can establish that the individual  
 19 did not have a liability under IC 6-3 and IC 6-3.6, Section 6654  
 20 of the Internal Revenue Code shall be applied as if the tax  
 21 liability for the preceding taxable year under IC 6-3 and IC 6-3.6  
 22 was zero dollars (\$0).  
 23 (b) Every individual who has adjusted gross income subject to the  
 24 tax imposed by this article and from which tax is not withheld under  
 25 the requirements of this chapter or for which tax is not remitted on  
 26 behalf of the individual under IC 6-3-2.1 shall make a declaration of  
 27 estimated tax for the taxable year. However, no such declaration shall  
 28 be required if the estimated tax can reasonably be expected to be less  
 29 than one thousand dollars (\$1,000). In the case of an underpayment of  
 30 the estimated tax as provided in Section 6654 of the Internal Revenue  
 31 Code, there shall be added to the tax a penalty ~~in an amount~~ **at the rate**  
 32 prescribed by IC 6-8.1-10-2.1(b).  
 33 (c) An individual filing an estimated tax return and making an  
 34 estimated tax payment under this section must designate:  
 35 (1) the portion of the estimated tax payment that represents  
 36 estimated state adjusted gross income tax liability; and  
 37 (2) the portion of the estimated tax payment that represents  
 38 estimated local income tax liability under IC 6-3.6.  
 39 The department shall adopt guidelines and issue instructions as  
 40 necessary to assist individuals in making the designations required by  
 41 this subsection.  
 42 SECTION 18. IC 6-3-4-4.2, AS ADDED BY P.L.205-2025,

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



1 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2026]: Sec. 4.2. (a) The following apply for purposes of this  
3 section:

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

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

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

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

13 (iii) four (4);

14 (B) if the taxpayer does not have a reported tax liability for  
15 the previous year and properly does not file an adjusted  
16 gross income tax return under IC 6-3 or financial  
17 institutions tax under IC 6-5.5, the taxpayer's final tax  
18 liability shall be considered to be zero dollars (\$0); and

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

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

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

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

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

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

42 (b) Except as otherwise provided in this section, every corporation

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 subject to the adjusted gross income tax liability imposed by this article  
 2 shall be required to report and pay an estimated tax equal to twenty-five  
 3 percent (25%) of such corporation's estimated adjusted gross income  
 4 tax liability for the taxable year. The following apply:

5 (1) A taxpayer who uses a taxable year that ends on December  
 6 31 shall file the taxpayer's estimated adjusted gross income tax  
 7 returns and pay the tax to the department on or before April 20,  
 8 June 20, September 20, and December 20 of the taxable year.

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

15 (3) Any taxes withheld on behalf of the corporation under this  
 16 chapter or IC 6-5.5-2-8, and any taxes remitted on behalf of the  
 17 corporation under IC 6-3-2.1, shall be treated as estimated tax  
 18 payments on behalf of the corporation for purposes of this  
 19 section. Such taxes shall be attributed to each required payment  
 20 in the manner the underlying income is attributed under Section  
 21 6655 of the Internal Revenue Code.

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

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

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

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

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

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

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

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

12 (f) If the department determines that a corporation's:  
13 (1) estimated quarterly adjusted gross income tax liability for the  
14 current year; or  
15 (2) average estimated quarterly adjusted gross income tax  
16 liability for the preceding year;

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

25 (g) In the case of corporations that switch filing status, the final tax  
26 liability shall be determined in the manner consistent with Section  
27 1502 of the Internal Revenue Code and regulations thereunder.

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

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

37 (1) a federal income tax return filed by the taxpayer after January  
38 1, 1978; or

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

41 The taxpayer shall file the notice ~~on the form~~ **in the form and manner**  
42 prescribed by the department within one hundred twenty (120) days

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 after the modification is made if the modification was made before  
 2 January 1, 2011, ~~and~~ one hundred eighty (180) days after the  
 3 modification is made if the modification is made after December 31,  
 4 2010, **but before January 1, 2026, and one (1) year after the**  
 5 **modification is made if the modification is made after December**  
 6 **31, 2025.**

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

- 9 (1) taxpayer files an amended federal income tax return;  
 10 (2) final determination is made concerning an assessment of  
 11 deficiency;  
 12 (3) final determination is made concerning a claim for a refund;  
 13 (4) taxpayer waives the restrictions on assessment and collection  
 14 of all, or any part, of an underpayment of federal income tax by  
 15 signing a federal Form 870, or any other Form prescribed by the  
 16 Internal Revenue Service for that purpose. For purposes of this  
 17 subdivision:

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

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

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

33 or

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

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

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 modification occurs for any entity filing as part of the consolidated or  
2 combined return.

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

8 (1) is final and conclusive; and

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

11 (e) If the federal modification results in a change in the taxpayer's  
12 federal or Indiana adjusted gross income, the taxpayer shall file an  
13 Indiana amended return within one hundred twenty (120) days after the  
14 modification is made if the modification was made before January 1,  
15 2011, ~~and~~ one hundred eighty (180) days after the modification is made  
16 if the modification is made after December 31, 2010, **but before**  
17 **January 1, 2026, and one (1) year after the modification is made if**  
18 **the modification is made after December 31, 2025.**

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

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

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

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

37 shall deduct and retain adjusted gross income tax at the time and in the  
38 amount described in withholding instructions issued by the department.  
39 The department's instructions must provide that amounts withheld shall  
40 be paid to the department on the twenty-fourth calendar day of each  
41 month. Any taxes collected during the month but after the day on which  
42 the taxes are required to be paid shall be paid to the department at the

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 same time the following month's taxes are due. Slot machine and keno  
 2 winnings from a gambling operation (as defined in IC 4-33-2-10) or a  
 3 gambling game (as defined in IC 4-35-2-5) that are reportable for  
 4 federal income tax purposes shall be treated as subject to withholding  
 5 under this section, even if federal tax withholding is not required.

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

7 (1) received from a winning lottery ticket purchased under

8 IC 4-30; and

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

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

14 (d) In addition to the amounts withheld under subsection (a), a  
 15 qualified organization (as defined in IC 4-32.3-2-31(a)) that awards a  
 16 prize under IC 4-32.3 exceeding ~~one thousand two hundred dollars~~  
 17 ~~(\$1,200)~~ **two thousand dollars (\$2,000)** in value shall deduct and  
 18 retain adjusted gross income tax at the time and in the amount  
 19 described in withholding instructions issued by the department. The  
 20 department's instructions must provide that amounts withheld shall be  
 21 paid to the department before the close of the business day following  
 22 the day the winnings are paid, actually or constructively.

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

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

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

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

42 (3) Any reference to tax shall include interest under

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 IC 6-8.1-10-1 and penalties under IC 6-8.1.  
 2 (4) In the case of a final federal adjustment for a review year that  
 3 is required, the adjustment shall be treated as:  
 4 (A) occurring in the review year, if and to the extent the  
 5 adjustment:  
 6 (i) results in an imputed underpayment for federal  
 7 purposes to the partnership;  
 8 (ii) would result in an imputed underpayment for  
 9 federal purposes to the partnership for the review year  
 10 except that the adjustment is reported by the partners  
 11 of the partnership in the manner provided under  
 12 Section 6225(c)(2) of the Internal Revenue Code; or  
 13 (iii) results in an adjustment that is passed through to  
 14 the review year partners for federal tax purposes, in the  
 15 case of a partnership that makes a valid election  
 16 pursuant to Section 6226 of the Internal Revenue  
 17 Code; or  
 18 (B) occurring in the adjustment year, to the extent a tax  
 19 attribute is taken into account by the partnership as  
 20 provided under Section 6225(a)(2) of the Internal Revenue  
 21 Code and regardless of whether the item is a separately  
 22 stated item for partners for federal income tax purposes.  
 23 (C) For purposes of clauses (A) and (B):  
 24 (i) a federal adjustment netted against another federal  
 25 adjustment for purposes of determining an imputed  
 26 underpayment for federal purposes to the partnership,  
 27 or for purposes of determining a partner's federal tax  
 28 due with respect to a review year, is considered to  
 29 occur in the review year;  
 30 (ii) a federal adjustment permitted to reduce the  
 31 imputed underpayment for federal purposes for a  
 32 partnership, or permitted for purposes of determining  
 33 a partner's federal tax due or federal tax attributes with  
 34 respect to a review year, and not otherwise described  
 35 in item (i), is considered to occur in the review year;  
 36 and  
 37 (iii) if an adjustment related to a review year affects a  
 38 tax attribute of a partner such that the partner is  
 39 required to change one (1) or more tax attributes for  
 40 federal purposes for a year other than the review year,  
 41 the partner shall treat the change in the tax attribute as  
 42 occurring for Indiana purposes in the same year as the

M  
e  
r  
g  
e  
d



- 1 change is required for federal purposes.
- 2 (5) In the case of a state adjustment, the change shall be treated
- 3 as occurring in the taxable year to which the state adjustment
- 4 relates, unless the adjustment is treated as occurring in a
- 5 different year as a result of subdivision (4).
- 6 (6) For taxable years beginning before January 1, 2017, any
- 7 reference to IC 6-3.6 shall be construed to include IC 6-3.5-1.1,
- 8 IC 6-3.5-6, and IC 6-3.5-7, prior to their repeal.
- 9 (7) With respect to partnerships and tiered partners:
- 10 (A) a partner that is a partnership that receives a report of
- 11 partnership adjustments, receives a final federal adjustment,
- 12 or files an amended return is considered a tier one (1)
- 13 entity;
- 14 (B) a tiered partner that is a direct partner of a tier one (1)
- 15 entity is considered a tier two (2) entity; and
- 16 (C) each tiered partner that is an owner, beneficiary, or
- 17 partner of an entity that is a tier two (2) entity or higher
- 18 shall be assigned a tier number that is one (1) tier higher
- 19 and is considered an entity in that tier.
- 20 If, after application of this subdivision, a tiered partner is
- 21 assigned to more than one (1) tier, the tiered partner shall be
- 22 treated as being assigned to the highest numerical tier to which
- 23 the tiered partner could be assigned.
- 24 (8) In the case of a partnership or tiered partner that is assigned
- 25 a numerical tier, the applicable deadline for purposes of this
- 26 chapter is:
- 27 (A) in the case of a tier one (1) entity receiving a report of
- 28 partnership adjustments, ninety (90) days from the date the
- 29 report of partnership adjustments is final;
- 30 (B) in the case of a tier one (1) entity that has received a
- 31 final federal adjustment, one hundred eighty (180) days
- 32 from the final determination date **for a final determination**
- 33 **date before January 1, 2026, and one (1) year from the**
- 34 **final determination date for a final determination date**
- 35 **after December 31, 2025;**
- 36 (C) in the case of a tier one (1) entity that has filed an
- 37 amended return under this chapter other than an amended
- 38 return resulting from a final federal adjustment, zero (0)
- 39 days; and
- 40 (D) in the case of a tiered partner that has received
- 41 adjustments resulting from a tier one (1) partnership, a
- 42 number of days equal to:

M  
e  
r  
g  
e  
d



- 1 (i) the number of days described in clauses (A) through
- 2 (C), as applicable; plus
- 3 (ii) thirty (30) multiplied by the tier number assigned
- 4 to the tiered partner; minus
- 5 (iii) thirty (30).

6 However, if a tiered partner receives an adjustment reported on  
 7 a partnership audit tracking report under Section 6226 of the  
 8 Internal Revenue Code, the time period applicable for the tiered  
 9 partner is the longer of the time period described in clause (D)  
 10 or ninety (90) days from the date prescribed in Section  
 11 6226(b)(4)(B) of the Internal Revenue Code, and any other  
 12 applicable deadlines under this subdivision or subdivision (9).

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

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

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

- 32 (1) three (3) years after the due date of the partnership's return,  
 33 including any valid extension granted under IC 6-8.1-6-1;
- 34 (2) three (3) years after the date the partnership's return is filed  
 35 with the department;
- 36 (3) in the case of the partnership's underreporting of its adjusted  
 37 gross income by more than twenty-five percent (25%), the  
 38 periods provided in subdivisions (1) and (2) shall be six (6)  
 39 years;
- 40 (4) if the partnership fails to file a return required under  
 41 IC 6-3-4-10, files a fraudulent return, or files a substantially  
 42 blank return, no time limit;

M  
e  
r  
g  
e  
d



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

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

7 (B) December 31, 2021;

8 whichever is later; or

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

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

22 (1) Add the following amounts:

23 (A) An amount equal to a deduction allowed or allowable  
24 under Section 166, Section 585, or Section 593 of the  
25 Internal Revenue Code.

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

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

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

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

41 (F) For a taxpayer that is not a large bank (as defined in  
42 Section 585(c)(2) of the Internal Revenue Code), an amount

M  
e  
r  
g  
e  
d



1 equal to the recovery of a debt, or part of a debt, that  
 2 becomes worthless to the extent a deduction was allowed  
 3 from gross income in a prior taxable year under Section  
 4 166(a) of the Internal Revenue Code.

5 (G) Add the amount necessary to make the adjusted gross  
 6 income of any taxpayer that owns property for which bonus  
 7 depreciation was allowed in the current taxable year or in an  
 8 earlier taxable year equal to the amount of adjusted gross  
 9 income that would have been computed had an election ~~not~~  
 10 been made under Section 168(k) of the Internal Revenue  
 11 Code to **not** apply bonus depreciation to the property in the  
 12 year that it was placed in service.

13 (H) Add the amount necessary to make the adjusted gross  
 14 income of any taxpayer that placed Section 179 property (as  
 15 defined in Section 179 of the Internal Revenue Code) in  
 16 service in the current taxable year or in an earlier taxable  
 17 year equal to the amount of adjusted gross income that  
 18 would have been computed had an election for federal  
 19 income tax purposes not been made for the year in which  
 20 the property was placed in service to take deductions under  
 21 Section 179 of the Internal Revenue Code in a total amount  
 22 exceeding the sum of:

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

26 (ii) for taxable years beginning after December 31,  
 27 2017, the deductions elected under Section 179 of the  
 28 Internal Revenue Code on property acquired in an  
 29 exchange if the exchange would have been eligible for  
 30 nonrecognition of gain or loss under Section 1031 of  
 31 the Internal Revenue Code in effect on January 1,  
 32 2017, the exchange is not eligible for nonrecognition  
 33 of gain or loss under Section 1031 of the Internal  
 34 Revenue Code, and the taxpayer made an election to  
 35 take deductions under Section 179 of the Internal  
 36 Revenue Code with regard to the acquired property in  
 37 the year that the property was placed into service. The  
 38 amount of deductions allowable for an item of property  
 39 under this item may not exceed the amount of adjusted  
 40 gross income realized on the property that would have  
 41 been deferred under the Internal Revenue Code in  
 42 effect on January 1, 2017.

M  
e  
r  
g  
e  
d



- 1 (I) Add an amount equal to any income not included in  
 2 gross income as a result of the deferral of income arising  
 3 from business indebtedness discharged in connection with  
 4 the reacquisition after December 31, 2008, and before  
 5 January 1, 2011, of an applicable debt instrument, as  
 6 provided in Section 108(i) of the Internal Revenue Code.  
 7 Subtract from the adjusted gross income of any taxpayer  
 8 that added an amount to adjusted gross income in a previous  
 9 year the amount necessary to offset the amount included in  
 10 federal gross income as a result of the deferral of income  
 11 arising from business indebtedness discharged in  
 12 connection with the reacquisition after December 31, 2008,  
 13 and before January 1, 2011, of an applicable debt  
 14 instrument, as provided in Section 108(i) of the Internal  
 15 Revenue Code.
- 16 (J) Add an amount equal to any exempt insurance income  
 17 under Section 953(e) of the Internal Revenue Code for  
 18 active financing income under Subpart F, Subtitle A,  
 19 Chapter 1, Subchapter N of the Internal Revenue Code.
- 20 (K) Add an amount equal to the remainder of:  
 21 (i) the amount allowable as a deduction under Section  
 22 274(n) of the Internal Revenue Code; minus  
 23 (ii) the amount otherwise allowable as a deduction  
 24 under Section 274(n) of the Internal Revenue Code, if  
 25 Section 274(n)(2)(D) of the Internal Revenue Code  
 26 was not in effect for amounts paid or incurred after  
 27 December 31, 2020.
- 28 (2) Subtract the following amounts:  
 29 (A) Income that the United States Constitution or any  
 30 statute of the United States prohibits from being used to  
 31 measure the tax imposed by this chapter.  
 32 (B) Income that is derived from sources outside the United  
 33 States, as defined by the Internal Revenue Code.  
 34 (C) An amount equal to a debt or part of a debt that  
 35 becomes worthless, as permitted under Section 166(a) of  
 36 the Internal Revenue Code.  
 37 (D) An amount equal to any bad debt reserves that are  
 38 included in federal income because of accounting method  
 39 changes required by Section 585(c)(3)(A) or Section 593 of  
 40 the Internal Revenue Code.  
 41 (E) The amount necessary to make the adjusted gross  
 42 income of any taxpayer that owns property for which bonus

M  
e  
r  
g  
e  
d

1 depreciation was allowed in the current taxable year or in an  
 2 earlier taxable year equal to the amount of adjusted gross  
 3 income that would have been computed had an election ~~not~~  
 4 been made under Section 168(k) of the Internal Revenue  
 5 Code to **not** apply bonus depreciation.

6 (F) The amount necessary to make the adjusted gross  
 7 income of any taxpayer that placed Section 179 property (as  
 8 defined in Section 179 of the Internal Revenue Code) in  
 9 service in the current taxable year or in an earlier taxable  
 10 year equal to the amount of adjusted gross income that  
 11 would have been computed had an election for federal  
 12 income tax purposes not been made for the year in which  
 13 the property was placed in service to take deductions under  
 14 Section 179 of the Internal Revenue Code in a total amount  
 15 exceeding the sum of:

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

19 (ii) for taxable years beginning after December 31,  
 20 2017, the deductions elected under Section 179 of the  
 21 Internal Revenue Code on property acquired in an  
 22 exchange if the exchange would have been eligible for  
 23 nonrecognition of gain or loss under Section 1031 of  
 24 the Internal Revenue Code in effect on January 1,  
 25 2017, the exchange is not eligible for nonrecognition  
 26 of gain or loss under Section 1031 of the Internal  
 27 Revenue Code, and the taxpayer made an election to  
 28 take deductions under Section 179 of the Internal  
 29 Revenue Code with regard to the acquired property in  
 30 the year that the property was placed into service. The  
 31 amount of deductions allowable for an item of property  
 32 under this item may not exceed the amount of adjusted  
 33 gross income realized on the property that would have  
 34 been deferred under the Internal Revenue Code in  
 35 effect on January 1, 2017.

36 (G) Income that is:

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

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

40 (H) The amount that would have been excluded from gross  
 41 income but for the enactment of Section 118(b)(2) of the  
 42 Internal Revenue Code for taxable years ending after

M  
e  
r  
g  
e  
d



- 1 December 22, 2017.
- 2 (I) For taxable years ending after March 12, 2020, an
- 3 amount equal to the deduction disallowed pursuant to:
- 4 (i) Section 2301(e) of the CARES Act (Public Law
- 5 116-136), as modified by Sections 206 and 207 of the
- 6 Taxpayer Certainty and Disaster Relief Tax Act
- 7 (Division EE of Public Law 116-260); and
- 8 (ii) Section 3134(e) of the Internal Revenue Code.
- 9 (J) Subtract an amount equal to the deduction disallowed
- 10 under Section 280C(h) of the Internal Revenue Code.
- 11 (3) Make the following adjustments:
- 12 (A) Subtract the amount of any interest expense paid or
- 13 accrued in the current taxable year but not deducted as a
- 14 result of the limitation imposed under Section 163(j)(1) of
- 15 the Internal Revenue Code.
- 16 (B) Add any interest expense paid or accrued in a previous
- 17 taxable year but allowed as a deduction under Section 163
- 18 of the Internal Revenue Code in the current taxable year.
- 19 (C) For taxable years beginning after December 31, 2021,
- 20 add or subtract amounts related to specified research or
- 21 experimental ~~procedures~~ **expenditures** as required under
- 22 IC 6-3-2-29.
- 23 **(D) Add or subtract an amount equal to the**
- 24 **modifications required for qualified production**
- 25 **property under IC 6-3-2-30.**
- 26 For purposes of this subdivision, an interest expense is
- 27 considered paid or accrued only in the first taxable year the
- 28 deduction would have been allowable under Section 163 of the
- 29 Internal Revenue Code if the limitation under Section 163(j)(1)
- 30 of the Internal Revenue Code did not exist.
- 31 (b) In the case of a credit union, "adjusted gross income" for a
- 32 taxable year means the total transfers to undivided earnings minus
- 33 dividends for that taxable year after statutory reserves are set aside
- 34 under IC 28-7-1-24.
- 35 (c) In the case of an investment company, "adjusted gross income"
- 36 means the company's federal taxable income adjusted as follows:
- 37 (1) Add the amount excluded from federal gross income under
- 38 Section 103 of the Internal Revenue Code for interest received
- 39 on an obligation of a state other than Indiana, or a political
- 40 subdivision of such a state, that is acquired by the taxpayer after
- 41 December 31, 2011.
- 42 (2) Make the following adjustments:

M  
e  
r  
g  
e  
d

- 1 (A) Subtract the amount of any interest expense paid or  
 2 accrued in the current taxable year but not deducted as a  
 3 result of the limitation imposed under Section 163(j)(1) of  
 4 the Internal Revenue Code.
- 5 (B) Add any interest expense paid or accrued in a previous  
 6 taxable year but allowed as a deduction under Section 163  
 7 of the Internal Revenue Code in the current taxable year.
- 8 For purposes of this subdivision, an interest expense is  
 9 considered paid or accrued only in the first taxable year the  
 10 deduction would have been allowable under Section 163 of the  
 11 Internal Revenue Code if the limitation under Section 163(j)(1)  
 12 of the Internal Revenue Code did not exist.
- 13 (3) Multiply the amount determined after the adjustments in  
 14 subdivisions (1) and (2) by the quotient of:
- 15 (A) the aggregate of the gross payments collected by the  
 16 company during the taxable year from old and new business  
 17 upon investment contracts issued by the company and held  
 18 by residents of Indiana; divided by
- 19 (B) the total amount of gross payments collected during the  
 20 taxable year by the company from the business upon  
 21 investment contracts issued by the company and held by  
 22 persons residing within Indiana and elsewhere.
- 23 (d) As used in subsection (c), "investment company" means a  
 24 person, copartnership, association, limited liability company, or  
 25 corporation, whether domestic or foreign, that:
- 26 (1) is registered under the Investment Company Act of 1940 (15  
 27 U.S.C. 80a-1 et seq.); and
- 28 (2) solicits or receives a payment to be made to itself and issues  
 29 in exchange for the payment:
- 30 (A) a so-called bond;
- 31 (B) a share;
- 32 (C) a coupon;
- 33 (D) a certificate of membership;
- 34 (E) an agreement;
- 35 (F) a pretended agreement; or
- 36 (G) other evidences of obligation;
- 37 entitling the holder to anything of value at some future date, if  
 38 the gross payments received by the company during the taxable  
 39 year on outstanding investment contracts, plus interest and  
 40 dividends earned on those contracts (by prorating the interest  
 41 and dividends earned on investment contracts by the same  
 42 proportion that certificate reserves (as defined by the Investment

M  
e  
r  
g  
e  
d

1 Company Act of 1940) is to the company's total assets) is at least  
 2 fifty percent (50%) of the company's gross payments upon  
 3 investment contracts plus gross income from all other sources  
 4 except dividends from subsidiaries for the taxable year. The term  
 5 "investment contract" means an instrument listed in clauses (A)  
 6 through (G).

