

HOUSE BILL No. 1174

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-1.

Synopsis: Taxation of military personnel deployed overseas. Provides that for a member of the armed forces deployed or stationed outside of the United States, the individual's tax rate for the income attributable to that military service is 1.62% (instead of 3.23%).

Effective: July 1, 2021.

Klinker

January 7, 2021, read first time and referred to Committee on Ways and Means.



First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

HOUSE BILL No. 1174

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 6-3-2-1, AS AMENDED BY P.L.212-2018(ss),
2 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2021]: Sec. 1. (a) **Except as provided in subsection (d)**, each
4 taxable year, a tax at the following rate of adjusted gross income is
5 imposed upon the adjusted gross income of every resident person, and
6 on that part of the adjusted gross income derived from sources within
7 Indiana of every nonresident person:
8 (1) For taxable years beginning before January 1, 2015, three and
9 four-tenths percent (3.4%).
10 (2) For taxable years beginning after December 31, 2014, and
11 before January 1, 2017, three and three-tenths percent (3.3%).
12 (3) For taxable years beginning after December 31, 2016, three
13 and twenty-three hundredths percent (3.23%).
14 (b) Except as provided in section 1.5 of this chapter (before its
15 expiration), each taxable year, a tax at the following rate of adjusted
16 gross income is imposed on that part of the adjusted gross income
17 derived from sources within Indiana of every corporation:



- 1 (1) Before July 1, 2012, eight and five-tenths percent (8.5%).
 2 (2) After June 30, 2012, and before July 1, 2013, eight percent
 3 (8.0%).
 4 (3) After June 30, 2013, and before July 1, 2014, seven and
 5 five-tenths percent (7.5%).
 6 (4) After June 30, 2014, and before July 1, 2015, seven percent
 7 (7.0%).
 8 (5) After June 30, 2015, and before July 1, 2016, six and
 9 five-tenths percent (6.5%).
 10 (6) After June 30, 2016, and before July 1, 2017, six and
 11 twenty-five hundredths percent (6.25%).
 12 (7) After June 30, 2017, and before July 1, 2018, six percent
 13 (6.0%).
 14 (8) After June 30, 2018, and before July 1, 2019, five and
 15 seventy-five hundredths percent (5.75%).
 16 (9) After June 30, 2019, and before July 1, 2020, five and
 17 five-tenths percent (5.5%).
 18 (10) After June 30, 2020, and before July 1, 2021, five and
 19 twenty-five hundredths percent (5.25%).
 20 (11) After June 30, 2021, four and nine-tenths percent (4.9%).

21 (c) If for any taxable year a taxpayer is subject to different tax rates
 22 under subsection (b), the taxpayer's tax rate for that taxable year is the
 23 rate determined in the last STEP of the following STEPS:

24 STEP ONE: Multiply the number of days in the taxpayer's taxable
 25 year that precede the day the rate changed by the rate in effect
 26 before the rate change.

27 STEP TWO: Multiply the number of days in the taxpayer's
 28 taxable year that follow the day before the rate changed by the
 29 rate in effect after the rate change.

30 STEP THREE: Divide the sum of the amounts determined under
 31 STEPS ONE and TWO by the number of days in the taxpayer's
 32 tax period.

33 However, the rate determined under this subsection shall be rounded
 34 to the nearest one-hundredth of one percent (0.01%).

35 **(d) This subsection applies to a taxable year beginning after
 36 December 31, 2021. If an individual:**

- 37 **(1) serves as a member of an active or reserve component of**
 38 **the armed forces of the United States or the National Guard;**
 39 **(2) has military income that is attributable to military service**
 40 **while deployed or stationed outside of the United States; and**
 41 **(3) the military income is included in income for federal**
 42 **adjusted gross income tax purposes;**



1 **the tax rate imposed upon that part of the individual's adjusted**
2 **gross income attributable to military service while deployed or**
3 **stationed outside of the United States is one and sixty-two**
4 **hundredths percent (1.62%).**