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

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

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

22 SECTION 24. IC 6-5.5-6-6, AS AMENDED BY P.L.159-2021,  
 23 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) Each taxpayer shall  
 25 notify the department in writing of any alteration or modification of a  
 26 federal income tax return filed with the United States Internal Revenue  
 27 Service for a taxable year that begins after December 31, 1988,  
 28 including any modification or alteration in the amount of tax,  
 29 regardless of whether the modification or assessment results from an  
 30 assessment.

31 (b) The taxpayer shall file the notice in the form required by the  
 32 department within ~~one hundred eighty (180) days~~ **one (1) year** after the  
 33 alteration or modification is made. In the case of a taxpayer that files  
 34 a combined return under this article, the date on which the alteration or  
 35 modification is made shall be considered to be the last day on which an  
 36 alteration or modification occurs for any entity filing as part of the  
 37 combined return.

38 (c) For purposes of this section, a modification or alteration occurs  
 39 on the date on which a:

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

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

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 (3) final determination is made concerning a claim for refund;  
 2 (4) taxpayer waives the restrictions on assessment and collection  
 3 of all, or any part, of an underpayment of federal income tax by  
 4 signing a federal Form 870, or any other Form prescribed by the  
 5 Internal Revenue Service for that purpose. For purposes of this  
 6 subdivision:

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

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

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

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

26 for a taxable year, regardless of whether a modification or alteration  
 27 results in an underpayment or overpayment of tax.

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

33 (1) is final and conclusive; and

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

36 (e) If the federal modification or alteration results in a change in  
 37 the taxpayer's federal adjusted gross income or income within Indiana,  
 38 the taxpayer shall file an amended Indiana financial institutions tax  
 39 return (as required by the department) and a copy of the taxpayer's  
 40 amended federal income tax return with the department not later than  
 41 the date that is one hundred eighty (180) days after the modification or  
 42 alteration is made, **if the modification or alteration occurs before**

M  
e  
r  
g  
e  
d



1 **January 1, 2026, and one (1) year if the modification or alteration**  
2 **occurs after December 31, 2025.**

3 (f) The taxpayer shall pay an additional tax or penalty due under  
4 this article upon notice or demand from the department.

5 SECTION 25. IC 6-5.5-7-1, AS AMENDED BY P.L.205-2025,  
6 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 2026]: Sec. 1. (a) For purposes of this section, "final tax  
8 liability" has the meaning set forth in IC 6-3-4-4.2(a)(1).

9 (b) The penalty ~~in the amount at the rate~~ prescribed by  
10 IC 6-8.1-10-2.1(b) shall be assessed by the department on a taxpayer  
11 who fails to make payments as required in IC 6-5.5-6. However, no  
12 penalty shall be assessed for a quarterly payment if the payment equals  
13 or exceeds:

- 14 (1) twenty percent (20%) of the final tax liability for the taxable
- 15 year; or
- 16 (2) twenty-five percent (25%) of the final tax liability for the
- 17 taxpayer's previous taxable year.

18 (c) The penalty for an underpayment of tax on a quarterly return  
19 shall only be assessed on the difference between the actual amount paid  
20 by the taxpayer on the quarterly return and the lesser of:

- 21 (1) twenty percent (20%) of the taxpayer's final tax liability for
- 22 the taxable year; or
- 23 (2) twenty-five percent (25%) of the taxpayer's final tax liability
- 24 for the taxpayer's previous taxable year.

25 A payment required to be made in the manner prescribed in  
26 IC 6-5.5-6-3(c), but not paid in such a prescribed manner, shall be  
27 subject to the penalty provided in IC 6-8.1-10-2.1(b)(5).

28 (d) For a corporation required to make estimated payments under  
29 this section:

- 30 (1) if a corporation has a current taxable year that is less than
- 31 twelve (12) months, the amounts under subsections (b) and (c)
- 32 shall be adjusted in the same manner as an estimated payment
- 33 required under IC 6-3-4-4.2; and
- 34 (2) any taxes withheld on behalf of the corporation under
- 35 IC 6-3-4 or IC 6-5.5-2-8, and any taxes remitted on behalf of the
- 36 corporation under IC 6-3-2.1, shall be treated as estimated tax
- 37 payments on behalf of the corporation for purposes of this
- 38 section. Such taxes shall be attributed to each required payment
- 39 in the manner the underlying income is attributed under Section
- 40 6655 of the Internal Revenue Code.

41 SECTION 26. IC 6-6-6.5-9, AS AMENDED BY P.L.214-2019,  
42 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

M  
e  
r  
g  
e  
d



1 JULY 1, 2026]: Sec. 9. (a) The provisions of this chapter pertaining to  
 2 registration and taxation shall not apply to any of the following:

3 (1) An aircraft owned by and used exclusively in the service of:

4 (A) the United States government;

5 (B) a state (except Indiana), territory, or possession of the  
 6 United States;

7 (C) the District of Columbia; or

8 (D) a political subdivision of an entity listed in clause (A),  
 9 (B), or (C).

10 (2) An aircraft owned by a resident of another state and  
 11 registered in accordance with the laws of that state. However, the  
 12 aircraft shall not be exempt under this subdivision if a  
 13 nonresident establishes a base for the aircraft inside this state  
 14 and the base is used for a period of sixty (60) days or more.

15 (3) An aircraft which this state is prohibited from taxing under  
 16 this chapter by the Constitution or the laws of the United States.

17 (4) An aircraft owned or operated by a person who is either an  
 18 air carrier certificated under Federal Air Regulation Part 121 or  
 19 a scheduled air taxi operator certified under Federal Air  
 20 Regulation Part 135, unless such person is a corporation  
 21 incorporated under the laws of the state of Indiana, an individual  
 22 who is a resident of Indiana, or a domestic corporation having a  
 23 physical presence in Indiana that results in Indiana being the  
 24 regular or principal place of business of its chief executive,  
 25 operating, and financial officers.

26 (5) An aircraft which has been scrapped, dismantled, or  
 27 destroyed, and for which the airworthiness certificate and federal  
 28 certificate of registration have been surrendered to the Federal  
 29 Aviation Administration by the owner.

30 (6) An aircraft owned by a resident of this state that is not a  
 31 dealer and that is not based in this state at any time, if the owner  
 32 files the required form not later than thirty-one (31) days after  
 33 the date of purchase; and furnishes the department with  
 34 evidence, satisfactory to the department, verifying ~~where the~~  
 35 **that aircraft is not based during the year in this state.**

36 (7) An aircraft owned by a dealer for not more than five (5) days  
 37 if the ownership is part of an ultimate sale or transfer of an  
 38 aircraft that will not be based in this state at any time. However,  
 39 the dealer described in this subdivision is required to file a report  
 40 of the transaction within thirty-one (31) days after the ultimate  
 41 sale or transfer of ownership of the aircraft. The report is not  
 42 required to identify the seller or purchaser but must list the

M  
e  
r  
g  
e  
d



1 aircraft's origin, destination, N number, date of each transaction,  
 2 and ultimate sales price.

3 (8) An aircraft owned by a registered nonprofit museum, if the  
 4 owner furnishes the department with evidence satisfactory to the  
 5 department not later than thirty-one (31) days after the purchase  
 6 date. The aircraft must be reported for registration, but the  
 7 department shall issue the registration without charge.

8 (b) The provisions of this chapter pertaining to taxation shall not  
 9 apply to an aircraft owned by and used exclusively in the service of  
 10 Indiana or a political subdivision of Indiana or any university or college  
 11 supported in part by state funds. That aircraft must be reported for  
 12 registration, but the department will issue the registration without  
 13 charge.

14 SECTION 27. IC 6-6-6.5-13, AS AMENDED BY P.L.230-2025,  
 15 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 16 JULY 1, 2026]: Sec. 13. (a) As the basis for measuring the tax imposed  
 17 by this chapter, the department shall classify every taxable aircraft in  
 18 its proper class according to the following classification plan:

- 19 CLASS DESCRIPTION  
 20 A Piston-driven  
 21 B Piston-driven,  
 22 and Pressurized  
 23 C Turbine driven  
 24 or other Powered  
 25 D Homebuilt, Gliders, or  
 26 Hot Air Balloons

27 (b) The tax imposed under this chapter is based on the age, class,  
 28 and maximum landing weight of the taxable aircraft. The amount of tax  
 29 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

37 (c) An aircraft owner, who sells an aircraft on which the owner has  
 38 paid the tax imposed under this chapter, is entitled to a credit for the  
 39 tax paid. The credit equals excise tax paid on the aircraft that was sold,  
 40 times the lesser of:

- 41 (1) ninety percent (90%); or  
 42 (2) ten percent (10%) times the number of months remaining in

M  
e  
r  
g  
e  
d



1 the registration year after the sale of the aircraft.  
 2 The credit may only be used to reduce the tax imposed under this  
 3 chapter on another aircraft purchased by that owner during the  
 4 registration year in which the credit accrues. A person may not receive  
 5 a refund for a credit under this subsection.

6 (d) A person who is entitled to a property tax deduction under  
 7 IC 6-1.1-12-13 or IC 6-1.1-12-14 is entitled to a credit against the tax  
 8 imposed on the person's aircraft under this chapter. The credit equals  
 9 the amount of the property tax deduction to which the person is entitled  
 10 under IC 6-1.1-12-13 and IC 6-1.1-12-14 minus the amount of that  
 11 deduction used to offset the person's property taxes or vehicle excise  
 12 taxes, times seven hundredths (.07). **The credit Additionally, a person**  
 13 **entitled to a property tax deduction under IC 6-1.1-51-10 is also**  
 14 **entitled to a credit against the tax imposed on the person's aircraft**  
 15 **under this chapter. Such credit equals the amount of the property**  
 16 **tax deduction to which the person is entitled under IC 6-1.1-51-10**  
 17 **minus the amount of that deduction used to offset the person's**  
 18 **property taxes (unless the aircraft is subject to both the aircraft**  
 19 **excise tax and personal property tax, in which case the deduction**  
 20 **shall apply to both property taxes and excise taxes). The credits in**  
 21 **this subsection** may not exceed the amount of the tax due under this  
 22 chapter. The county auditor shall, upon the person's request, furnish a  
 23 certified statement showing the credit allowable under this subsection.  
 24 The department may not allow a credit under this subsection until the  
 25 auditor's statement has been filed in the department's office.

26 SECTION 28. IC 6-7-1-0.3 IS REPEALED [EFFECTIVE JULY 1,  
 27 2026]. ~~Sec. 0.3: Notwithstanding section 14 of this chapter, revenue~~  
 28 ~~stamps paid for before July 1, 2002, and in the possession of a~~  
 29 ~~distributor may be used after June 30, 2002, only if the full amount of~~  
 30 ~~the tax imposed by section 12 of this chapter, as effective after June 30,~~  
 31 ~~2002, and as amended by P.L.192-2002(ss), is remitted to the~~  
 32 ~~department under the procedures prescribed by the department.~~

33 SECTION 29. IC 6-7-1-0.4 IS REPEALED [EFFECTIVE JULY 1,  
 34 2026]. ~~Sec. 0.4: (a) Notwithstanding section 14 of this chapter, revenue~~  
 35 ~~stamps paid for before July 1, 2007, and in the possession of a~~  
 36 ~~distributor may be used after June 30, 2007, only if the full amount of~~  
 37 ~~the tax imposed by section 12 of this chapter, as effective after June 30,~~  
 38 ~~2007, and as amended by P.L.218-2007, is remitted to the department~~  
 39 ~~under the procedures prescribed by the department.~~

40 (b) ~~Notwithstanding section 14 of this chapter, revenue stamps paid~~  
 41 ~~for before July 1, 2025, and in the possession of a distributor may be~~  
 42 ~~used after June 30, 2025, only if the full amount of the tax imposed by~~

SB 243—LS 7072/DI 120



1 section 12 of this chapter, as amended and effective after June 30,  
2 2025, is remitted to the department under the procedures prescribed by  
3 the department.

4 SECTION 30. IC 6-7-1-1 IS AMENDED TO READ AS FOLLOWS  
5 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) It is the intent and purpose of  
6 this chapter to ~~levy~~ **impose** a tax on all cigarettes sold, used, consumed,  
7 handled, or distributed within this state, ~~and to collect the tax which~~  
8 **shall be collected** from the person who first sells, uses, consumes,  
9 handles, or distributes the cigarettes.

10 (b) It is further the intent and purpose of this chapter that whenever  
11 any cigarettes are given for advertising or any purpose whatsoever, they  
12 shall be taxed in the same manner as if they were sold, used, consumed,  
13 handled, or distributed in this state. ~~Notwithstanding any other~~  
14 ~~provisions contained in this chapter, the liability for the excise taxes~~  
15 ~~imposed by this chapter shall be conclusively presumed to be on the~~  
16 ~~retail purchaser or ultimate consumer, precollected for convenience~~  
17 ~~and facility only. When such taxes are paid by any other person, such~~  
18 ~~payment shall be considered as an advance payment and shall be added~~  
19 ~~to the price of the cigarettes and recovered from the ultimate consumer~~  
20 ~~or user. Distributors, wholesalers, or retailers may state the amount of~~  
21 ~~the tax separately from the price of such cigarettes on all price display~~  
22 ~~signs, sales or delivery slips, bills, and statements which advertise or~~  
23 ~~indicate the price of such cigarettes.~~

24 SECTION 31. IC 6-7-1-2, AS AMENDED BY P.L.137-2022,  
25 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 JULY 1, 2026]: Sec. 2. (a) ~~Unless the context requires otherwise,~~  
27 **Except as provided in subsection (b), as used in this chapter,**  
28 ~~"cigarette" shall mean and include~~ **means and includes** any roll for  
29 smoking or heating made wholly or in part of tobacco, irrespective of  
30 size or shape and irrespective of tobacco being flavored, adulterated,  
31 or mixed with any other ingredient, where such roll has a wrapper or  
32 cover made of paper or any other material not containing tobacco.  
33 ~~Provided the definition in this section shall not be construed to~~

34 (b) **The definition does not** include cigars (as defined in  
35 IC 6-7-2-0.3). ~~Excepting where context clearly shows that cigarettes~~  
36 ~~alone are intended,~~

37 (c) **For purposes of this chapter, the term "cigarettes" shall mean**  
38 **and include means and includes** cigarettes upon which a tax is  
39 imposed by ~~sections section 12 and 13~~ **section 12 and 13** of this chapter, **except where**  
40 **context clearly shows that cigarettes alone are intended.**

41 SECTION 32. IC 6-7-1-3, AS AMENDED BY P.L.191-2016,  
42 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2026]: Sec. 3. ~~Unless the context requires otherwise, As used~~  
 2 **in this chapter, "individual package" shall mean and include means**  
 3 **and includes** every individual packet, box, or other container used to  
 4 contain or to convey cigarettes to the consumer.

5 SECTION 33. IC 6-7-1-4 IS AMENDED TO READ AS FOLLOWS  
 6 [EFFECTIVE JULY 1, 2026]: Sec. 4. ~~Unless the context hereof~~  
 7 **requires otherwise, As used in this chapter, the term "person" or the**  
 8 **term "company," herein used interchangeably, means and includes any**  
 9 individual, assignee, receiver, commissioner, fiduciary, trustee,  
 10 executor, administrator, institution, **national bank,** bank, consignee,  
 11 firm, partnership, limited liability company, joint venture, pool,  
 12 syndicate, bureau, association, cooperative association, society, club,  
 13 fraternity, sorority, lodge, corporation, ~~municipal corporation or any~~  
 14 **other Indiana** political subdivision of the state engaged in private or  
 15 proprietary activities or business, estate, trust, or any other group or  
 16 combination acting as a unit. ~~and the plural as well as the singular~~  
 17 ~~number, unless the intention to give a more limited meaning is~~  
 18 ~~disclosed by the context. For purposes of this chapter, the term~~  
 19 **"company" may be used interchangeably with the term "person".**

20 SECTION 34. IC 6-7-1-5 IS AMENDED TO READ AS FOLLOWS  
 21 [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~Unless the context hereof~~  
 22 **requires otherwise, As used in this chapter, "department" shall mean**  
 23 **means** the Indiana department of state revenue and its duly authorized  
 24 assistants and employees.

25 SECTION 35. IC 6-7-1-6 IS AMENDED TO READ AS FOLLOWS  
 26 [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~Unless the context requires~~  
 27 **otherwise, As used in this chapter, "distributor" shall mean and**  
 28 **include means and includes** every person who sells, barter,  
 29 exchanges, or distributes cigarettes in the state of Indiana to retail  
 30 dealers for the purpose of resale, or who purchases cigarettes directly  
 31 from a manufacturer of cigarettes, or who purchases for resale  
 32 cigarettes directly from a manufacturer of cigarettes, or from a  
 33 wholesaler, jobber, or distributor outside of the state of Indiana who is  
 34 not a distributor holding a registration certificate issued under this  
 35 chapter.

36 SECTION 36. IC 6-7-1-7 IS AMENDED TO READ AS FOLLOWS  
 37 [EFFECTIVE JULY 1, 2026]: Sec. 7. ~~Unless the context hereof~~  
 38 **requires otherwise, As used in this chapter, "retailer" shall mean**  
 39 **means** every person, other than a distributor, who purchases, sells,  
 40 offers for sale, or distributes cigarettes, to consumers or to any person  
 41 for any purpose other than resale, irrespective of quantity or amount,  
 42 or the number of sales.

SB 243—LS 7072/DI 120



1 SECTION 37. IC 6-7-1-7.5 IS ADDED TO THE INDIANA CODE  
 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 3 1, 2026]: **Sec. 7.5. As used in this chapter, "consumer" means a**  
 4 **person using a cigarette or cigarettes for the purpose of smoking.**

5 SECTION 38. IC 6-7-1-8 IS AMENDED TO READ AS FOLLOWS  
 6 [EFFECTIVE JULY 1, 2026]: Sec. 8. ~~Unless the context hereof~~  
 7 ~~requires otherwise;~~ **As used in this chapter, "consumption" shall mean**  
 8 **or "consume" means** the possession for use or the use of a cigarette  
 9 or cigarettes for the purpose of smoking. ~~the same; the term~~  
 10 ~~"consumer" shall mean the person so using the same; and the term~~  
 11 ~~"consume" shall mean so to use the same.~~

12 SECTION 39. IC 6-7-1-9, AS AMENDED BY P.L.191-2016,  
 13 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 14 JULY 1, 2026]: Sec. 9. ~~Unless the context requires otherwise;~~ **As used**  
 15 **in this chapter, "stamps" shall mean means** the stamps printed,  
 16 manufactured, or made by authority of the department, as provided in  
 17 this chapter, and issued, sold, or circulated by it and by the use of  
 18 which the tax levied under this chapter is paid. ~~or~~ **The term also**  
 19 **means** any impression, indicium, or character imprinted upon  
 20 individual packages of cigarettes by a metered stamping machine or  
 21 other device such as may be authorized by the department for use by  
 22 the holder of a certificate under the provisions of this chapter and by  
 23 the use of which the tax levied under this chapter shall be paid.

24 SECTION 40. IC 6-7-1-10 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. ~~Unless the context~~  
 26 ~~requires otherwise;~~ **As used in this chapter, "counterfeit stamp" shall**  
 27 **mean means** any stamp, label, print, indicium, or character which  
 28 evidences, or purports to evidence the payment of any tax levied by this  
 29 chapter, and which stamp, label, print, indicium, or character has not  
 30 been printed, manufactured, or made by authority of the department as  
 31 provided in this chapter, and issued, sold, or circulated by it.

32 SECTION 41. IC 6-7-1-11 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. ~~Unless the context~~  
 34 ~~hereof requires otherwise;~~ **As used in this chapter, "drop shipment"**  
 35 **shall mean means** any shipment billed to one other than the person  
 36 receiving such shipment.

37 SECTION 42. IC 6-7-1-13 IS REPEALED [EFFECTIVE JULY 1,  
 38 2026]. Sec. 13: ~~There is levied, assessed, and imposed, and shall be~~  
 39 ~~collected and paid as provided in this chapter, upon the use,~~  
 40 ~~consumption, or possession for use of cigarettes within the state of~~  
 41 ~~Indiana, taxes at the rates set forth and in the manner provided in~~  
 42 ~~section 12 of this chapter. Provided, that the tax levied, assessed, and~~

SB 243—LS 7072/DI 120



1 imposed by this section shall not be applicable to the use, consumption;  
 2 or possession for use of cigarettes upon which the tax levied, assessed;  
 3 and imposed by the provisions of section 12 of this chapter has been  
 4 paid.

5 SECTION 43. IC 6-7-1-14, AS AMENDED BY P.L.191-2016,  
 6 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2026]: Sec. 14. (a) ~~A~~ A tax is levied, assessed, and  
 8 imposed upon the use, consumption, or possession for use of  
 9 cigarettes within Indiana at the rates set forth and in the manner  
 10 provided in section 12 of this chapter.

11 (b) Payment of the taxes levied, assessed, and imposed by this  
 12 chapter shall be paid and the payment thereof is evidenced by the  
 13 purchase of stamps purchasing and by affixing the same stamps to the  
 14 individual packages and duly cancelling these stamps; of cigarettes, or  
 15 otherwise by canceling the stamps, as provided in this chapter. but  
 16 there shall be Except as provided in subsection (e), a distributor  
 17 shall firmly and securely affix each individual package of cigarettes  
 18 (even those contained within a carton or larger containers of  
 19 cigarettes) with the requisite denomination and amount of stamps  
 20 upon the receipt of cigarettes taxed under this chapter.

21 (c) Once a stamp has been affixed to an individual package of  
 22 cigarettes, no further tax may be assessed, imposed, or collected by  
 23 virtue of this chapter upon the sale or use of any the package of  
 24 cigarettes. upon which these stamps have been previously affixed as  
 25 provided by this chapter. If a retailer receives cigarettes that do not  
 26 have the proper amount of stamps firmly affixed to each individual  
 27 package by a distributor, the retailer shall:

28 (1) stamp or firmly affix stamps immediately on each  
 29 individual package if the retailer is also a licensed distributor;  
 30 or

31 (2) if the retailer is not a licensed distributor, return the  
 32 stamps to the distributor from whom the stamps that were to  
 33 have been firmly affixed were purchased.

34 (d) The payment and affixing of a stamp on an individual  
 35 package of cigarettes shall be considered as an advance payment,  
 36 precollected for convenience and facility only, and shall be added  
 37 to the price of the cigarettes and recovered from the ultimate  
 38 consumer or user. Notwithstanding any other provisions contained  
 39 in this chapter, the liability for the tax imposed by this chapter  
 40 shall be conclusively presumed to be on the retail purchaser or  
 41 ultimate consumer.

42 (e) A distributor engaged in interstate business shall be

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1 permitted to set aside part of the distributor's stock of individual  
2 packages as may be necessary for the conduct of such interstate  
3 business without affixing the stamps required by this chapter.

4 (f) Distributors, wholesalers, or retailers may state the amount  
5 of the tax separately from the price of such cigarettes on all price  
6 display signs, sales or delivery slips, bills, and statements which  
7 advertise or indicate the price of such cigarettes.

8 (g) Sample packages of cigarettes may not be distributed in this  
9 state without stamps of the proper denomination affixed to the  
10 package.

11 SECTION 44. IC 6-7-1-15, AS AMENDED BY P.L.137-2022,  
12 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JULY 1, 2026]: Sec. 15. (a) The department is the official agent of the  
14 state for the administration and enforcement of this chapter. A  
15 sufficient sum to pay salaries and expenses is appropriated to the  
16 department out of the monies received by virtue of this chapter.

17 (b) The department may issue registration certificates, upon the  
18 terms and conditions provided in this chapter, and may revoke or  
19 suspend the same upon the violation of this chapter or a violation of  
20 IC 24-3-5.4-17 by the holder of such a certificate.

21 (c) The department may apply for membership in the National  
22 Tobacco Tax Association.

23 (d) The department may design and have printed or manufactured  
24 stamps of sizes and denominations to be affixed to each individual  
25 package. The stamps shall be firmly affixed on each individual package  
26 in such a manner that the stamps can not be removed without being  
27 mutilated or destroyed; however, the department may by regulation  
28 designate some other manner for cancellation of stamps. ~~In addition to~~  
29 ~~the stamps; the~~

30 (e) ~~The department may by rules and regulations~~ authorize  
31 distributors to use metered stamping machines or other devices which  
32 will imprint distinctive indicia evidencing the payment of the tax upon  
33 each individual package. The machines shall be constructed in such a  
34 manner as will accurately record or meter the number of impressions  
35 or tax stamps made. The tax meter machines or other devices shall be  
36 kept available at all reasonable times for inspection by the department,  
37 and the machines shall be maintained in proper operating condition.

38 (f) A person who knowingly tampers with the printing or recording  
39 mechanism of such a machine commits a Class B misdemeanor.

40 SECTION 45. IC 6-7-1-16.5 IS ADDED TO THE INDIANA CODE  
41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
42 1, 2026]: Sec. 16.5. (a) The department may institute a suit upon a

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 distributor's bond or letter of credit for the entire amount of the  
2 liability and costs under any of the following circumstances:

3 (1) A registrant is convicted of a violation of any of the  
4 provisions of this chapter.

5 (2) The registrant's certificate is revoked and no review is  
6 requested of the order of the revocation under section 17.2 of  
7 this chapter.

8 (3) If on review of a revocation, the decision is adverse to the  
9 registrant, and the registrant refuses to pay any taxes,  
10 damages, fines, penalties, or costs adjudged against the  
11 registrant by reason of a violation of any of the provisions of  
12 this chapter.

13 (b) Any suit upon the bond shall be in addition to any other  
14 remedy provided for in this chapter.

15 SECTION 46. IC 6-7-1-17, AS AMENDED BY P.L.201-2023,  
16 SECTION 109, IS AMENDED TO READ AS FOLLOWS  
17 [EFFECTIVE JULY 1, 2026]: Sec. 17. (a) Distributors who hold  
18 certificates and retailers shall be agents of the state in the collection of  
19 the taxes imposed by this chapter and the amount of the tax levied,  
20 assessed, and imposed by this chapter on cigarettes sold, exchanged,  
21 bartered, furnished, given away, or otherwise disposed of by  
22 distributors or to retailers. Distributors who hold certificates shall be  
23 agents of the department to affix the required stamps and shall be  
24 entitled to purchase the stamps from the department at a discount of  
25 two cents (\$0.02) per individual package of cigarettes as compensation  
26 for their labor and expense.

27 (b) The department may permit distributors who hold certificates  
28 and who are admitted to do business in Indiana to pay for revenue  
29 stamps within thirty (30) days after the date of purchase. However, the  
30 privilege is extended upon the express condition that:

31 (1) except as provided in subsection (c), a bond or letter of credit  
32 satisfactory to the department, in an amount not less than the sales  
33 price of the stamps, is filed with the department;

34 (2) proof of payment is made of all property taxes, excise taxes,  
35 and listed taxes (as defined in IC 6-8.1-1-1) for which any such  
36 distributor may be liable; and

37 (3) payment for the revenue stamps must be made by electronic  
38 funds transfer (as defined in IC 4-8.1-2-7).

39 **If payment is not received by the due date, the discount will be**  
40 **disallowed and penalty and interest will be charged. Additionally,**  
41 **no further stamps will be sold to the distributor until full payment**  
42 **is made.**

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1 (c) The bond or letter of credit, conditioned to secure payment for  
2 the stamps, shall be executed by the distributor as principal and by a  
3 corporation duly authorized to engage in business as a surety company  
4 or financial institution in Indiana.

5 (d) If a distributor has at least five (5) consecutive years of good  
6 credit standing with the state, the distributor shall not be required to  
7 post a bond or letter of credit under subsection (b).

8 (e) **The department shall not sell tax stamps to anyone except**  
9 **distributors holding active and valid registration certificates and**  
10 **such others who established their need for tax stamps by written**  
11 **statement satisfactory to the department.**

12 SECTION 47. IC 6-7-1-17.2 IS ADDED TO THE INDIANA CODE  
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
14 1, 2026]: **Sec. 17.2. (a) The department may, after fifteen (15) days**  
15 **written notice, revoke or suspend the registration certificate of any**  
16 **distributor for any violation of, or noncompliance with, the**  
17 **provisions of this chapter, or for noncompliance with any lawful**  
18 **rule or regulation promulgated by the department. Any such action**  
19 **shall be subject to judicial review.**

20 (b) **The distributor may appear at the time and place given in**  
21 **the notice to show cause at a hearing as to why the distributor's**  
22 **registration certificate should not be revoked or suspended.**  
23 **Hearings shall be held at the place and before the personnel as the**  
24 **department may designate.**

25 (c) **If a certificate is revoked or suspended, no refund of**  
26 **registration fees will be allowed.**

27 (d) **If a distributor's certificate is suspended, the suspension**  
28 **shall mean the loss of all rights under the license for the period of**  
29 **the suspension.**

30 (e) **The length of revocation or suspension will be at the**  
31 **department's discretion.**

32 (f) **The department's administrative hearing procedures are**  
33 **otherwise governed by IC 6-8.1-3. In the conduct of any**  
34 **investigation or hearing under this section, neither the department**  
35 **nor any officer or employee of the department shall be bound by**  
36 **the technical rules of evidence, and no informality in the**  
37 **proceedings, or in the manner of taking testimony, shall invalidate**  
38 **the department's order or decision. The department may examine**  
39 **books, papers, or memoranda bearing upon the sale or other**  
40 **disposition of cigarettes by the distributor, and may require the**  
41 **attendance of the distributor, or any officer or employee of the**  
42 **distributor, or any person having knowledge of the facts, and may**

M  
e  
r  
g  
e  
d



1 **take testimony and require proof.**

2 SECTION 48. IC 6-7-1-18 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. Every distributor;  
4 upon the receipt of cigarettes taxed under this chapter; shall cause each  
5 individual package to have the requisite denomination and amount of  
6 stamps firmly affixed. Every retailer; upon receipt of cigarettes not  
7 having the proper amount of stamps firmly affixed; to each individual  
8 package; or stamped by a meter stamping machine; by a distributor  
9 shall stamp or firmly affix stamps immediately on each individual  
10 package. Provided; however; that any distributor engaged in interstate  
11 business; shall be permitted to set aside such part of his stock as may  
12 be necessary for the conduct of such interstate business without  
13 affixing the stamps required by this chapter.

14 (a) Every A distributor shall include with each shipment or  
15 delivery of cigarettes an invoice showing complete details of the  
16 transactions. A distributor at the time of shipping or delivering any  
17 cigarettes; shall also make a duplicate invoice at the time of shipping  
18 or delivering any cigarettes, showing complete details of each  
19 transaction, and shall retain the duplicate subject to the inspection by  
20 the department or its agent. Every distributor shall include with each  
21 shipment or delivery of cigarettes an invoice showing complete details  
22 of the transactions.

23 (b) Every A retailer shall retain for not less than two (2) weeks the  
24 invoice included with each shipment or delivery of cigarettes subject  
25 to inspection by the department or its agent.

26 (c) A retailer may request a duplicate invoice from a distributor.

27 SECTION 49. IC 6-7-1-18.5 IS ADDED TO THE INDIANA CODE  
28 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
29 1, 2026]: Sec. 18.5. (a) The tax imposed under this chapter does not  
30 apply to the following types of sales or other dispositions:

31 (1) Except as provided in subsection (b), sales or other  
32 dispositions of cigarettes to the United States government or  
33 its agencies and instrumentalities.

34 (2) Cigarettes that are shipped from within Indiana to a point  
35 outside Indiana, not to be returned to Indiana.

36 (b) Sales or other dispositions of cigarettes within Indiana to  
37 individuals, private stores, or concessionaires located upon federal  
38 areas and engaged in the business of selling cigarettes are subject  
39 to the tax imposed under this chapter. In these situations, the  
40 distributor must affix tax stamps to each individual package of  
41 cigarettes sold or dispositioned to individuals, private stores, or  
42 concessionaires located upon federal areas as required by section

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1 **14 of this chapter before delivery pursuant to a sale or other**  
 2 **disposition.**

3 **(c) Distributors do not need to affix tax stamps to the individual**  
 4 **packages of cigarettes that are sold or dispositioned that qualify**  
 5 **under subsection (a). The burden of proof, however, is at all times**  
 6 **upon the Indiana distributor to show that such cigarettes actually**  
 7 **were:**

8 **(1) sold or dispositioned to the United States government or**  
 9 **its agencies and instrumentalities; or**

10 **(2) sold and shipped outside Indiana and did not return to**  
 11 **Indiana.**

12 SECTION 50. IC 6-7-1-19 IS AMENDED TO READ AS  
 13 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 19. (a) ~~Every A~~  
 14 distributor of cigarettes shall keep and preserve for three (3) years  
 15 **complete and accurate books, records, and invoices, showing the**  
 16 **purchase and sale of all cigarettes** ~~Such distributors shall also keep~~  
 17 ~~separate invoices; held, purchased, sold, disposed of, manufactured,~~  
 18 **brought in, or caused to be brought in from outside Indiana, and**  
 19 **records as well as the purchase of stamps.** ~~purchased. All the~~  
 20 ~~forementioned~~

21 **(b) A distributor's books, records, invoices, and stocks of**  
 22 **cigarettes and unused stamps on hand shall be open to inspection by**  
 23 **the department at all reasonable times, and shall be kept at the**  
 24 **location of the registered certificate unless approval is given by the**  
 25 **department in writing to have such records kept at another**  
 26 **location.** ~~Provided, however, that all distributors, within fifteen (15)~~  
 27 ~~days after the first~~

28 **(c) Every Indiana registered distributor shall, on or before the**  
 29 **fifteenth day of each calendar month following the transaction, file**  
 30 **a return with the department.**

31 **(d) Before the fifteenth day of each month, each distributor shall**  
 32 **file with the department a report of all drop shipment sales made by**  
 33 **them to other distributors within this state during the preceding month,**  
 34 **which report shall give including the name and address of the**  
 35 **distributor, the kind and quantity of the sales, and their dates of**  
 36 **delivery.** ~~Provided, further, however, that every~~

37 **(e) Before the tenth day of each month, each distributor engaged**  
 38 **in interstate business shall within ten (10) days after the first day of**  
 39 **each month, file with the department a report of all such interstate sales**  
 40 **made during the preceding month, which report shall give including**  
 41 **the name and address of the person to whom sold, the kind and quantity**  
 42 **of the sales, and their dates of delivery.**

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1           **(f) The reports required under this section shall be made upon**  
 2 **forms furnished and prescribed by the department and shall**  
 3 **contain such other information as the department may reasonably**  
 4 **require.**

5           **(b) (g)** All drop shipments made by manufacturers of cigarettes  
 6 within the state of Indiana must be shipped and billed through a  
 7 regularly licensed distributor licensed by the state of Indiana (as  
 8 defined in section 6 of this chapter).

9           SECTION 51. IC 6-7-1-21, AS AMENDED BY P.L.158-2013,  
 10 SECTION 101, IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE JULY 1, 2026]: Sec. 21. **(a)** A distributor or other person  
 12 who knowingly sells or offers for sale an individual package ~~having~~  
 13 ~~affixed thereto any that has been affixed with a~~ fraudulent, spurious,  
 14 imitation, or counterfeit stamp, or stamp which has been previously  
 15 affixed, commits a Level 5 felony.

16           **(b)** A person who knowingly affixes to an individual package either  
 17 a fraudulent, spurious, imitation, or counterfeit stamp or a stamp which  
 18 has previously been affixed to an individual package commits a Level  
 19 5 felony.

20           SECTION 52. IC 6-7-1-27 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 27. ~~Where~~ **(a)**  
 22 **Distributors shall notify the department when** stamps or individual  
 23 packages to which stamps have been affixed have become mutilated,  
 24 or otherwise unfit for use. ~~distributors shall notify the department, and;~~  
 25 ~~if an investigation discloses that said stamps have not evidenced a~~  
 26 ~~taxable transaction;~~ **The department shall issue** replacement stamps  
 27 ~~shall be supplied~~ to the distributor without cost **if the department**  
 28 **determines that the stamps have not evidenced a taxable**  
 29 **transaction.**

30           **(b)** Any unused stamps may be returned to the department by the  
 31 distributor who purchased such stamps, and the department shall then  
 32 refund to such distributor an amount equal to that paid therefor.

33           **(c) Sales and transfers of stamps by one (1) registered cigarette**  
 34 **distributor to another registered cigarette distributor are not**  
 35 **permitted unless authorization is given in writing by the**  
 36 **department.**

37           **(d) Cigarettes sold by registered distributors to other registered**  
 38 **distributors must not be accompanied by loose stamps.**

39           SECTION 53. IC 6-8-1-1 IS AMENDED TO READ AS FOLLOWS  
 40 [EFFECTIVE JULY 1, 2026]: Sec. 1. As used in this chapter, "person"  
 41 means any individual, assignee, receiver, commissioner, fiduciary,  
 42 trustee, executor, administrator, **institution, national bank, bank,**

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1 **consignee**, firm, partnership, joint venture, pool, syndicate, **bureau**,  
 2 association, corporation, limited liability company, estate, trust, or any  
 3 other group or combination acting as a unit.

4 SECTION 54. IC 6-8-1-5.5 IS ADDED TO THE INDIANA CODE  
 5 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 6 1, 2026]: **Sec. 5.5. As used in this chapter, "petroleum gatherer"**  
 7 **means the following:**

8 **(1) A person that purchases petroleum products.**

9 **(2) A person that gathers and transports petroleum products**  
 10 **in which the person does not have the right, title, or interest.**

11 **(3) A person that possesses petroleum products upon which**  
 12 **the petroleum severance tax has not been paid.**

13 SECTION 55. IC 6-8-1-6 IS AMENDED TO READ AS FOLLOWS  
 14 [EFFECTIVE JULY 1, 2026]: **Sec. 6.** As used in this chapter,  
 15 "producer" means a person engaged in severing petroleum **directly**  
 16 from the land. ~~direct.~~

17 SECTION 56. IC 6-8-1-6.5 IS ADDED TO THE INDIANA CODE  
 18 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 19 1, 2026]: **Sec. 6.5. As used in this chapter, "purchaser" means any**  
 20 **person engaged in the purchase of petroleum products. The term**  
 21 **includes pipelines, refineries, and any other form of petroleum**  
 22 **purchasers for resale or use.**

23 SECTION 57. IC 6-8-1-7 IS AMENDED TO READ AS FOLLOWS  
 24 [EFFECTIVE JULY 1, 2026]: **Sec. 7.** As used in this chapter, "owner"  
 25 means a person receiving or entitled to receive a proportionate share of  
 26 petroleum or a proportionate share of the proceeds of the sale of  
 27 petroleum after production by an operator. ~~and without limitation of the~~  
 28 ~~foregoing.~~ **The term includes, but is not limited to,** the owners of  
 29 royalties, excess royalty, overriding royalty, mineral rights, or working  
 30 interest.

31 SECTION 58. IC 6-8-1-8 IS AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2026]: **Sec. 8. (a) ~~A tax~~ Except as provided in**  
 33 **subsection (f), a tax is imposed on the privilege of severing**  
 34 **petroleum from the land and producing petroleum from a well.**

35 **(b) The tax described in subsection (a) is imposed** at a rate equal  
 36 to the greater of:

37 **(1) one percent (1%) of the value of the petroleum; ~~or~~**

38 **(2) three cents (\$0.03) per one thousand (1,000) cubic feet (MCF)**  
 39 **for natural gas; ~~and or~~**

40 **(3) twenty-four cents (\$0.24) per barrel for oil;**

41 ~~is hereby imposed as of at~~ the time of the severance of ~~such~~ petroleum  
 42 from the land upon all producers and owners ~~thereof as an excise for~~

M  
e  
r  
g  
e  
d



1 the privilege of severing the same from the land and producing the  
 2 same from the well; except when the gas from any well is used to pump  
 3 or treat the same or when such gas is of such petroleum.

4 (c) The person purchasing petroleum products or having  
 5 petroleum products in the person's possession is responsible for  
 6 reporting and remitting the tax at the time of sale or delivery from  
 7 the place of production. The responsibility is imposed upon all  
 8 purchasers and those having possession of petroleum products  
 9 after severance from the ground, including petroleum gatherers.

10 (d) Each purchaser or petroleum gatherer shall file a report on  
 11 or before the last day of the month immediately following the  
 12 preceding monthly period. The person shall remit the tax due  
 13 under this section in conjunction with the filing of the monthly  
 14 report. The reporting and remittance is to be made upon forms  
 15 prescribed by the department.

16 (e) The purchaser or petroleum gatherer must report the  
 17 severance of petroleum products from the land and the payment of  
 18 the tax. The report must show:

19 (1) the total monthly amount of petroleum products severed  
 20 from the land;

21 (2) the amount and computation of the tax;

22 (3) the names and addresses of all owners or producers or  
 23 interest holders participating in the production of petroleum  
 24 products;

25 (4) the amounts paid to the various owners or producers as  
 26 their interest may be; and

27 (5) any other information the department may reasonably  
 28 require.

29 (f) The following shall not be considered taxable events under  
 30 this section:

31 (1) Petroleum produced from any well that is used to pump or  
 32 treat petroleum.

33 (2) Petroleum piped to a landowner's private buildings for the  
 34 landowner's own use.

35 SECTION 59. IC 6-8-1-9 IS AMENDED TO READ AS FOLLOWS  
 36 [EFFECTIVE JULY 1, 2026]: Sec. 9. (a) The tax imposed by section  
 37 8 of ~~under~~ this chapter is a lien upon such petroleum from the time of  
 38 its severance from the land until such tax, ~~and all~~ **plus any** penalties  
 39 and interest accruing by reason of nonpayment of the tax are  
 40 **attributable to those taxes**, is fully paid. **The responsibility for the**  
 41 **lien follows such petroleum products in the hands of the purchaser**  
 42 **or the petroleum gatherer.**

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1           **(b) Any person purchasing or receiving possession of petroleum**  
 2 **upon which tax (including any penalties and interest attributable**  
 3 **to the tax) has not been paid becomes personally liable for the lien**  
 4 **from the time of its severance from the land and must report and**  
 5 **pay the tax imposed under this chapter, plus any penalties and**  
 6 **interest attributable to the tax, to the state.**

7           **(c) If the purchaser or the person having possession of**  
 8 **petroleum products pays the amount of the petroleum severance**  
 9 **tax, the purchaser or person shall be entitled to reimbursement**  
 10 **from the owners or producers. By paying the petroleum severance**  
 11 **tax, these purchasers or possessors of petroleum products are not**  
 12 **subject to any suit or action for recovery by the owners or**  
 13 **producers of petroleum products. Any remedy of such owners or**  
 14 **producers is exclusively by way of claim for refund and litigation**  
 15 **upon such claim for refund with the department.**

16           **(d) If a person responsible for paying this tax fails to do so in a**  
 17 **timely fashion, that person shall be subject to standard penalties**  
 18 **and interest under IC 6-8.1-10.**

19           SECTION 60. IC 6-8-1-10 IS REPEALED [EFFECTIVE JULY 1,  
 20 2026]. ~~Sec. 10: Any person purchasing or receiving possession of such~~  
 21 ~~petroleum prior to the discharge of such lien shall then and there be;~~  
 22 ~~become and remain personally liable to report and pay the amount of~~  
 23 ~~such lien until the same be paid.~~

24           SECTION 61. IC 6-8-1-11 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. A person reporting  
 26 and paying a tax levied under this chapter is entitled to be reimbursed  
 27 by the owner or owners immediately upon ~~such~~ **payment of the tax** and  
 28 shall deduct the amount of the payment from anything due to the  
 29 owners. A person paying and deducting ~~such~~ **the** tax is not subject to  
 30 any suit or action for recovery by any person, but the remedy of ~~such~~  
 31 **that** person shall be exclusively by claim or suit for refund under the  
 32 terms of this chapter.

33           SECTION 62. IC 6-8-1-12 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. The department  
 35 shall administer ~~and collect~~ the tax imposed under this chapter. ~~and~~  
 36 ~~shall adopt rules fixing the time and manner of reporting, and paying,~~  
 37 ~~at monthly intervals the tax imposed under this chapter. Any forms,~~  
 38 **returns, or reports required to be filed under this chapter shall**  
 39 **contain the information as the department may reasonably require**  
 40 **for the administration of this chapter.**

41           SECTION 63. IC 6-8-1-19, AS AMENDED BY P.L.158-2013,  
 42 SECTION 104, IS AMENDED TO READ AS FOLLOWS

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1 [EFFECTIVE JULY 1, 2026]: Sec. 19. Any person charging against or  
 2 deducting from any payment due to any other person any amount being  
 3 or represented as being a tax levied by this chapter or receiving money  
 4 or credits as or purporting to be ~~such~~ a tax is a trustee of the amounts  
 5 so charged, deducted, or received. A trustee who fails to pay any of  
 6 those amounts to the department when due, with intent to evade  
 7 payment of the tax, commits a Level 6 felony.

8 SECTION 64. IC 6-8-1-19.5 IS ADDED TO THE INDIANA CODE  
 9 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 10 1, 2026]: **Sec. 19.5. A taxpayer may apply for a refund on forms**  
 11 **prescribed by the department by identifying the amount and date**  
 12 **of the alleged overpayment and the area in which the petroleum**  
 13 **products were produced. The application for refund must include**  
 14 **any supporting documentation as is reasonably requested by the**  
 15 **department.**

16 SECTION 65. IC 6-8-1-23 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. (a) **Every taxpayer**  
 18 **shall keep and maintain proper books and records sufficient to**  
 19 **adequately reflect the severance of all petroleum products and**  
 20 **their value for a period of three (3) years from the date of the filing**  
 21 **of the return and the payment of the tax for each taxable period.**

22 (b) It is a Class C infraction for a person subject to taxation under  
 23 this chapter to fail to keep and preserve ~~such~~ records, books, or  
 24 accounts as may be necessary to determine the amount for which ~~he~~ **the**  
 25 **person** is liable. It is a Class C infraction for ~~such~~ a person to fail to  
 26 keep and preserve ~~such~~ records for a period of three (3) years, or to fail  
 27 to keep them open for examination at any time by the department or its  
 28 authorized agents.

29 ~~(b)~~ (c) It is a Class B misdemeanor for a person to make false entries  
 30 in ~~his~~ **the person's** books, or to keep more than one (1) set of books,  
 31 with intent to defraud the state or evade the payment of the tax, or any  
 32 part thereof, imposed by this chapter.

33 SECTION 66. IC 6-8.1-1-4.7 IS ADDED TO THE INDIANA  
 34 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 35 [EFFECTIVE JULY 1, 2026]: **Sec. 4.7. "Taxes held in trust" means**  
 36 **a listed tax:**

- 37 (1) that is collected or received by a taxpayer from the  
 38 taxpayer's customer;  
 39 (2) withheld by the taxpayer for amounts paid or credited to  
 40 an individual or other entity pursuant to IC 6-3 or IC 6-5.5;  
 41 or  
 42 (3) held in trust or as an agent of the state under the

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 applicable listed tax;  
 2 which upon receipt or accrual becomes property of the state. The  
 3 term includes, but is not limited to, the following listed taxes: the  
 4 state gross retail and use taxes (IC 6-2.5); withholding for the  
 5 adjusted gross income tax (IC 6-3); withholding for the local  
 6 income tax (IC 6-3.6); withholding for the financial institutions tax  
 7 (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the special fuel tax  
 8 (IC 6-6-2.5); the auto rental excise tax (IC 6-6-9); the aviation fuel  
 9 excise tax (IC 6-6-13); the heavy equipment rental excise tax  
 10 (IC 6-6-15); the vehicle sharing excise tax (IC 6-6-16); the  
 11 electronic cigarette tax (IC 6-7-4); the various innkeeper's taxes  
 12 (IC 6-9); and the various food and beverage taxes (IC 6-9).

13 SECTION 67. IC 6-8.1-1-11 IS ADDED TO THE INDIANA CODE  
 14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 15 1, 2026]: Sec. 11. (a) Except as provided in 6-8.1-18, "responsible  
 16 person" means a person that:

17 (1) is an individual conducting business as a sole proprietor or  
 18 an employee, contractor, officer, or member of an applicable  
 19 business entity; and

20 (2) has a duty to remit listed taxes held in trust for the  
 21 department or a political subdivision.

22 (b) For purposes of this section, "applicable business entity"  
 23 means a partnership, corporation, limited liability company, trust,  
 24 estate, or other combination of individuals or entities that is  
 25 required to collect, withhold, or remit a tax held in trust.

26 (c) The determination that a person is a responsible person for  
 27 a tax held in trust shall be made separately for each tax.

28 SECTION 68. IC 6-8.1-3-11, AS AMENDED BY P.L.257-2019,  
 29 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 UPON PASSAGE]: Sec. 11. (a) As used in this section, "secure  
 31 electronic delivery service" means a service that:

32 (1) employs security procedures to provide, send, deliver, or  
 33 otherwise communicate electronic records to the intended  
 34 recipient using:

35 (A) security methods such as passwords, encryption, and  
 36 matching electronic addresses to United States postal  
 37 addresses; or

38 (B) other security methods that are consistent with applicable  
 39 law or industry standards; and

40 (2) operates subject to the applicable requirements of the  
 41 Electronic Signatures in Global and National Commerce Act (15  
 42 U.S.C. 7001 et seq.).

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 (b) When a statute specifies that the department is required to send  
 2 a document by mail, and the particular statute is silent as to the class  
 3 or type of mailing to be used, the department satisfies the mailing  
 4 requirement by mailing the document through any of the following  
 5 methods:

- 6 (1) United States first-class mail;  
 7 (2) United States registered mail, return receipt requested;  
 8 (3) United States certified mail;  
 9 (4) a certificate of mailing; or  
 10 (5) **electronically through the department's online tax system**  
 11 **or** a secure electronic delivery service, if the use of the secure  
 12 electronic delivery service is authorized under IC 6-8.1-6-7(b).

13 Subject to IC 6-8.1-6-7(b), the choice of the method is at the  
 14 department's discretion.

15 (c) ~~The department may use any form of mailing in cases~~ Where a  
 16 mailing is not required by statute, **the department may send the**  
 17 **document:**

- 18 (1) **electronically through its online tax system if the taxpayer**  
 19 **has a registered account in the system; or**  
 20 (2) **by using any form of mailing.**

21 (d) **Notwithstanding subsection (b) or (c), a taxpayer may**  
 22 **affirmatively request to receive all documents from the department**  
 23 **electronically through the department's online tax system in lieu of**  
 24 **receiving such notifications and issuances through the mail.**

25 (e) The department shall adopt rules, guidelines, or other  
 26 instructions that set forth the procedures that department employees are  
 27 required to follow in sending a document that provides notice to a  
 28 taxpayer by mail under any of the methods described in subsection (b).  
 29 The procedures must include at least the following instructions:

- 30 (1) The date contained in the document must not precede the date  
 31 of the mailing.  
 32 (2) Each mailing of a document must be recorded in department  
 33 records, noting the date and time of the mailing.

34 SECTION 69. IC 6-8.1-3-17, AS AMENDED BY P.L.213-2025,  
 35 SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 UPON PASSAGE]: Sec. 17. (a) Before an original tax appeal is filed  
 37 with the tax court under IC 33-26, the commissioner, or the taxpayer  
 38 rights advocate office to the extent granted the authority by the  
 39 commissioner, may settle any tax liability dispute if a substantial doubt  
 40 exists as to:

- 41 (1) the constitutionality of the tax under the Constitution of the  
 42 State of Indiana;



SB 243—LS 7072/DI 120

M  
e  
r  
g  
e  
d

1 (2) the right to impose the tax;  
 2 (3) the correct amount of tax due;  
 3 (4) the collectability of the tax; or  
 4 (5) whether the taxpayer is a resident or nonresident of Indiana.  
 5 (b) After an original tax appeal is filed with the tax court under  
 6 IC 33-26, and notwithstanding IC 4-6-2-11, the commissioner may  
 7 settle a tax liability dispute with an amount in contention of twenty-five  
 8 thousand dollars (\$25,000) or less. Notwithstanding IC 6-8.1-7-1(a),  
 9 the terms of a settlement under this subsection are available for public  
 10 inspection.  
 11 (c) The department shall establish an amnesty program for taxpayers  
 12 having an unpaid tax liability for a listed tax that was due and payable  
 13 for a tax period ending before January 1, ~~2023~~ **2024**. A taxpayer is not  
 14 eligible for the amnesty program:  
 15 (1) for any tax liability resulting from the taxpayer's failure to  
 16 comply with IC 6-3-1-3.5(b)(3) with regard to the **wagering**  
 17 **taxes; tax imposed by IC 4-33-13; or IC 4-35-8;** or  
 18 (2) if the taxpayer participated in any previous amnesty program  
 19 under:  
 20 (A) this section (as in effect on December 31, 2024); or  
 21 (B) IC 6-2.5-14.  
 22 The time in which a voluntary payment of tax liability may be made (or  
 23 the taxpayer may enter into a payment program acceptable to the  
 24 department for the payment of the unpaid listed taxes in full in the  
 25 manner and time established in a written payment program agreement  
 26 between the department and the taxpayer) under the amnesty program  
 27 is limited to the period determined by the department, not to exceed  
 28 eight (8) regular business weeks ending before the earlier of the date  
 29 set by the department or January 1, 2027.  
 30 (d) The amnesty program must provide that, upon payment by a  
 31 taxpayer to the department of all listed taxes due from the taxpayer for  
 32 a tax period (or payment of the unpaid listed taxes in full in the manner  
 33 and time established in a written payment program agreement between  
 34 the department and the taxpayer), entry into an agreement that the  
 35 taxpayer is not eligible for any other amnesty program that may be  
 36 established and waives any part of interest and penalties on the same  
 37 type of listed tax that is being granted amnesty in the current amnesty  
 38 program, and compliance with all other amnesty conditions adopted  
 39 under a rule of the department in effect on the date the voluntary  
 40 payment is made, the department:  
 41 (1) shall abate and not seek to collect any interest, penalties,  
 42 collection fees, or costs that would otherwise be applicable;

M  
e  
r  
g  
e  
d



- 1 (2) shall release any liens imposed;
- 2 (3) shall not seek civil or criminal prosecution against any
- 3 individual or entity; and
- 4 (4) shall not issue, or, if issued, shall withdraw, an assessment, a
- 5 demand notice, or a warrant for payment under IC 6-8.1-5-1,
- 6 IC 6-8.1-5-3, IC 6-8.1-8-2, or another law against any individual
- 7 or entity;

8 for listed taxes due from the taxpayer for the tax period for which  
 9 amnesty has been granted to the taxpayer. Amnesty granted under  
 10 subsection (c) is binding on the state and its agents. However, failure  
 11 to pay to the department all listed taxes due for a tax period invalidates  
 12 any amnesty granted under subsection (c) for that tax period. The  
 13 department shall conduct an assessment of the impact of the tax  
 14 amnesty program on tax collections and an analysis of the costs of  
 15 administering the tax amnesty program. As soon as practicable after the  
 16 end of the tax amnesty period, the department shall submit a copy of  
 17 the assessment and analysis to the legislative council in an electronic  
 18 format under IC 5-14-6. The department shall enforce an agreement  
 19 with a taxpayer that prohibits the taxpayer from receiving amnesty in  
 20 another amnesty program.

21 (e) For purposes of subsection (c), a liability for a listed tax is due  
 22 and payable if:

- 23 (1) the department has issued:
  - 24 (A) an assessment of the listed tax under IC 6-8.1-5-1;
  - 25 (B) a demand for payment under IC 6-8.1-5-3; or
  - 26 (C) a demand notice for payment of the listed tax under
  - 27 IC 6-8.1-8-2;
- 28 (2) the taxpayer has filed a return or an amended return in which
- 29 the taxpayer has reported a liability for the listed tax; or
- 30 (3) the taxpayer has filed a written statement of liability for the
- 31 listed tax in a form that is satisfactory to the department.

32 (f) The department may waive interest and penalties if the general  
 33 assembly enacts a change in a listed tax for a tax period that increases  
 34 a taxpayer's tax liability for that listed tax after the due date for that  
 35 listed tax and tax period. However, such a waiver shall apply only to  
 36 the extent of the increase in tax liability and only for a period not  
 37 exceeding sixty (60) days after the change is enacted. The department  
 38 may adopt rules under IC 4-22-2 or issue guidelines to carry out this  
 39 subsection.

40 SECTION 70. IC 6-8.1-3-25, AS AMENDED BY P.L.213-2025,  
 41 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 42 UPON PASSAGE]: Sec. 25. Notwithstanding any other law, the

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



1 department shall deposit the amounts collected under a tax amnesty  
 2 program carried out under section 17 of this chapter after June 30,  
 3 2025, as follows: **in the same manner as a payment of the listed tax**  
 4 **occurring during the fiscal year in which the amnesty program**  
 5 **ends.**

6 (1) County income tax collected under IC 6-3.5-1.1; IC 6-3.5-6;  
 7 or IC 6-3.5-7 (all repealed January 1, 2017) shall be distributed to  
 8 counties in the same manner as otherwise provided by the  
 9 appropriate chapter of the Indiana Code.

10 (2) Eight percent (8%) of inheritance tax collected for resident  
 11 decedents shall be distributed to counties in the manner provided  
 12 under IC 6-4.1-9-6.

13 (3) County innkeeper's tax collected shall be deposited as required  
 14 by IC 6-9.

15 (4) County and municipal food and beverage tax collected shall  
 16 be deposited as required by IC 6-9.

17 (5) County admissions taxes collected shall be deposited as  
 18 required by IC 6-9-13 and IC 6-9-28.

19 (6) Aircraft license excise tax collected shall be deposited as  
 20 required by IC 6-6-6.5-21.

21 (7) Auto rental excise tax collected shall be deposited as required  
 22 by IC 6-6-9-11.

23 (8) Supplemental auto rental excise tax shall be deposited as  
 24 otherwise required by the appropriate chapter of the Indiana  
 25 Code.

26 (9) Financial institutions tax collected shall be deposited as  
 27 required by IC 6-5.5-8-2.

28 (10) After making the deposits in subdivisions (1) through (9);  
 29 any remaining amounts collected must be deposited into the state  
 30 general fund.

31 SECTION 71. IC 6-8.1-4-5, AS ADDED BY P.L.242-2015,  
 32 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 UPON PASSAGE]: Sec. 5. (a) The department may deny an  
 34 application under section 4(c) of this chapter if the applicant has had  
 35 a registration revoked under section 4(f) of this chapter or any other  
 36 applicable statute.

37 (b) The department may deny an application described in section  
 38 4(c) of this chapter if the applicant's business is operated, managed, or  
 39 otherwise controlled by or affiliated with a person, including the  
 40 applicant, a relative, family member, responsible ~~officer~~, **person**, or  
 41 shareholder, whom the department has determined is covered by any  
 42 of the following:

M  
e  
r  
g  
e  
d



- 1 (1) Failed to file all tax returns or information reports with the
- 2 department required under IC 6, IC 8, or IC 9.
- 3 (2) Failed to pay all taxes, penalties, and interest required to the
- 4 department under IC 6, IC 8, or IC 9.
- 5 (3) Failed to pay any registration or license plate fees for vehicles
- 6 that were at any point owned or operated by the person or for
- 7 which the person was responsible for payment.
- 8 (4) Failed to return a license plate described in subdivision (3) to
- 9 the department.
- 10 (5) Has an unsatisfactory safety rating under 49 CFR Part 385.
- 11 (6) Has multiple violations of IC 9 or a rule adopted under IC 9.
- 12 (c) The department may deny any application described in section
- 13 4(c) of this chapter if the applicant is a motor carrier whose business is
- 14 operated, managed, or otherwise controlled by or affiliated with a
- 15 person, including an owner, relative, family member, responsible
- 16 ~~officer,~~ **person,** or shareholder, whom the department has determined
- 17 is covered by any item listed in subsection (b).
- 18 (d) If the applicant has altered a cab card or permit, the department
- 19 shall bill the carrier automatically for the violation.
- 20 SECTION 72. IC 6-8.1-5-2, AS AMENDED BY P.L.118-2024,
- 21 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 22 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 2. (a) Except as
- 23 otherwise provided in this section and section 2.5 of this chapter, the
- 24 department may not issue a proposed assessment under section 1 of this
- 25 chapter more than three (3) years after the latest of the date the return
- 26 is filed, or the following:
- 27 (1) The due date of the return.
- 28 (2) In the case of a return filed for a periodic tax, thirty-one (31)
- 29 days after the end of the calendar year which contains the taxable
- 30 period for which the return is filed.
- 31 (3) In the case of the use tax, three (3) years and thirty-one (31)
- 32 days from the end of the calendar year in which the first taxable
- 33 use, other than an incidental nonexempt use, of the property
- 34 occurred.
- 35 (b) If a person files a return for the utility receipts tax (IC 6-2.3)
- 36 (repealed), adjusted gross income tax (IC 6-3), pass through entity tax
- 37 (IC 6-3-2.1), supplemental net income tax (IC 6-3-8) (repealed), county
- 38 adjusted gross income tax (IC 6-3.5-1.1) (repealed), county option
- 39 income tax (IC 6-3.5-6) (repealed), local income tax (IC 6-3.6), or
- 40 financial institutions tax (IC 6-5.5) that understates the person's
- 41 income, as that term is defined in the particular income tax law, by at
- 42 least twenty-five percent (25%), the proposed assessment limitation is

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



1 six (6) years instead of the three (3) years provided in subsection (a).  
 2 (c) In the case of the vehicle excise tax (IC 6-6-5), the tax shall be  
 3 assessed as provided in IC 6-6-5 and shall include the penalties and  
 4 interest due on all listed taxes not paid by the due date. A person that  
 5 fails to properly register a vehicle as required by IC 9-18 (before its  
 6 expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5 is  
 7 considered to have failed to file a return for purposes of this article.  
 8 (d) In the case of the commercial vehicle excise tax imposed under  
 9 IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall  
 10 include the penalties and interest due on all listed taxes not paid by the  
 11 due date. A person that fails to properly register a commercial vehicle  
 12 as required by IC 9-18 (before its expiration) or IC 9-18.1 and pay the  
 13 tax due under IC 6-6-5.5 is considered to have failed to file a return for  
 14 purposes of this article.  
 15 (e) In the case of the excise tax imposed on recreational vehicles  
 16 and truck campers under IC 6-6-5.1, the tax shall be assessed as  
 17 provided in IC 6-6-5.1 and must include the penalties and interest due  
 18 on all listed taxes not paid by the due date. A person that fails to  
 19 properly register a recreational vehicle as required by IC 9-18 (before  
 20 its expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5.1 is  
 21 considered to have failed to file a return for purposes of this article. A  
 22 person that fails to pay the tax due under IC 6-6-5.1 on a truck camper  
 23 is considered to have failed to file a return for purposes of this article.  
 24 (f) In the case of a credit against a listed tax based on payments of  
 25 taxes to a state or local jurisdiction outside Indiana or payments of  
 26 amounts that are subsequently refunded or returned, a proposed  
 27 assessment for the refunded or returned credit must be issued by the  
 28 later of:  
 29 (1) the date by which a proposed assessment must be issued under  
 30 this section; or  
 31 (2) one hundred eighty (180) days from the date the taxpayer  
 32 notifies the department of the refund or return of payment.  
 33 For purposes of this subsection, if a taxpayer receives a refund of an  
 34 amount paid by or on behalf of the taxpayer for a listed tax, that refund  
 35 shall not be considered the payment of an amount that is subsequently  
 36 refunded or returned.  
 37 (g) If a person files a fraudulent, unsigned, or substantially blank  
 38 return, or if a person does not file a return, there is no time limit within  
 39 which the department must issue its proposed assessment, except as  
 40 provided in subsection (l).  
 41 (h) If any part of a listed tax has been erroneously refunded by the  
 42 department, the erroneous refund may be recovered through the

M  
e  
r  
g  
e  
d



1 assessment procedures established in this chapter. An assessment  
2 issued for an erroneous refund must be issued within the later of:

3 (1) the period for which an assessment could otherwise be issued  
4 under this section; or

5 (2) whichever is applicable:

6 (A) within two (2) years after making the refund; or

7 (B) within five (5) years after making the refund if the refund  
8 was induced by fraud or misrepresentation.

9 (i) If, before the end of the time within which the department may  
10 make an assessment, the department and the person agree to extend  
11 that assessment period, the period may be extended according to the  
12 terms of a written agreement signed by both the department and the  
13 person. The agreement must contain:

14 (1) the date to which the extension is made; and

15 (2) a statement that the person agrees to preserve the person's  
16 records until the extension terminates.

17 The department and a person may agree to more than one (1) extension  
18 under this subsection.

19 (j) Except as otherwise provided in subsection (k), if a taxpayer's  
20 federal taxable income, federal adjusted gross income, or federal  
21 income tax liability for a taxable year is modified due to a modification  
22 as provided under IC 6-3-4-6(c) and IC 6-3-4-6(d) (for the adjusted  
23 gross income tax), or a modification or alteration as provided under  
24 IC 6-5.5-6-6(c) and IC 6-5.5-6-6(e) (for the financial institutions tax),  
25 then the date by which the department must issue a proposed  
26 assessment under section 1 of this chapter for tax imposed under IC 6-3  
27 is extended to ~~six (6) months~~ **one (1) year** after the date on which the  
28 notice of modification is filed with the department by the taxpayer.

29 (k) The following apply:

30 (1) This subsection applies to partnerships whose taxable year:

31 (A) begins after December 31, 2017;

32 (B) ends after August 12, 2018; or

33 (C) begins after November 2, 2015, and before January 1,  
34 2018, and for which a valid election under United States  
35 Treasury Regulation 301.9100-22 is in effect;

36 and to the partners of such partnerships, including any partners,  
37 shareholders, or beneficiaries of a pass through entity that is a  
38 partner in such partnership.

39 (2) Notwithstanding any other provision of this article, if a  
40 partnership is subject to federal income tax liability or a federal  
41 tax adjustment at the partnership level as the result of a  
42 modification under Sections 6221 through 6241 of the Internal

M  
e  
r  
g  
e  
d



1 Revenue Code, the date on which the department must issue a  
 2 proposed assessment to either the partners or the partnership shall  
 3 be the later of:  
 4 (A) the date on which a proposed assessment must otherwise  
 5 be issued to the partner or the partnership under this section or  
 6 IC 6-3-4.5 with regard to the taxable year of the partnership to  
 7 which the modification is taxed at the partnership level; or  
 8 (B) December 31, 2021.  
 9 (3) For purposes of this section and IC 6-8.1-9-1, a modification  
 10 under this subsection shall be considered a modification to the  
 11 federal taxable income, federal adjusted gross income, or federal  
 12 income tax liability of both the partners and the partnership within  
 13 the meaning of IC 6-3-4-6 and IC 6-5.5-6-6, and shall be  
 14 considered to be included in the federal taxable income or federal  
 15 adjusted gross income of both the partners and partnerships for  
 16 purposes of this article and IC 6-5.5.  
 17 (4) If a modification made to a partnership for federal income tax  
 18 purposes is reported to the partners to determine the partners'  
 19 respective federal taxable income, federal adjusted gross income,  
 20 or federal income tax liability, including reporting to partners as  
 21 the result of an election made under Section 6226 of the Internal  
 22 Revenue Code, subdivision (2) shall not apply, and those  
 23 modifications shall be treated as modifications to the partners'  
 24 federal taxable income, federal adjusted gross income, or federal  
 25 income tax liability for purposes of the following:  
 26 (A) This section.  
 27 (B) IC 6-3-4-6.  
 28 (C) IC 6-5.5-6-6.  
 29 (D) IC 6-8.1-9-1.  
 30 (l) Notwithstanding any other provision, a nonresident individual is  
 31 considered to have filed a return for purposes of this section for a  
 32 taxable year if the individual does not file a return otherwise required  
 33 under IC 6-3-4-1 for a taxable year and all of the following apply:  
 34 (1) the:  
 35 (A) individual did not have income from sources within  
 36 Indiana; or  
 37 (B) only income derived from sources within Indiana and  
 38 includible in the individual's adjusted gross income is  
 39 distributive share income from one (1) or more pass through  
 40 entities (as defined by IC 6-3-1-35);  
 41 (2) the individual is not a resident of Indiana for any portion of  
 42 the taxable year;

M  
e  
r  
g  
e  
d



- 1 (3) the individual does not request a reduction in tax withholding
- 2 for a pass through entity under IC 6-3-4-12, IC 6-3-4-13, or
- 3 IC 6-3-4-15 for the taxable year; and
- 4 (4) all pass through entities from which the individual derives
- 5 income from Indiana sources:
  - 6 (A) file a composite return required under IC 6-3-4-12,
  - 7 IC 6-3-4-13, or IC 6-3-4-15; and
  - 8 (B) include the individual on the composite return.
- 9 (m) The following provisions apply to subsection (l):
  - 10 (1) If an individual is married and files a joint federal tax return
  - 11 with the individual's spouse, the individual is considered to have
  - 12 filed a return for purposes of this section only if both the
  - 13 individual and the individual's spouse meet the conditions under
  - 14 subsection (l)(1) through (l)(4).
  - 15 (2) If an individual does not file a return, the last date for
  - 16 assessment with regard to the individual's share of income from
  - 17 a pass through entity shall be determined at the pass through
  - 18 entity and shall be determined separately for each pass through
  - 19 entity.
  - 20 (3) In the event the individual files a return, the period for
  - 21 assessment shall be determined based on the individual's filing
  - 22 unless a different period for assessment is prescribed under this
  - 23 title.
  - 24 (4) The individual is required to file a return to request a refund
  - 25 or carryforward of an overpayment for a taxable year.
  - 26 (5) If the individual has a net operating loss deduction under
  - 27 IC 6-3-2-2.5 or IC 6-3-2-2.6, or a credit carryforward allowable
  - 28 under IC 6-3-3 or IC 6-3.1 for the taxable year, the amount of net
  - 29 operating loss or credit carryforward shall be reduced to reflect
  - 30 the amount of net operating loss or credit carryforward that
  - 31 otherwise would have been allowable for the taxable year.
  - 32 SECTION 73. IC 6-8.1-6-7, AS AMENDED BY P.L.293-2013(ts),
  - 33 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
  - 34 UPON PASSAGE]: Sec. 7. (a) Notwithstanding any other provisions
  - 35 of this title, the commissioner may permit the filing of any return or
  - 36 document by electronic data submission.
  - 37 (b) This subsection applies to a taxpayer required to report and remit
  - 38 state gross retail taxes or amounts withheld under IC 6-3-4-8
  - 39 electronically. If the taxpayer provides written consent to the
  - 40 department, the department may provide the taxpayer with any
  - 41 documents that would otherwise require delivery by mail **either**
  - 42 **providing the documents electronically through the department's**

M  
e  
r  
g  
e  
d



1 **online tax system or** by using a secure electronic delivery service  
 2 developed by the department under IC 6-8.1-3-11.

3 (c) The department may adopt rules to establish procedures to  
 4 implement this section.

5 SECTION 74. IC 6-8.1-7-1, AS AMENDED BY P.L.126-2025,  
 6 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 UPON PASSAGE]: Sec. 1. (a) This subsection does not apply to the  
 8 disclosure of information concerning a conviction on a tax evasion  
 9 charge. Unless in accordance with a judicial order or as otherwise  
 10 provided in this chapter, the department, its employees, former  
 11 employees, counsel, agents, or any other person may not divulge the  
 12 amount of tax paid by any taxpayer, terms of a settlement agreement  
 13 executed between a taxpayer and the department, investigation records,  
 14 investigation reports, or any other information disclosed by the reports  
 15 filed under the provisions of the law relating to any of the listed taxes,  
 16 including required information derived from a federal return, except to  
 17 any of the following when it is agreed that the information is to be  
 18 confidential and to be used solely for official purposes:

- 19 (1) Members and employees of the department.
- 20 (2) The governor, **including the governor's designee within the**  
 21 **governor's office.**
- 22 (3) A member of the general assembly or an employee of the  
 23 house of representatives or the senate when acting on behalf of a  
 24 taxpayer located in the member's legislative district who has  
 25 provided sufficient information to the member or employee for  
 26 the department to determine that the member or employee is  
 27 acting on behalf of the taxpayer.
- 28 (4) An employee of the legislative services agency to carry out the  
 29 responsibilities of the legislative services agency under  
 30 IC 2-5-1.1-7 or another law.
- 31 (5) The attorney general or any other legal representative of the  
 32 state in any action in respect to the amount of tax due under the  
 33 provisions of the law relating to any of the listed taxes.
- 34 (6) Any authorized officers of the United States.

35 (b) The information described in subsection (a) may be revealed  
 36 upon the receipt of a ~~certified~~ **written** request **from any of any the**  
 37 **following:**

- 38 (1) **Any** designated officer of the state tax department of any other  
 39 state, district, territory, or possession of the United States when:  
 40 (†) **(A)** the state, district, territory, or possession permits the  
 41 exchange of like information with the taxing officials of the  
 42 state; and

M  
e  
r  
g  
e  
d



- 1           (2) **(B)** it is agreed that the information is to be confidential
- 2           and to be used solely for tax collection purposes.
- 3           **(2) The administrative head of a state agency of Indiana**
- 4           **when:**
- 5           **(A) the state agency shows an official need for the**
- 6           **information; and**
- 7           **(B) the administrative head of the state agency agrees that**
- 8           **any information released will be kept confidential and will**
- 9           **be used solely for official purposes.**
- 10          **(3) The chief law enforcement officer of a state or local law**
- 11          **enforcement agency in Indiana when it is agreed that the**
- 12          **information is to be confidential and to be used solely for**
- 13          **official purposes.**

14          **The department may also proactively provide to the entities listed**  
 15          **in this subsection the name, address, and federal identification**  
 16          **number or other identification number assigned by the department**  
 17          **for a taxpayer in order to facilitate the investigation of a taxpayer**  
 18          **suspected of a criminal matter in connection with a listed tax, so**  
 19          **long as it is agreed that any further information provided is to be**  
 20          **kept confidential and used solely for official purposes.**

21          (c) The information described in subsection (a) relating to a person  
 22          on public welfare or a person who has made application for public  
 23          welfare may be revealed to the office of the secretary of family and  
 24          social services for purposes of IC 12-15-1-24, the director of the  
 25          division of family resources, and to any director of a county office of  
 26          the division of family resources located in Indiana, upon receipt of a  
 27          written request from either director for the information. The  
 28          information shall be treated as confidential by the office and the  
 29          directors. In addition, the information described in subsection (a)  
 30          relating to a person who has been designated as an absent parent by the  
 31          state Title IV-D agency shall be made available to the state Title IV-D  
 32          agency upon request. The information shall be subject to the  
 33          information safeguarding provisions of the state and federal Title IV-D  
 34          programs.

35          **(d) The following taxpayer information may be revealed in**  
 36          **connection with a taxpayer's tax or other delinquency:**

- 37           **(1) All information relating to the delinquency or evasion of**
- 38           **an innkeeper's tax shall be provided to the appropriate**
- 39           **innkeeper's tax board, bureau, or commission that a taxpayer**
- 40           **is delinquent in remitting innkeeper's taxes under IC 6-9.**
- 41           **(2) All information relating to the delinquency or evasion of**
- 42           **the vehicle excise tax may be disclosed to the bureau of motor**

M  
e  
r  
g  
e  
d



1 vehicles in Indiana and may be disclosed to another state, if  
 2 the information is disclosed for the purpose of the  
 3 enforcement and collection of the taxes imposed by IC 6-6-5.

4 (3) All information relating to the delinquency or evasion of  
 5 commercial vehicle excise taxes payable to the bureau of  
 6 motor vehicles in Indiana may be disclosed to the bureau and  
 7 may be disclosed to another state, if the information is  
 8 disclosed for the purpose of the enforcement and collection of  
 9 the taxes imposed under IC 6-6-5.5.

10 (4) All information relating to the delinquency or evasion of  
 11 commercial vehicle excise taxes payable under the  
 12 International Registration Plan may be disclosed to another  
 13 state, if the information is disclosed for the purpose of the  
 14 enforcement and collection of the taxes imposed by IC 6-6-5.5.

15 (5) All information relating to the delinquency or evasion of  
 16 the excise taxes imposed on recreational vehicles and truck  
 17 campers that are payable to the bureau of motor vehicles in  
 18 Indiana may be disclosed to the bureau and may be disclosed  
 19 to another state if the information is disclosed for the purpose  
 20 of the enforcement and collection of the taxes imposed by  
 21 IC 6-6-5.1.

22 (6) The name, address, Social Security number, and place of  
 23 employment relating to any individual who is delinquent in  
 24 paying educational loans owed to a postsecondary educational  
 25 institution may be revealed to that institution if it provides proof  
 26 to the department that the individual is delinquent in paying for  
 27 educational loans. This information shall be provided free of  
 28 charge to approved postsecondary educational institutions (as  
 29 defined by IC 21-7-13-6(a)). The department shall establish fees  
 30 that all other institutions must pay to the department to obtain  
 31 information under this subsection. However, these fees may not  
 32 exceed the department's administrative costs in providing the  
 33 information to the institution.

34 (e) The information described in subsection (a) relating to reports  
 35 submitted under IC 6-6-1.1-502 concerning the number of gallons of  
 36 gasoline sold by a distributor and IC 6-6-2.5 concerning the number of  
 37 gallons of special fuel sold by a supplier and the number of gallons of  
 38 special fuel exported by a licensed exporter or imported by a licensed  
 39 transporter may be released by the commissioner upon receipt of a  
 40 written request for the information.

41 (f) The information described in subsection (a) may be revealed  
 42 upon the receipt of a written request from the administrative head of a

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

- 1 state agency of Indiana when:
- 2 (1) the state agency shows an official need for the information;
- 3 and
- 4 (2) the administrative head of the state agency agrees that any
- 5 information released will be kept confidential and will be used
- 6 solely for official purposes.
- 7 (g) The information described in subsection (a) may be revealed
- 8 upon the receipt of a written request from the chief law enforcement
- 9 officer of a state or local law enforcement agency in Indiana when it is
- 10 agreed that the information is to be confidential and to be used solely
- 11 for official purposes.
- 12 (h) **(e) The name and address of retail a taxpayer may be released**
- 13 **under the following circumstances:**
- 14 (1) **Retail merchants, including township, as specified in**
- 15 **IC 6-2.5-8-1(k) may be released solely for tax collection purposes**
- 16 **to township assessors and county assessors.**
- 17 (2) **Retail merchants within each county that sell tobacco**
- 18 **products, solely for the purpose of the list prepared under**
- 19 **IC 6-2.5-6-14.2 to the division of mental health and addiction**
- 20 **and the alcohol and tobacco commission.**
- 21 (3) **A person licensed by the department under IC 6-6 or**
- 22 **IC 6-7, or issued a registered retail merchant's certificate**
- 23 **under IC 6-2.5, for the purpose of reporting the status of the**
- 24 **person's license or certificate.**
- 25 (4) **All persons, corporations, or other entities that qualify or**
- 26 **have qualified for an exemption from sales tax under**
- 27 **IC 6-2.5-5-16, IC 6-2.5-5-25, or IC 6-2.5-5-26, or otherwise**
- 28 **provide information regarding a person's, corporation's, or**
- 29 **entity's exemption status under IC 6-2.5-5-16, IC 6-2.5-5-25,**
- 30 **or IC 6-2.5-5-26. Such information may be published as a list**
- 31 **by the department. In addition to the name and address of the**
- 32 **entity, information that may be published also includes:**
- 33 (A) **any federal identification number or other**
- 34 **identification number for the entity assigned by the**
- 35 **department;**
- 36 (B) **any expiration date of an exemption under**
- 37 **IC 6-2.5-5-25;**
- 38 (C) **whether any sales tax exemption has expired or has**
- 39 **been revoked by the department; and**
- 40 (D) **any other information reasonably necessary for a**
- 41 **recipient of an exemption certificate to determine if an**
- 42 **exemption certificate is valid.**

M  
e  
r  
g  
e  
d



1 (5) A taxpayer where the department suspects that a  
 2 fraudulent return has been filed on their behalf and that the  
 3 system of a taxpayer's previous year tax preparer or tax  
 4 preparation software provider has been breached for the  
 5 purposes of sharing with the tax preparer or tax preparation  
 6 software provider in such cases. Additionally, any reasonable  
 7 information needed to identify the taxpayer may be shared.

8 (6) A person that submits a request related to a vehicle  
 9 registered with the department under the International  
 10 Registration Plan or IC 9-18.1-13-3, as long as the use of the  
 11 information will be strictly limited to at least one (1) of the  
 12 reasons listed in IC 9-14-13-7.

13 (i) The department shall notify the appropriate innkeeper's tax  
 14 board, bureau, or commission that a taxpayer is delinquent in remitting  
 15 innkeepers' taxes under IC 6-9.

16 (j) All information relating to the delinquency or evasion of the  
 17 vehicle excise tax may be disclosed to the bureau of motor vehicles in  
 18 Indiana and may be disclosed to another state, if the information is  
 19 disclosed for the purpose of the enforcement and collection of the taxes  
 20 imposed by IC 6-6-5.

21 (k) All information relating to the delinquency or evasion of  
 22 commercial vehicle excise taxes payable to the bureau of motor  
 23 vehicles in Indiana may be disclosed to the bureau and may be  
 24 disclosed to another state, if the information is disclosed for the  
 25 purpose of the enforcement and collection of the taxes imposed by  
 26 IC 6-6-5.5.

27 (l) All information relating to the delinquency or evasion of  
 28 commercial vehicle excise taxes payable under the International  
 29 Registration Plan may be disclosed to another state, if the information  
 30 is disclosed for the purpose of the enforcement and collection of the  
 31 taxes imposed by IC 6-6-5.5.

32 (m) All information relating to the delinquency or evasion of the  
 33 excise taxes imposed on recreational vehicles and truck campers that  
 34 are payable to the bureau of motor vehicles in Indiana may be disclosed  
 35 to the bureau and may be disclosed to another state if the information  
 36 is disclosed for the purpose of the enforcement and collection of the  
 37 taxes imposed by IC 6-6-5.1.

38 (f) This section does not apply to:

- 39 (1) the beer excise tax, including brand and packaged type  
 40 (IC 7.1-4-2);  
 41 (2) the liquor excise tax (IC 7.1-4-3);  
 42 (3) the wine excise tax (IC 7.1-4-4);

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

- 1 (4) the hard cider excise tax (IC 7.1-4-4.5);
- 2 (5) the vehicle excise tax (IC 6-6-5);
- 3 (6) the commercial vehicle excise tax (IC 6-6-5.5); and
- 4 (7) the fees under IC 13-23.
- 5 (o) The name and business address of retail merchants within each
- 6 county that sell tobacco products may be released to the division of
- 7 mental health and addiction and the alcohol and tobacco commission
- 8 solely for the purpose of the list prepared under IC 6-2.5-6-14.2.
- 9 (p) The name and business address of a person licensed by the
- 10 department under IC 6-6 or IC 6-7, or issued a registered retail
- 11 merchant's certificate under IC 6-2.5, may be released for the purpose
- 12 of reporting the status of the person's license or certificate.
- 13 (q) (g) The department may release **compiled tax** information
- 14 **concerning under the following circumstances:**
- 15 (1) **Information reports submitted under IC 6-6-1.1-502**
- 16 **concerning the number of gallons of gasoline sold by a**
- 17 **distributor, and IC 6-6-2.5 concerning the number of gallons**
- 18 **of special fuel sold by a supplier, the number of gallons of**
- 19 **special fuel exported by a licensed exporter, or the number of**
- 20 **gallons imported by a licensed transporter, may be released**
- 21 **by the commissioner upon receipt of a written request for the**
- 22 **information.**
- 23 (2) **The total incremental tax amounts under:**
- 24 (1) (A) IC 5-28-26;
- 25 (2) (B) IC 36-7-13;
- 26 (3) (C) IC 36-7-26;
- 27 (4) (D) IC 36-7-27;
- 28 (5) (E) IC 36-7-31;
- 29 (6) (F) IC 36-7-31.3; or
- 30 (7) (G) any other statute providing for the calculation of
- 31 incremental state taxes that will be distributed to or retained by
- 32 a political subdivision or other entity;
- 33 to the fiscal officer of the political subdivision or other entity that
- 34 established the district or area from which the incremental taxes
- 35 were received if that fiscal officer enters into an agreement with
- 36 the department specifying that the political subdivision or other
- 37 entity will use the information solely for official purposes.
- 38 (3) **The aggregate amounts of any of the listed taxes collected**
- 39 **on a particular date or within a date range may be released**
- 40 **upon written request.**
- 41 (r) (h) The department may release the **following** information as
- 42 required ~~in~~ **by statute:**

M  
e  
r  
g  
e  
d



- 1           **(1) Information pursuant to IC 6-8.1-3-7.1 concerning:**
- 2            ~~(+)~~ **(A)** an innkeeper's tax, a food and beverage tax, or an
- 3            admissions tax under IC 6-9;
- 4            ~~(2)~~ **(B)** the supplemental auto rental excise tax under
- 5            IC 6-6-9.7; and
- 6            ~~(3)~~ **(C)** the covered taxes allocated to a professional sports
- 7            development area fund, sports and convention facilities
- 8            operating fund, or other fund under IC 36-7-31 and
- 9            IC 36-7-31.3.
- 10          ~~(s)~~ **(2)** Information concerning state gross retail tax exemption
- 11          certificates that relate to a person who is exempt from the state
- 12          gross retail tax under IC 6-2.5-4-5 may be disclosed to a power
- 13          subsidiary (as defined in IC 6-2.5-1-22.5) or a person selling the
- 14          services or commodities listed in IC 6-2.5-4-5 for the purpose of
- 15          enforcing and collecting the state gross retail and use taxes under
- 16          IC 6-2.5.
- 17          ~~(t)~~ **(i)** The department may release a statement of tax withholding or
- 18          other tax information statement provided on behalf of a taxpayer to the
- 19          department to:
- 20            (1) the taxpayer on whose behalf the tax withholding or other tax
- 21            information statement was provided to the department;
- 22            (2) the taxpayer's spouse, if:
- 23                (A) the taxpayer is deceased or incapacitated; and
- 24                (B) the taxpayer's spouse is filing a joint income tax return
- 25                with the taxpayer; or
- 26            (3) an administrator, executor, trustee, or other fiduciary acting on
- 27            behalf of the taxpayer if the taxpayer is deceased.
- 28          ~~(u)~~ **(j)** Information related to a listed tax regarding a taxpayer may
- 29          be disclosed to an individual without a power of attorney under
- 30          IC 6-8.1-3-8(a)(2) if:
- 31            (1) the individual is authorized to file returns and remit payments
- 32            for one (1) or more listed taxes on behalf of the taxpayer through
- 33            the department's online tax system before September 8, 2020;
- 34            (2) the information relates to a listed tax described in subdivision
- 35            (1) for which the individual is authorized to file returns and remit
- 36            payments;
- 37            (3) the taxpayer has been notified by the department of the
- 38            individual's ability to access the taxpayer's information for the
- 39            listed taxes described in subdivision (1) and the taxpayer has not
- 40            objected to the individual's access;
- 41            (4) the individual's authorization or right to access the taxpayer's
- 42            information for a listed tax described in subdivision (1) has not

M  
e  
r  
g  
e  
d



1           been withdrawn by the taxpayer; and

2           (5) disclosure of the information to the individual is not  
3           prohibited by federal law.

4           Except as otherwise provided by this article, this subsection does not  
5           authorize the disclosure of any correspondence from the department  
6           that is mailed or otherwise delivered to the taxpayer relating to the  
7           specified listed taxes for which the individual was given authorization  
8           by the taxpayer. The department shall establish a date, which may be  
9           earlier but not later than September 1, 2023, after which a taxpayer's  
10          information concerning returns and remittances for a listed tax may not  
11          be disclosed to an individual without a power of attorney under  
12          IC 6-8.1-3-8(a)(2) by providing notice to the affected taxpayers and  
13          previously authorized individuals, including notification published on  
14          the department's website. After the earlier of the date established by the  
15          department or September 1, 2023, the department may not disclose a  
16          taxpayer's information concerning returns and remittances for a listed  
17          tax to an individual unless the individual has a power of attorney under  
18          IC 6-8.1-3-8(a)(2) or the disclosure is otherwise allowed under this  
19          article.

20          (v) The department may publish a list of persons; corporations; or  
21          other entities that qualify or have qualified for an exemption for sales  
22          tax under IC 6-2.5-5-16, IC 6-2.5-5-25, or IC 6-2.5-5-26, or otherwise  
23          provide information regarding a person's; corporation's; or entity's  
24          exemption status under IC 6-2.5-5-16; IC 6-2.5-5-25; or IC 6-2.5-5-26.  
25          For purposes of this subsection; information that may be disclosed  
26          includes:

27               (1) any federal identification number or other identification  
28               number for the entity assigned by the department;

29               (2) any expiration date of an exemption under IC 6-2.5-5-25;

30               (3) whether any sales tax exemption has expired or has been  
31               revoked by the department; and

32               (4) any other information reasonably necessary for a recipient of  
33               an exemption certificate to determine if an exemption certificate  
34               is valid.

35          (w) The department may share a taxpayer's name and other personal  
36          identification information with a tax preparer or tax preparation  
37          software provider in cases where the department suspects that a  
38          fraudulent return has been filed on behalf of a taxpayer and the  
39          department suspects that the system of a taxpayer's previous year tax  
40          preparer or tax preparation software provider has been breached.

41          SECTION 75. IC 6-8.1-8-2, AS AMENDED BY P.L.234-2019,  
42          SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 JULY 1, 2026]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 and  
 2 sections 16 and 17 of this chapter, the department must issue a demand  
 3 notice for the payment of a tax and any interest or penalties accrued on  
 4 the tax, if a person files a tax return without including full payment of  
 5 the tax or if the department, after ruling on a protest, finds that a person  
 6 owes the tax before the department issues a tax warrant. The demand  
 7 notice must state the following:

- 8 (1) That the person has twenty (20) days from the date the  
 9 department mails the notice to either pay the amount demanded  
 10 or show reasonable cause for not paying the amount demanded.  
 11 (2) The statutory authority of the department for the issuance of  
 12 a tax warrant.  
 13 (3) The earliest date on which a tax warrant may be filed and  
 14 recorded.  
 15 (4) The statutory authority for the department to levy against a  
 16 person's property that is held by a financial institution.  
 17 (5) The remedies available to the taxpayer to prevent the filing  
 18 and recording of the judgment.

19 If the department files a tax warrant in more than one (1) county, the  
 20 department is not required to issue more than one (1) demand notice.  
 21 The department may not issue a demand notice for a liability more than  
 22 nine (9) years after the first date the department is permitted to issue a  
 23 demand notice under this chapter.

24 (b) If the person does not pay the amount demanded or show  
 25 reasonable cause for not paying the amount demanded within the  
 26 twenty (20) day period, the department may issue a tax warrant for the  
 27 amount of the tax, interest, penalties, collection fee, sheriff's costs,  
 28 clerk's costs, and fees established under section 4(b) of this chapter  
 29 when applicable. When the department issues a tax warrant, a  
 30 collection fee of ten percent (10%) of the unpaid tax is added to the  
 31 total amount due.

32 (c) When the department issues a tax warrant, it may not file the  
 33 warrant with the circuit court clerk of any county in which the person  
 34 **resides, is domiciled, or** owns property until at least twenty (20) days  
 35 after the date the demand notice was mailed to the taxpayer. If a  
 36 taxpayer does not own property in Indiana, **or** if the department is  
 37 unable to determine whether the taxpayer owns property in Indiana, **the**  
 38 **taxpayer does not reside and is not domiciled in Indiana, or the**  
 39 **department is unable to determine the taxpayer's residence or**  
 40 **domicile**, the department may file the tax warrant with the circuit court  
 41 clerk of Marion County. The department may also send the warrant to  
 42 the sheriff of any county in which the person **resides, is domiciled, or**

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



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

M  
e  
r  
g  
e  
d



1 under this section or section 4 of this chapter shall not constitute  
 2 an alias tax warrant. The failure to renew a tax warrant in a  
 3 particular county shall preclude the issuance of a new tax warrant  
 4 under subdivision (2).  
 5 (4) If the department does not:  
 6 (A) issue a timely demand notice under subsection (a);  
 7 (B) file a timely tax warrant under subdivision (1); or  
 8 (C) renew all tax warrants under subdivision (3);  
 9 the department shall extinguish the tax liability from which the  
 10 demand notice or judgment arose, and no state agency shall treat  
 11 the tax liability as a delinquency for purposes of Indiana law.  
 12 (g) A judgment arising from a tax warrant in a county shall be  
 13 released by the department:  
 14 (1) after the judgment, including all accrued interest to the date of  
 15 payment, has been fully satisfied; or  
 16 (2) if the department determines that the tax assessment or the  
 17 issuance of the tax warrant was in error.  
 18 (h) Subject to subsections (p) and (q), if the department determines  
 19 that the filing of a tax warrant was in error or if the commissioner  
 20 determines that the release of the judgment and expungement of the tax  
 21 warrant are in the best interest of the state, the department shall mail a  
 22 release of the judgment to the taxpayer and the circuit court clerk of  
 23 each county where the warrant was filed. The circuit court clerk of each  
 24 county where the warrant was filed shall expunge the warrant from the  
 25 judgment debtor's column of the judgment record. The department shall  
 26 mail the release and the order for the warrant to be expunged as soon  
 27 as possible but no later than seven (7) days after:  
 28 (1) the determination by the department that the filing of the  
 29 warrant was in error; and  
 30 (2) the receipt of information by the department that the judgment  
 31 has been recorded under subsection (d).  
 32 (i) If the department determines that a judgment described in  
 33 subsection (h) is obstructing a lawful transaction, the department shall  
 34 immediately upon making the determination mail:  
 35 (1) a release of the judgment to the taxpayer; and  
 36 (2) an order requiring the circuit court clerk of each county where  
 37 the judgment was filed to expunge the warrant.  
 38 (j) A release issued under subsection (h) or (i) must state that the  
 39 filing of the tax warrant was in error. Upon the request of the taxpayer,  
 40 the department shall mail a copy of a release and the order for the  
 41 warrant to be expunged issued under subsection (h) or (i) to each major  
 42 credit reporting company located in each county where the judgment

M  
e  
r  
g  
e  
d



- 1 was filed.
- 2 (k) The commissioner shall notify each state agency or officer
- 3 supplied with a tax warrant list of the issuance of a release under
- 4 subsection (h) or (i).
- 5 (l) If the sheriff collects the full amount of a tax warrant, the sheriff
- 6 shall disburse the money collected in the manner provided in section
- 7 3(c) of this chapter. If a judgment has been partially or fully satisfied
- 8 by a person's surety, the surety becomes subrogated to the department's
- 9 rights under the judgment. If a sheriff releases a judgment:
- 10 (1) before the judgment is fully satisfied;
- 11 (2) before the sheriff has properly disbursed the amount collected;
- 12 or
- 13 (3) after the sheriff has returned the tax warrant to the department;
- 14 the sheriff commits a Class B misdemeanor and is personally liable for
- 15 the part of the judgment not remitted to the department.
- 16 (m) A lien on real property described in subsection (e)(2) is void if
- 17 both of the following occur:
- 18 (1) The person owing the tax provides written notice to the
- 19 department to file an action to foreclose the lien.
- 20 (2) The department fails to file an action to foreclose the lien not
- 21 later than one hundred eighty (180) days after receiving the
- 22 notice.
- 23 (n) A person who gives notice under subsection (m) by registered
- 24 or certified mail to the department may file an affidavit of service of the
- 25 notice to file an action to foreclose the lien with the circuit court clerk
- 26 in the county in which ~~the property is located~~. **the warrant was filed.**
- 27 The affidavit must state the following:
- 28 (1) The facts of the notice.
- 29 (2) That more than one hundred eighty (180) days have passed
- 30 since the notice was received by the department.
- 31 (3) That no action for foreclosure of the lien is pending.
- 32 (4) That no unsatisfied judgment has been rendered on the lien.
- 33 **If a taxpayer has tax warrants in multiple counties, the taxpayer**
- 34 **must file a separate affidavit for each county. If a taxpayer fails to**
- 35 **file an affidavit in each county in which a warrant is filed, the**
- 36 **affidavit is effective only for property in the counties in which the**
- 37 **taxpayer files the affidavit.**
- 38 (o) Upon receipt of the affidavit described in subsection (n), the
- 39 circuit court clerk shall make an entry showing the release of the
- 40 judgment lien in the judgment records for tax warrants.
- 41 (p) ~~The department shall adopt rules to define the circumstances~~
- 42 ~~under which a release and expungement may be granted based on a~~

M  
e  
r  
g  
e  
d



1 finding that the release and expungement would be in the best interest  
 2 of the state. The rules may allow the commissioner to expunge a tax  
 3 warrant in other circumstances not inconsistent with subsection (q) that  
 4 the commissioner determines are appropriate. Any releases or  
 5 expungements granted by the commissioner must be consistent with  
 6 these rules:

7 ~~(q)~~ **(p)** The commissioner or the commissioner's designee may  
 8 expunge a tax warrant **if the taxpayer requests an expungement** in  
 9 the following circumstances:

10 (1) If the taxpayer has timely and fully filed and paid all of the  
 11 taxpayer's state taxes, or has otherwise resolved any outstanding  
 12 state tax issues, for the preceding five (5) years.

13 (2) If the **tax** warrant was issued more than ten (10) years prior to  
 14 the expungement.

15 (3) If the **tax** warrant is not subject to pending litigation.

16 (4) **If the tax warrant is for one (1) or more tax liabilities that**  
 17 **have been resolved through the department.** ~~Other~~  
 18 ~~circumstances not inconsistent with subdivisions (1) through (3)~~  
 19 ~~that are specified in the rules adopted under subsection (p):~~

20 **(q) Taxpayers must complete the form prescribed by the**  
 21 **department and submit any documentation that may support a**  
 22 **request under subsection (p). The department will grant requests**  
 23 **for tax warrant expungement if:**

24 (1) the department determines the filing of the tax warrant  
 25 was in error;

26 (2) the department determines the release of the judgment  
 27 and expungement of the tax warrant are in the best interest of  
 28 the state; or

29 (3) the department determines that the expungement  
 30 facilitates the collection of outstanding tax liabilities owed by  
 31 the taxpayer as provided in subsection (r).

32 **(r) The release of a judgment and an expungement of a tax**  
 33 **warrant are in the best interest of the state if the release and**  
 34 **expungement facilitates the collection of outstanding liabilities**  
 35 **owed by the taxpayer, including interest and penalties accrued to**  
 36 **the date of payment, which is demonstrated if each of the following**  
 37 **are true:**

38 (1) The taxpayer has satisfied all the outstanding liabilities  
 39 owed, including penalties and interest accrued to the date of  
 40 payment, associated with the judgment and warrant.

41 (2) The taxpayer has filed the outstanding required returns  
 42 for each listed tax associated with the judgment and warrant.

M  
e  
r  
g  
e  
d

- 1           **(3) The taxpayer is, at the time of making the determination,**
- 2           **in compliance regarding the filing of any other individual,**
- 3           **business, and informational returns, and current on payments**
- 4           **associated with those returns.**
- 5           **(4) The judgment or warrant is not the subject of pending**
- 6           **litigation.**
- 7           **(s) The department's determination that the release of a**
- 8           **judgment and an expungement of a warrant are in the best interest**
- 9           **of the state includes any of the following factors:**
- 10           **(1) The age and amount of the underlying tax liability.**
- 11           **(2) The taxpayer's history of compliance with respect to**
- 12           **voluntarily paying taxes.**
- 13           **(3) Other tax warrants or outstanding liabilities of the**
- 14           **taxpayer.**
- 15           **(4) Whether notice of the underlying liability was received by**
- 16           **the taxpayer before the issuance of the tax warrant.**
- 17           **(5) The taxpayer's attempts, if any, to communicate with the**
- 18           **department and resolve the liability before the issuance of the**
- 19           **warrant.**
- 20           **(6) Whether delays in paying or posting tax payments**
- 21           **associated with the underlying liability that caused the tax**
- 22           **warrant are attributable to the fault or negligence of the**
- 23           **taxpayer.**
- 24           **(7) If the taxpayer did not owe the underlying tax for which**
- 25           **the warrant was issued.**
- 26           **(8) If the warrant was not issued under, or authorized by,**
- 27           **statute.**
- 28           **(9) If the filing of the tax warrant was premature or otherwise**
- 29           **not in compliance with the department's procedures.**
- 30           **(10) Other required tax filings are on file.**
- 31           **(t) The department shall issue the letter granting or denying the**
- 32           **expungement request to the taxpayer.**
- 33           **(~~r~~) (u) Notwithstanding any other provision in this section, the**
- 34           **commissioner may decline to release a judgment or expunge a warrant**
- 35           **upon a finding that the warrant was issued based on the taxpayer's**
- 36           **fraudulent, intentional, or reckless conduct.**
- 37           **~~(s) The rules required under subsection (p) shall specify the process~~**
- 38           **~~for requesting that the commissioner release and expunge a tax~~**
- 39           **~~warrant.~~**
- 40           **SECTION 76. IC 6-8.1-8-2.1 IS ADDED TO THE INDIANA**
- 41           **CODE AS A NEW SECTION TO READ AS FOLLOWS**
- 42           **[EFFECTIVE JULY 1, 2026]: Sec. 2.1. (a) A warrant filed by the**

M  
e  
r  
g  
e  
d



1 department under section 2 of this chapter must be filed using the  
 2 department's designated direct electronic interface.

3 (b) For purposes of section 3 of this chapter, the jurisdiction of  
 4 the sheriff of the county in which a warrant is filed is limited to the  
 5 taxpayer's choses in action and real and tangible personal property  
 6 located in that county.

7 SECTION 77. IC 6-8.1-8-18 IS ADDED TO THE INDIANA CODE  
 8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 9 1, 2026]: Sec. 18. (a) Except as provided in the limited relief  
 10 provided for marketplace facilitators in IC 6-2.5-9-3.5 (before its  
 11 expiration), a responsible person that holds taxes in trust for the  
 12 state is personally liable for the payment of those taxes, plus any  
 13 penalties and interest attributable to those taxes, to the state. If the  
 14 individual knowingly fails to collect or remit those taxes to the  
 15 state, the individual commits a Level 6 felony.

16 (b) A business and each responsible person for a particular tax  
 17 held in trust for a period are jointly and severally liable for that  
 18 tax, including interest and penalties.

19 (c) If a business and one (1) or more responsible persons remit  
 20 more than the amount due, including penalties and interest, for a  
 21 tax held in trust, the following apply to refunding any  
 22 overpayment:

23 (1) If the business remitted the amount due or more than the  
 24 amount due, then any amounts paid by a responsible person  
 25 shall be refunded to the responsible person, and any excess  
 26 remaining refunded to the business.

27 (2) If the business remitted less than the amount due, then any  
 28 amounts paid by a responsible person shall be refunded upon  
 29 a refund request by a responsible person as determined in the  
 30 following STEPS:

31 STEP ONE: Determine the amount remitted by each  
 32 responsible person.

33 STEP TWO: Determine the total amount due, including  
 34 interest and penalties, less the amount remitted by the  
 35 business.

36 STEP THREE: Determine the total amount remitted by all  
 37 responsible persons in STEP ONE minus the STEP TWO  
 38 amount.

39 STEP FOUR: Determine the STEP ONE amount for each  
 40 responsible person divided by the total amount under  
 41 STEP ONE for all responsible persons.

42 STEP FIVE: The amount of the refund for the responsible

M  
e  
r  
g  
e  
d



1            **person is the amount determined under STEP THREE**  
 2            **multiplied by the ratio for that person determined under**  
 3            **STEP FOUR.**  
 4            **(3) If the amount remitted by a business or responsible person**  
 5            **includes amounts added pursuant to this chapter, those**  
 6            **amounts shall not be considered for purposes of determining**  
 7            **an overpayment under this subsection.**  
 8            **(4) Any amount of overpayment shall be considered to be the**  
 9            **overpayment of the business or person that remitted the tax.**  
 10           **(5) Any state or federal law permitting application or offset of**  
 11           **an overpayment shall apply to an overpayment under this**  
 12           **subsection.**  
 13           **(6) A refund under this subsection must be filed under**  
 14           **IC 6-8.1-9-1 separately by the business and each responsible**  
 15           **person, and the determination under this subsection shall be**  
 16           **made separately for the business and each responsible person.**  
 17           **(7) Notwithstanding this subsection, the business and one (1)**  
 18           **or more responsible persons may agree to allocate or assign**  
 19           **any overpayment between themselves, provided that:**  
 20                  **(A) the total amount allocated under the agreement does**  
 21                  **not exceed the amounts that are attributable to the**  
 22                  **business and responsible persons who are parties to the**  
 23                  **agreement under subdivisions (1) and (2); and**  
 24                  **(B) the amount of refund allocated to any party does not**  
 25                  **exceed the amount actually paid by that party.**  
 26           SECTION 78. IC 6-8.1-9-1, AS AMENDED BY P.L.118-2024,  
 27           SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28           JANUARY 1, 2026 (RETROACTIVE)]: Sec. 1. (a) If a person has paid  
 29           more tax than the person determines is legally due for a particular  
 30           taxable period, the person may file a claim for a refund with the  
 31           department. Except as provided in subsections (j), (k), (l), (m), and (n),  
 32           in order to obtain the refund, the person must file the claim with the  
 33           department within three (3) years after the later of the following:  
 34                  (1) The due date of the return.  
 35                  (2) The date of payment.  
 36           For purposes of this section, the due date for a return filed for a  
 37           periodic tax is thirty-one (31) days after the end of the calendar year  
 38           which contains the taxable period for which the return is filed. The  
 39           claim must set forth the amount of the refund to which the person is  
 40           entitled and the reasons that the person is entitled to the refund.  
 41                  (b) After considering the claim and all evidence relevant to the  
 42           claim, the department shall issue a decision on the claim, stating the

M  
e  
r  
g  
e  
d



1 part, if any, of the refund allowed and containing a statement of the  
2 reasons for any part of the refund that is denied. The department shall  
3 mail a copy of the decision to the person that filed the claim. If the  
4 person disagrees with a part of the decision on the claim, the person  
5 may file a protest and request a hearing with the department. If the  
6 department allows the full amount of the refund claim, a warrant for the  
7 payment of the claim is sufficient notice of the decision.

8 (c) The tax court shall hear the appeal de novo and without a jury,  
9 and after the hearing may order or deny any part of the appealed  
10 refund. The court may assess the court costs in any manner that it feels  
11 is equitable. The court may enjoin the collection of any of the listed  
12 taxes under IC 33-26-6-2. The court may also allow a refund of taxes,  
13 interest, and penalties that have been paid to and collected by the  
14 department.

15 (d) The decision on the claim must state that the person has sixty  
16 (60) days from the date the decision is mailed to file a written protest.  
17 If the person files a protest and requests a hearing on the protest, the  
18 department shall:

- 19 (1) set the hearing at the department's earliest convenient time;
- 20 and
- 21 (2) notify the person by United States mail of the time, date, and  
22 location of the hearing.

23 (e) The department may hold the hearing at the location of its choice  
24 within Indiana if that location complies with IC 6-8.1-3-8.5.

25 (f) After conducting a hearing on a protest, or after making a  
26 decision on a protest when no hearing is requested, the department  
27 shall issue a memorandum of decision or order denying a refund and  
28 shall send a copy of the decision through the United States mail to the  
29 person that filed the protest. If the department allows the full amount  
30 of the refund claim, a warrant for the payment of the claim is sufficient  
31 notice of the decision. The department may continue the hearing until  
32 a later date if the taxpayer presents additional information at the  
33 hearing or the taxpayer requests an opportunity to present additional  
34 information after the hearing.

35 (g) A person that disagrees with any part of the department's  
36 determination in a memorandum of decision or order denying a refund  
37 may request a rehearing not more than thirty (30) days after the date on  
38 which the memorandum of decision or order denying a refund is issued  
39 by the department. The department shall consider the request and may  
40 grant the rehearing if the department reasonably believes that a  
41 rehearing would be in the best interests of the taxpayer and the state.  
42 If the department grants the rehearing, the department shall issue a

M  
e  
r  
g  
e  
d



1 supplemental order denying a refund or a supplemental memorandum  
 2 of decision based on the rehearing, whichever is applicable.

3 (h) If the person disagrees with any part of the department's  
 4 determination, the person may appeal the determination, regardless of  
 5 whether or not the person protested the tax payment or whether or not  
 6 the person has accepted a refund. The person must file the appeal with  
 7 the tax court. The tax court does not have jurisdiction to hear a refund  
 8 appeal if:

9 (1) the appeal is filed more than ninety (90) days after the latest  
 10 of the dates on which:

11 (A) the memorandum of decision or order denying a refund is  
 12 issued by the department, if the person does not make a timely  
 13 request for a rehearing under subsection (g) on the  
 14 memorandum of decision or order denying a refund;

15 (B) the department issues a denial of the person's timely  
 16 request for a rehearing under subsection (g) on the  
 17 memorandum of decision or order denying a refund; or

18 (C) the department issues a supplemental memorandum of  
 19 decision or supplemental order denying a refund following a  
 20 rehearing granted under subsection (g); or

21 (2) the appeal is filed both before the decision is issued and  
 22 before the one hundred eighty-first day after the date the person  
 23 files the claim for a refund with the department.

24 The ninety (90) day period may be extended according to the terms of  
 25 a written agreement signed by both the department and the person. The  
 26 agreement must specify a date upon which the extension will terminate  
 27 and include a statement that the person agrees to preserve the person's  
 28 records until that specified termination date. The specified termination  
 29 date agreed upon under this subsection may not be more than ninety  
 30 (90) days after the expiration of the period otherwise specified by this  
 31 subsection.

32 (i) With respect to the vehicle excise tax, this section applies only  
 33 to penalties and interest paid on assessments of the vehicle excise tax.  
 34 Any other overpayment of the vehicle excise tax is subject to IC 6-6-5.

35 (j) If a taxpayer's federal taxable income, federal adjusted gross  
 36 income, or federal income tax liability for a taxable year is modified by  
 37 the Internal Revenue Service, and the modification would result in a  
 38 reduction of the tax legally due, the due date by which the taxpayer  
 39 must file a claim for refund with the department is the latest of:

40 (1) the date determined under subsection (a);

41 (2) the date that is ~~one hundred eighty (180) days~~ **one (1) year**  
 42 after the date of the modification by the Internal Revenue Service

M  
e  
r  
g  
e  
d



1 as provided under:  
2 (A) IC 6-3-4-6(c) and IC 6-3-4-6(d) (for the adjusted gross  
3 income tax); or  
4 (B) IC 6-5.5-6-6(c) and IC 6-5.5-6-6(d) (for the financial  
5 institutions tax); or  
6 (3) in the case of a modification described in IC 6-8.1-5-2(k)(1)  
7 through IC 6-8.1-5-2(k)(3), the date provided in IC 6-3-4.5 for  
8 such refunds or December 31, 2021, whichever is later.  
9 (k) Notwithstanding any other provision of this section, if an  
10 individual received a severance payment described in Section  
11 3(a)(1)(A) of the Combat-Injured Veterans Tax Fairness Act of 2016  
12 (P.L. 114-292) and upon which the United States Secretary of Defense  
13 withheld tax under IC 6-3, IC 6-3.5-1.1 (before its repeal), IC 6-3.5-6  
14 (before its repeal), IC 6-3.5-7 (before its repeal), or IC 6-3.6, the  
15 individual must file a claim for refund for taxes that were overpaid and  
16 attributable to the severance payment not later than December 31,  
17 2020. Any refund under this subsection shall be computed without  
18 regard to subsection (a)(2). The department may establish procedures  
19 to provide standard refund amounts if a standard refund amount is  
20 requested from the Internal Revenue Service.  
21 (l) Notwithstanding any other provision of this section, a taxpayer  
22 may file a claim for refund for any taxes under IC 6-3 or IC 6-5.5 that  
23 the taxpayer expected to be due as a result of an Internal Revenue  
24 Service audit not later than the date otherwise prescribed in this section  
25 or ~~one hundred eighty (180) days~~ **one (1) year** after the date the  
26 taxpayer is notified that the audit resulted in no change or, if the audit  
27 resulted in a modification, the date of the modification as provided  
28 under:  
29 (1) IC 6-3-4-6(c) and IC 6-3-4-6(d) (for adjusted gross income  
30 tax); or  
31 (2) IC 6-5.5-6-6(c) and IC 6-5.5-6-6(d) (for the financial  
32 institutions tax);  
33 whichever is later.  
34 (m) If a taxpayer has an overpayment for a listed tax as a result of  
35 a credit of taxes paid to another state, country, or local jurisdiction in  
36 another state or country, and those taxes were assessed by the state,  
37 country, or local jurisdiction after the period for which a refund could  
38 have been claimed for that listed tax under this section, the period for  
39 requesting the refund under this section is extended to one hundred  
40 eighty (180) days after payment of the tax to the state, country, or local  
41 jurisdiction.  
42 (n) If an agreement to extend the assessment time period is entered

M  
e  
r  
g  
e  
d



1 into under IC 6-8.1-5-2(i), the period during which a person may file  
2 a claim for a refund under subsection (a) is extended to the same date  
3 to which the assessment time period is extended.

4 SECTION 79. IC 6-8.1-10-9.5, AS ADDED BY P.L.194-2023,  
5 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6 UPON PASSAGE]: Sec. 9.5. (a) As used in this section, the following  
7 terms have the following meanings:

8 (1) "Successor in liability" means a person that directly or  
9 indirectly purchases, acquires, is gifted, or succeeds to ownership  
10 of more than one-half (1/2) of all tangible personal property of a  
11 business, by value, including inventory, at all locations combined,  
12 as measured by the value of the property at the time of the  
13 transfer. "Successor in liability" does not include a personal  
14 representative or beneficiary of an estate, a trustee in bankruptcy,  
15 a debtor in possession, a receiver, a secured party, a mortgagee,  
16 an assignee of rents, or any other lienholder. A person shall only  
17 be considered a successor in liability to the extent that:

18 (A) a department lien or liens exist on tangible personal  
19 property transferred to the person;

20 (B) all tax due by the transferring business to the extent that  
21 notice was not provided to the department as required by  
22 subsection (b); or

23 (C) any tax due was included in the summary mailed to the  
24 successor in liability by the department pursuant to subsection  
25 (c).

26 (2) "Purchase price" means the consideration paid or to be paid by  
27 the successor in liability to the transferring business for the  
28 transfer of tangible personal property. "Purchase price" also  
29 includes debts assumed or forgiven by the successor in liability,  
30 or real or personal property conveyed or to be conveyed by the  
31 successor in liability to the transferring business.

32 (3) "Arm's-length transaction" means a transfer for adequate  
33 consideration between independent parties both acting in their  
34 own best interests. If the parties are related to each other, a  
35 rebuttable presumption arises that the transaction is not at arm's  
36 length.

37 (4) "Transfer" means every mode, direct or indirect, absolute or  
38 conditional, voluntary or involuntary, of disposing of or parting  
39 with a business or an interest in a business, or a stock of goods,  
40 whether by gift or for consideration. "Transfer" includes a change  
41 in the type of business entity or the name of the business, where  
42 one (1) business is discontinued and a new business is started.

M  
e  
r  
g  
e  
d



1 "Transfer" also includes the acquisition by a new corporation of  
 2 the assets of a prior business in exchange for the stock of the new  
 3 corporation. "Transfer" does not include an assignment for the  
 4 benefit of creditors, foreclosure or enforcement of a mortgage,  
 5 assignment of rents, security interest or lien, sale or disposition in  
 6 a bankruptcy proceeding, or sale or disposition by a receiver.

7 (5) "Transfer in bulk" means a transfer, other than in the ordinary  
 8 course of the transferor's trade or business, of more than one-half  
 9 (1/2) of all the tangible personal property of a business, by value,  
 10 including inventory, at all locations combined, as measured by the  
 11 value of the property at the time of the transfer.

12 (6) "Tax" means the gross retail tax imposed by IC 6-2.5-2-1, the  
 13 use tax imposed by IC 6-2.5-3-2, and any county innkeepers tax  
 14 or food and beverage tax imposed by IC 6-9.

15 (7) "Good cause" means the inability to comply with the statutory  
 16 requirements of this section due to force majeure, fraud, failure of  
 17 delivery by a carrier, or similar circumstances beyond the control  
 18 of the successor. Lack of knowledge by the successor in liability  
 19 of the requirements of this section shall not be considered good  
 20 cause. Failure of a transferee or third party to provide the notice  
 21 required by subsection (b) pursuant to a contractual obligation or  
 22 informal understanding shall not be considered to be good cause.

23 (b) Whenever a business engages in a transfer in bulk, at least  
 24 forty-five (45) days before taking possession of the assets or paying the  
 25 purchase price, the potential successor in liability or the transferring  
 26 business shall notify the department of the transfer and the terms and  
 27 conditions related to the transfer on a form prescribed by the  
 28 department. The notice must include the tax identification number of  
 29 the transferring business and the potential successor in liability.

30 (c) The following apply:

31 (1) If the notice is not provided to the department as required in  
 32 subsection (b), the potential successor in liability becomes the  
 33 successor in liability and becomes liable for any unpaid taxes,  
 34 interest, and penalties due from the transferring business to the  
 35 extent of the purchase price.

36 (2) If the notice is provided as required in subsection (b) and,  
 37 within twenty (20) days after receipt of the notice, the department  
 38 places a summary in the United States mail addressed to the  
 39 successor in liability specifying that tax liabilities exist in addition  
 40 to those subject to a department lien or there are tax returns due  
 41 but not filed, the successor in liability is liable for all taxes,  
 42 interest, and penalties as stated in the department's summary to

M  
e  
r  
g  
e  
d



1 the extent of the purchase price if the successor in liability pays  
 2 the purchase price or takes possession of the assets without  
 3 withholding and remitting the liability to the department. The  
 4 successor in liability is liable whether the purchase price is paid  
 5 or the assets are transferred prior to or after notification from the  
 6 department.

7 (3) If the department does not find any tax is due from the  
 8 transferring business or that the transferring business has failed  
 9 to file any returns that are due, the department must place a tax  
 10 clearance letter in the United States mail addressed to the  
 11 potential successor in liability within twenty (20) days after  
 12 receipt of the notice required by subsection (b) specifying that no  
 13 tax liabilities exist and that the transferee is not a successor in  
 14 liability. The department shall issue the tax clearance letter even  
 15 if the department determines that the transfer at issue does not  
 16 constitute a transfer in bulk pursuant to subsection (a).

17 (d) If, based upon the information available, the department  
 18 determines that a transfer in bulk was not at arm's length or was a gift,  
 19 the successor's liability under this section equals the value of the  
 20 tangible personal property transferred. Upon such a determination, the  
 21 department may require that the successor in liability provide a third  
 22 party valuation of the tangible personal property transferred.

23 (e) In the case of a gift resulting in successor liability under this  
 24 section, the return of the gifted property by the donee to the donor  
 25 releases the donee's successor liability.

26 (f) A potential successor in liability that complies with the  
 27 requirements of subsections (b) and (c) is not liable for any  
 28 assessments of taxes of the transferring business made after the  
 29 department provides a summary to the potential successor in liability  
 30 under subsection (c), except for taxes assessed on returns filed to  
 31 comply with the summary. If the department fails to place the required  
 32 summary in the United States mail within the twenty (20) day period,  
 33 the potential successor in liability is not liable for any taxes of the  
 34 transferring business, except with regard to transfers subject to  
 35 subsection (d), if the purchase price is paid and the potential successor  
 36 in liability takes possession of the assets within sixty (60) days of the  
 37 mailing date the notice required pursuant to subsection (b). If the  
 38 purchase price is not paid or the potential successor in liability does not  
 39 take possession of the assets within sixty (60) days of the mailing date  
 40 of the notice required pursuant to subsection (b), the potential  
 41 successor in liability or the transferring business must submit a new  
 42 notice pursuant to subsection (b).

M  
e  
r  
g  
e  
d

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 (g) If the required notice under subsection (b) is not filed or any tax  
2 liability included in a summary mailed by the department pursuant to  
3 subsection (c)(2) remains due after the purchase price is paid or the  
4 successor in liability takes possession of the assets, the department  
5 must issue a notice of proposed assessment to the successor in liability  
6 for any such tax due.

7 (h) A successor in liability may protest the underlying tax unless the  
8 transferring business has already exhausted its protest rights with  
9 regard to the underlying tax. A successor in liability may also protest  
10 whether they qualify as a successor in liability with regard to the tax.  
11 In addition, the successor in liability may protest by submitting  
12 evidence showing good cause for not submitting the required notice or  
13 completing the purchase before receiving a clearance letter from the  
14 department. In the event that the transferring business has protested any  
15 taxes identified in the department's notice mailed pursuant to  
16 subsection (c)(2), the potential successor in liability shall not be  
17 considered a successor in liability with respect to such taxes if the  
18 potential successor in liability places an amount in escrow sufficient to  
19 satisfy such taxes pending resolution of the transferring business's  
20 administrative and legal process protesting such taxes.

21 (i) A transfer in bulk shall not constitute a retail transaction except  
22 for any inventory, motor vehicles, watercraft, aircraft, or rental property  
23 transferred.

24 (j) A transferor in bulk and any responsible ~~officer~~ **person** thereof  
25 shall not be relieved of liability for any tax, interest, or penalties when  
26 a successor in interest also becomes liable for the tax, interest, and  
27 penalties. No owner, shareholder, director, officer, or employee of a  
28 successor in liability shall be considered to be a responsible ~~officer~~  
29 **person** relative to any tax, interest or penalties owed by the purchaser  
30 as a successor.

31 (k) The department has discretion in assessing and collecting the tax  
32 due from any liable party, but the department cannot collect more than  
33 the total tax, interest, and penalties imposed. The ability of the  
34 department to impose collections fees on the liable parties as otherwise  
35 allowed by this article shall not be impacted by this section.

36 SECTION 80. IC 6-8.1-10-12, AS AMENDED BY P.L.213-2025,  
37 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
38 UPON PASSAGE]: Sec. 12. (a) This section applies to a penalty  
39 related to a tax liability to the extent that the:

- 40 (1) tax liability is for a listed tax;  
41 (2) tax liability was due and payable, as determined under  
42 IC 6-8.1-3-17(e), for a tax period ending before January 1, 2023;

M  
e  
r  
g  
e  
d



- 1 (3) department establishes an amnesty program for the tax
- 2 liability under IC 6-8.1-3-17(c);
- 3 (4) individual or entity from which the tax liability is due was
- 4 eligible to participate in the amnesty program described in
- 5 subdivision (3); and
- 6 (5) tax liability is not paid:
  - 7 (A) in conformity with a payment program acceptable to the
  - 8 department that provides for payment of the unpaid listed
  - 9 taxes in full in the manner and time established in a written
  - 10 payment program agreement entered into between the
  - 11 department and the taxpayer under IC 6-8.1-3-17(c); or
  - 12 (B) if clause (A) does not apply, before the end of the amnesty
  - 13 period established by the department.
- 14 (b) Subject to subsection (c), if a penalty is imposed or otherwise
- 15 calculated under any combination of:
  - 16 (1) IC 6-8.1-1-8;
  - 17 (2) section 2.1 of this chapter;
  - 18 (3) section 3 of this chapter;
  - 19 (4) section 3.5 of this chapter;
  - 20 (5) section 4 of this chapter;
  - 21 (6) section 5 of this chapter;
  - 22 (7) section 6 of this chapter;
  - 23 (8) section 7 of this chapter;
  - 24 (9) section 9 of this chapter; or
  - 25 (10) IC 6-6;
- 26 an additional penalty is imposed under this section. The amount of the
- 27 additional penalty imposed under this section is equal to the sum of the
- 28 penalties imposed or otherwise calculated under the provisions listed
- 29 in subdivisions (1) through (10).
- 30 (c) The additional penalty provided by subsection (b) does not apply
- 31 if all of the following apply:
  - 32 (1) The department imposes a penalty on a taxpayer or otherwise
  - 33 calculates the penalty under the provisions described in
  - 34 subsection (b)(1) through (b)(10).
  - 35 (2) The taxpayer against whom the penalty is imposed:
    - 36 (A) timely files an original tax appeal in the tax court under
    - 37 IC 6-8.1-5-1; and
    - 38 (B) contests the department's imposition of the penalty or the
    - 39 tax on which the penalty is based.
  - 40 (3) The taxpayer meets all other jurisdictional requirements to
  - 41 initiate the original tax appeal.
  - 42 (4) Either the:

M  
e  
r  
g  
e  
d



- 1 (A) tax court enjoins collection of the penalty or the tax on
- 2 which the penalty is based under IC 33-26-6-2; or
- 3 (B) department consents to an injunction against collection of
- 4 the penalty or tax without entry of an order by the tax court.

5 (d) The additional penalty provided by subsection (b) does not apply  
6 if the taxpayer:

- 7 (1) has a legitimate hold on making the payment as a result of an
- 8 audit, bankruptcy, protest, taxpayer advocate action, or another
- 9 reason permitted by the department;
- 10 (2) had established a payment plan with the department before
- 11 ~~May 15, 2025~~; **April 1, 2026**; or
- 12 (3) verifies with reasonable particularity that is satisfactory to the
- 13 commissioner that the taxpayer did not ever receive notice of the
- 14 outstanding tax liability; or
- 15 **(4) has a liability that consists only of a penalty imposed with**
- 16 **regard to a listed tax for a tax period or has a liability for**
- 17 **penalties that is greater than one hundred percent (100%) of**
- 18 **the total liabilities for listed taxes eligible for participation in**
- 19 **the tax amnesty program.**

20 SECTION 81. IC 7.1-4-2-1 IS AMENDED TO READ AS  
21 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. An excise tax,  
22 ~~referred to known~~ as the beer excise tax, **is imposed** at the rate of  
23 eleven and one-half cents (\$.115) a gallon ~~is imposed~~ upon the sale of  
24 beer or flavored malt beverage within Indiana.

25 SECTION 82. IC 7.1-4-2-7 IS AMENDED TO READ AS  
26 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. ~~Copy of Invoice:~~ A  
27 brewer or beer wholesaler in this state ~~when he delivers beer to a~~  
28 ~~person~~; shall make a ~~true duplicate copy of each~~ **copy of each** invoice ~~when~~  
29 **delivering beer to a person**, showing the date of delivery, the amount  
30 and value of the shipment and the name of the purchaser. The brewer  
31 or wholesaler shall give one (1) copy of the invoice to the purchaser,  
32 and ~~he also shall~~ retain one (1) copy for the use and inspection of the  
33 commission and the department, for a period of two (2) years. A beer  
34 wholesaler shall ~~keep~~; **also keep** and retain for a period of two (2)  
35 years, a copy of all invoices for beer purchased or received by ~~him~~.  
36 **them.**

37 SECTION 83. IC 7.1-4-2-8 IS AMENDED TO READ AS  
38 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. A beer wholesaler  
39 within Indiana who receives beer or flavored malt beverage upon which  
40 the beer excise tax has been paid shall be entitled to a refund of the  
41 amount of the tax on all tax-paid beer or flavored malt beverage  
42 shipped from Indiana by the wholesaler for sale outside Indiana. ~~or sold~~

M  
e  
r  
g  
e  
d



1 within Indiana under circumstances exempting the beer or flavored  
2 malt beverage from the excise tax. The department shall promulgate  
3 rules and regulations governing the form of application for and the  
4 evidence required to establish the right to a refund.

5 SECTION 84. IC 7.1-4-3-1 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. ~~Rate of Tax.~~ An  
7 excise tax, **known as the liquor excise tax, is imposed** at the rate of  
8 two dollars and sixty-eight cents (\$2.68) a gallon is ~~imposed~~ upon the  
9 sale, gift, or the withdrawal for sale or gift, of liquor and wine that  
10 contains twenty-one percent (21%), or more, of absolute alcohol  
11 reckoned by volume.

12 SECTION 85. IC 7.1-4-3-5 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~Transactions Exempt~~  
14 ~~from Tax.~~ The liquor excise tax shall not apply to **the following**  
15 **transactions:**

16 (1) The sale for delivery outside this state, or the withdrawal for  
17 sale for delivery outside this state, of liquor and wine that  
18 contains more than twenty-one percent (21%) of absolute alcohol  
19 reckoned by volume.

20 (2) ~~The liquor excise tax shall not apply to the sale or withdrawal~~  
21 ~~for sale of wine to a pastor, rabbi, or priest for sacramental or~~  
22 ~~religious purposes only.~~

23 SECTION 86. IC 7.1-4-4-1 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. An excise tax,  
25 **known as the wine excise tax, is imposed** at the rate of forty-seven  
26 cents (\$0.47) a gallon is ~~imposed~~ upon the manufacture and sale or gift,  
27 or withdrawal for sale or gift, of wine, except hard cider, within this  
28 state.

29 SECTION 87. IC 7.1-4-4-2 IS AMENDED TO READ AS  
30 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) ~~Beverages to~~  
31 ~~Which Tax is Applicable.~~ The wine excise tax shall apply to **the**  
32 **following beverages:**

33 (1) ~~Wine that contains containing~~ less than twenty-one percent  
34 (21%), of absolute alcohol reckoned by volume. ~~The wine excise~~  
35 ~~tax also shall apply to an alcoholic beverage that contains~~

36 (2) **Alcoholic beverages containing** fifteen percent (15%), or  
37 less, of absolute alcohol reckoned by volume, mixed with either  
38 carbonated water or other potable ingredients, or both, by either  
39 the manufacturer or the bottler, or both of them, and sold in a  
40 container filled by the manufacturer or bottler, and which is  
41 suitable for immediate consumption directly from the original  
42 container.

M  
e  
r  
g  
e  
d

1 (b) An alcoholic beverage that is subject to the wine excise tax shall  
2 not be also subject to the liquor excise tax.

3 SECTION 88. IC 7.1-4-4-5 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~Power of~~  
5 ~~Commission and Department~~. The commission and the department  
6 shall have the power to prescribe regulations and maintain gauges in a  
7 winery, farm winery, or a wholesaler's premises for the proper gauging  
8 of the alcoholic beverages to which the wine excise tax is applicable  
9 and the assessment of that tax.

10 SECTION 89. IC 7.1-4-4-6 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~Transactions Exempt~~  
12 ~~from Tax~~. The wine excise tax shall not apply to the sale or withdrawal  
13 for sale of wine to a pastor, rabbi, or priest for sacramental or religious  
14 purposes only.

15 SECTION 90. IC 7.1-4-4.5-1 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. An excise tax,  
17 **known as the hard cider excise tax, is imposed** at the rate of eleven  
18 and one-half cents (\$0.115) a gallon ~~is imposed~~ upon the manufacture  
19 and sale or gift, or withdrawal for sale or gift, of hard cider within  
20 Indiana.

21 SECTION 91. IC 7.1-4-6-2 IS AMENDED TO READ AS  
22 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) ~~The presence on~~  
23 ~~the owner, possessor, or person in control of~~ premises ~~of,~~ ~~or the~~  
24 ~~possession by, a person of where there is the presence of~~ alcoholic  
25 beverages or other articles subject to excise taxes or other fees  
26 **imposed under this article, but that have not been paid, and upon**  
27 **which the taxes and fees have not been paid shall impose upon the**  
28 **possessor, or the owner, or person in control, of the premises, the duty**  
29 **to pay be liable for** all the taxes and fees due and unpaid, even though  
30 the presence or the possession is unlawful under this title. In addition,  
31 penalties for unpaid fees shall be assessed as follows:

32 (1) In the case of fraud the department shall assess and collect a  
33 penalty in an amount equal to the unpaid fees.

34 (2) In the case of mistake, inadvertence, or negligence, not  
35 amounting to fraud, the department shall assess and collect a  
36 penalty in an amount equal to ten percent (10%) of the unpaid  
37 fees.

38 (b) **A person that is liable for the payment of any tax or other fee**  
39 **under this article is subject to the penalty imposed under**  
40 **subsection (a) if the person fails to:**

41 (1) **timely remit the full tax or fee; or**

42 (2) **timely submit an alcoholic beverage excise tax return,**



M  
e  
r  
g  
e  
d

1           **including an information return or report, or a return**  
 2           **showing no tax liability, and all required attachments.**  
 3           (c) With regard to unpaid taxes described under subsection (a),  
 4 penalties shall be assessed under IC 6-8.1.  
 5           (d) **If a person fails to pay the full amount of tax due on or**  
 6 **before the due date, the discount for timely payment will be**  
 7 **disallowed.**  
 8           SECTION 92. IC 7.1-4-6-2.1 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2.1. ~~(a) The department~~  
 10 ~~shall adopt rules under IC 4-22-2 to govern the assessment and~~  
 11 ~~collection of penalties provided in section 2 of this chapter.~~  
 12           ~~(b) The commission may adopt rules under IC 4-22-2 to coordinate~~  
 13 ~~compliance with the laws, rules, and administrative policies governing~~  
 14 ~~the assessment and collection of sales taxes.~~  
 15           SECTION 93. IC 7.1-4-6-3 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. ~~(a) Collection of~~  
 17 ~~Excise Taxes:~~ The department shall collect the excise taxes imposed by  
 18 this title.  
 19           **(b) An alcoholic beverage subject to a tax under this article shall**  
 20 **be taxed only once, at the first sale or withdrawal for sale, in the**  
 21 **following manner:**  
 22           **(1) When a primary source of supply located within Indiana**  
 23 **sells, or withdraws for sale, alcohol to a person in Indiana, the**  
 24 **primary source of alcohol is responsible for paying the tax.**  
 25           **(2) When a wholesaler located within Indiana receives alcohol**  
 26 **from a primary source of supply not located in Indiana, the**  
 27 **wholesaler located within Indiana is responsible for paying**  
 28 **the tax.**  
 29           **(3) When a permit holder sells, or withdraws for sale, alcohol**  
 30 **directly to a retailer or consumer, the permit holder is**  
 31 **responsible for paying the tax.**  
 32           SECTION 94. IC 7.1-4-6-3.6 IS REPEALED [EFFECTIVE JULY  
 33 1, 2026]. Sec. 3-6. Rules and Regulations: The department, in  
 34 consultation with the commission, shall have the power to promulgate  
 35 rules and regulations governing the use of a unified system of reporting  
 36 alcoholic beverage excise tax liability and the form of the returns.  
 37           SECTION 95. IC 7.1-4-6-3.7 IS ADDED TO THE INDIANA  
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 39 [EFFECTIVE JULY 1, 2026]: Sec. 3.7. **(a) A person may claim a**  
 40 **deduction on the monthly return under the following**  
 41 **circumstances:**  
 42           **(1) the person made an exempt sale or withdrawal for sale of**

M  
e  
r  
g  
e  
d



- 1           **an alcoholic beverage under section 5.5 of this chapter.**
- 2           **(2) an alcoholic beverage was damaged or destroyed while in**
- 3           **the person's possession; or**
- 4           **(2) an alcoholic beverage was returned by the person to the**
- 5           **primary source of supply.**
- 6           **(b) In order to claim a deduction or receive a refund of an**
- 7           **alcoholic beverage excise tax, the following proof must be retained:**
- 8           **(1) For an exempt sale under section 5.5 of this chapter, the**
- 9           **following:**
  - 10           **(A) If the sale is to the United States government, its**
  - 11           **agencies, or its instrumentalities, copies of the invoice**
  - 12           **stating the regular selling price less the excise tax.**
  - 13           **(B) If the sale is to a person other than the United States**
  - 14           **government, its agencies, or its instrumentalities, copies of**
  - 15           **the invoice showing:**
    - 16           **(i) the purchaser's name;**
    - 17           **(ii) the address;**
    - 18           **(iii) the date;**
    - 19           **(iv) the amount of beer sold; and**
    - 20           **(v) any other information reasonably required by the**
    - 21           **department.**
  - 22           **(2) For returned alcoholic beverages, copies of the invoice or**
  - 23           **invoices showing the following:**
    - 24           **(A) Name of the primary source of supply.**
    - 25           **(B) Credit invoice number.**
    - 26           **(C) Date returned.**
    - 27           **(D) Date excise tax was paid.**
    - 28           **(E) Gallons returned.**
  - 29           **(3) For alcoholic beverages that have been damaged or**
  - 30           **destroyed, any information reasonably required by the**
  - 31           **department.**
  - 32           **(c) If this deduction exceeds the liabilities owed to the state on**
  - 33           **that monthly return, the department shall refund the tax to the**
  - 34           **person.**
  - 35           **(d) If the person does not claim the deduction on the monthly**
  - 36           **return, the refund procedures under IC 6-8.1-9-1 will apply.**
  - 37           **(e) The tax paid on alcoholic beverages subsequently lost or**
  - 38           **stolen cannot be deducted, refunded, or credited.**
  - 39           **SECTION 96. IC 7.1-4-6-4 IS AMENDED TO READ AS**
  - 40           **FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. ~~Discount for Timely~~**
  - 41           **~~Payment.~~ The department shall allow a taxpayer a discount of one and**
  - 42           **one-half percent (1 1/2%) of the amount of excise taxes otherwise due**

M  
e  
r  
g  
e  
d



1 for the accurate reporting and timely remitting of the excise taxes  
2 imposed by this title.

3 SECTION 97. IC 7.1-4-6-5 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. ~~When Sale is Made.~~  
5 For alcoholic beverage excise tax purposes, a sale shall not be deemed  
6 to have been made until the goods leave the custody of the seller.

7 SECTION 98. IC 7.1-4-6-5.5 IS ADDED TO THE INDIANA  
8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2026]: **Sec. 5.5. (a) Sales or withdrawals from  
10 sale of alcoholic beverages intended for export to a state outside  
11 Indiana are exempt from alcoholic beverage excise tax.**

12 **(b) Sales or withdrawals of alcoholic beverages for sale to the  
13 United States government, its agencies, and instrumentalities,  
14 including military facilities, are exempt from alcoholic beverage  
15 excise tax. However, sales to individuals, private stores, or  
16 concessionaires located upon federal areas are not exempt.**

17 **(c) Sales or withdrawals for sale of wine to a pastor, rabbi, or  
18 priest for sacramental or religious purposes are exempt only from  
19 the liquor excise tax (IC 7.1-4-3) and the wine excise tax  
20 (IC 7.1-4-4).**

21 **(d) Lost or stolen alcoholic beverages are not exempt from the  
22 alcoholic beverage excise tax.**

23 SECTION 99. IC 7.1-4-6-6 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~Floor Stock Tax Not  
25 Imposed.~~ The provisions of this article shall not be construed as  
26 imposing a floor stock tax on the goods held by a permittee of any type  
27 under this title.

28 SECTION 100. IC 7.1-4-6-7, AS AMENDED BY P.L.9-2024,  
29 SECTION 272, IS AMENDED TO READ AS FOLLOWS  
30 [EFFECTIVE JULY 1, 2026]: Sec. 7. ~~Appropriation for  
31 Administration.~~ There shall be an annual appropriation, from the sum  
32 of money allocated to the general fund by this title, of a sum of money  
33 necessary for the purpose of carrying out the provisions of this title.  
34 The claims for operating expenses incurred under the provisions of this  
35 title shall be filed with and paid by the state comptroller. Equipment  
36 shall be purchased only upon a requisition approved by the department  
37 of administration.

38 SECTION 101. IC 7.1-4-6-8 IS AMENDED TO READ AS  
39 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. **(a) ~~Duty of Attorney  
40 General and Local Prosecutor.~~** If a person who holds a permit under  
41 this title:

42 **(1)** fails to account for, or pay over to the chairman or the

SB 243—LS 7072/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M  
e  
r  
g  
e  
d

1 department, or both, an annual license fee, or excise tax, or other  
 2 levy imposed by this title; ~~or~~  
 3 **(2) defaults in a condition of his the person's bond; or if a person;**  
 4 **licensed under this title or not,(3) fails or refuses to pay to the**  
 5 **chairman or the department an obligation, liability, forfeiture, or**  
 6 **penalty imposed upon him the person by this title, whether the**  
 7 **person is licensed under this title or not;**  
 8 the chairman or the department shall report that fact to the attorney  
 9 general of Indiana who shall immediately institute the necessary action  
 10 for the recovery of the sum due the state by reason of this title.

11 **(b)** The state shall be entitled to all liens and remedies allowed by  
 12 law for the collection of the sum due the state.

13 **(c)** It is the duty of the prosecuting attorney of the proper county to  
 14 assist the attorney general in these matters whenever the attorney  
 15 general requests his assistance.

16 SECTION 102. IC 7.1-4-9-8 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. ~~Basis of Distribution~~  
 18 ~~and Use.~~ The monies in the excise fund that is distributed to a county,  
 19 city or town shall be distributed in direct proportion to the amount of  
 20 retailer's or dealer's annual license fees paid in respect to licensed  
 21 premises situated in a city or town, or situated within a county but  
 22 outside the corporate limits of a city or town. The money distributed  
 23 shall be credited to the general fund of the county, city or town and the  
 24 funds shall be budgeted according to law.

25 SECTION 103. IC 7.1-4-9-9, AS AMENDED BY P.L.9-2024,  
 26 SECTION 275, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 2026]: Sec. 9. ~~Time of Distribution.~~ The  
 28 distribution of the excise fund to be paid into the general fund of a  
 29 county, city or town shall be distributed by the state treasurer  
 30 semi-annually on the first day of June and the first day of December of  
 31 each year. The state comptroller is authorized to draw the state  
 32 comptroller's warrants to the treasurers of the several governmental  
 33 subdivisions when the distribution is presented to the state comptroller.

34 SECTION 104. IC 7.1-4-9-10, AS AMENDED BY P.L.9-2024,  
 35 SECTION 276, IS AMENDED TO READ AS FOLLOWS  
 36 [EFFECTIVE JULY 1, 2026]: Sec. 10. ~~Appropriation from General~~  
 37 ~~Fund.~~ There is appropriated from the monies allocated to the general  
 38 fund under this title, a necessary sum of money to make up any  
 39 deficiency between the sums from the excise fund actually paid over to  
 40 the treasuries of the several governmental subdivisions during their  
 41 respective current fiscal years, and the estimate of funds to be  
 42 distributed to them during the current fiscal year as computed by the

M  
e  
r  
g  
e  
d



1 state board of accounts and as considered by the governmental unit in  
 2 preparation of its budget for the current fiscal year. The state board of  
 3 accounts shall determine whether a deficiency exists at the close of the  
 4 current fiscal year of each governmental unit. The amount of a  
 5 deficiency so determined shall be paid to the governmental unit on  
 6 warrant issued by the state comptroller not later than one (1) month  
 7 after the close of the respective current fiscal year.

8 SECTION 105. IC 7.1-4-10-2 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. ~~Use of Funds.~~ The  
 10 monies in the enforcement and administration fund shall be used and  
 11 disbursed solely for the enforcement and administration of this title,  
 12 and for no other purpose. Any unexpended balance remaining in the  
 13 fund at the end of a fiscal year shall not lapse but shall remain  
 14 exclusively appropriated and available only for the purpose of the  
 15 enforcement and administration of this title.

16 SECTION 106. IC 23-15-13 IS ADDED TO THE INDIANA CODE  
 17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 18 JANUARY 1, 2027]:

19 **Chapter 13. Payments to Business Entities**

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

21 **Sec. 2. As used in this chapter, "business entity" means any:**

- 22 (1) bank;
- 23 (2) hospital;
- 24 (3) health care provider;
- 25 (4) sole proprietorship;
- 26 (5) corporation;
- 27 (6) limited liability company;
- 28 (7) association;
- 29 (8) partnership;
- 30 (9) joint stock company;
- 31 (10) joint venture;
- 32 (11) mutual fund;
- 33 (12) trust;
- 34 (13) estate;
- 35 (14) joint tenancy;
- 36 (15) other form of business organization; or
- 37 (16) state or local unit, for transactions that include a state or  
 38 local unit selling or otherwise providing property or services  
 39 for consideration.

40 **Sec. 3. For purposes of this chapter, "total transaction amount"**  
 41 **means the amount of the transaction prior to any tax imposed in**  
 42 **addition to any tax imposed on the transaction and paid to the**

SB 243—LS 7072/DI 120



M  
e  
r  
g  
e  
d

1 business entity, regardless of whether the tax is required to be  
2 separately stated or whether the business entity is an agent or  
3 trustee of a governmental entity. A tax under this section includes  
4 state or local taxes as defined in IC 5-36.5-1-4 and any amounts  
5 imposed by any other governmental entity other than a state or  
6 local unit.

7 Sec. 4. (a) For a total transaction amount payable to a business  
8 entity, except as provided in subsection (b), the business entity  
9 must round the total transaction amount to the nearest five cent  
10 (\$0.05) increment as follows:

11 (1) For a total transaction amount with one (1), two (2), six  
12 (6), or seven (7), in the second decimal place, round the total  
13 transaction amount downward to the next amount divisible by  
14 five cents (\$0.05).

15 (2) For a total transaction amount with three (3), four (4),  
16 eight (8), or nine (9) in the second decimal place, round the  
17 total transaction amount upward to the next amount divisible  
18 by five cents (\$0.05).

19 (b) For a total transaction amount that is less than five cents  
20 (\$0.05), the business entity must round the amount down to zero  
21 cents (\$0.00).

22 SECTION 107. IC 35-52-6-62.5 IS ADDED TO THE INDIANA  
23 CODE AS A NEW SECTION TO READ AS FOLLOWS  
24 [EFFECTIVE UPON PASSAGE]: Sec. 62.5. IC 6-8.1-8-18 defines a  
25 crime concerning taxes.

26 SECTION 108. [EFFECTIVE JULY 1, 2023 (RETROACTIVE)] (a)  
27 IC 6-2.5-9-12, as added by this act, is effective for transactions  
28 occurring after June 30, 2023.

29 (b) For purposes of IC 6-2.5-9-12, as added by this act, all  
30 transactions shall be considered as having occurred after June 30,  
31 2023, to the extent that delivery of the vehicle, aircraft, cargo  
32 trailer, or watercraft constituting selling at retail is made after that  
33 date to the purchaser or to the place of delivery designated by the  
34 purchaser. However, a transaction shall be considered as having  
35 occurred before July 1, 2023, to the extent that the agreement of  
36 the parties to the transaction was entered into before July 1, 2023,  
37 and payment for the vehicle, aircraft, cargo trailer, or watercraft  
38 furnished in the transaction is made before July 1, 2023,  
39 notwithstanding the delivery of the vehicle after June 30, 2023.

40 (c) This SECTION expires July 1, 2029.

41 SECTION 109. [EFFECTIVE JULY 4, 2025 (RETROACTIVE)] (a)  
42 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

M  
e  
r  
g  
e  
d



1 amended by this act, apply to taxable years ending after July 4,  
 2 2025.

3 (b) IC 6-3-2-30, as added by this act, applies to qualified  
 4 production property placed in service after July 4, 2025.

5 (c) This SECTION expires July 1, 2030.

6 SECTION 110. [EFFECTIVE JANUARY 1, 2026  
 7 (RETROACTIVE)] (a) IC 6-3-4.5-14 and IC 6-8.1-5-2, as amended  
 8 by this act, are effective for final adjustments and modifications  
 9 received by the department after December 31, 2025.

10 (b) IC 6-8.1-9-1, as amended by this act, is effective for  
 11 modifications issued by the Internal Revenue Service after  
 12 December 31, 2025.

13 (c) This SECTION expires July 1, 2029.

14 SECTION 111. [EFFECTIVE JULY 1, 2026] (a) IC 6-8.1-8-2, as  
 15 amended by this act, is effective for tax warrants filed after June  
 16 30, 2026.

17 (b) For purposes of a tax warrant renewal filed under  
 18 IC 6-8.1-8-2(f)(3), the extension of the tax warrant to all choses in  
 19 action in the state or real or tangible personal property in this state  
 20 apply to renewals filed with a county after June 30, 2026.

21 (c) If the department wishes to extend a tax warrant filed before  
 22 July 1, 2026, to the entire state, the department must amend the tax  
 23 warrant with one (1) or more counties in which the department  
 24 previously has filed the tax warrant, or file an additional tax  
 25 warrant in one (1) or more counties in which the department would  
 26 be permitted to file a tax warrant, after June 30, 2026.

27 (d) This SECTION expires July 1, 2029.

28 SECTION 112. [EFFECTIVE JANUARY 1, 2027] (a) IC 6-2.5-2-2,  
 29 as amended by this act, and IC 5-36.5 and IC 23-15-13, both as  
 30 added by this act, apply only to cash transactions occurring after  
 31 December 31, 2026.

32 (b) Except as provided in subsection (c), a retail transaction is  
 33 considered to have occurred after December 31, 2026, if the  
 34 property whose transfer constitutes selling at retail is delivered to  
 35 the purchaser or to the place of delivery designated by the  
 36 purchaser after December 31, 2026.

37 (c) Notwithstanding the delivery of the property constituting  
 38 selling at retail after December 31, 2026, a transaction is  
 39 considered to have occurred before January 1, 2027, to the extent  
 40 that:

41 (1) the agreement of the parties to the transaction is entered  
 42 into before January 1, 2027; and

M  
e  
r  
g  
e  
d



1           **(2) payment for the property furnished in the transaction is**  
2           **made before January 1, 2027.**  
3           **(d) This SECTION expires January 1, 2030.**  
4           **SECTION 113. An emergency is declared for this act.**

**M  
e  
r  
g  
e  
d**

**SB 243—LS 7072/DI 120**



**DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY**