

HOUSE BILL No. 1550

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5.

Synopsis: Personal exemptions. Increases the personal exemption to \$1,500 in the definition of "adjusted gross income" for a taxpayer, or, in the case of a joint return, for each spouse. Increases the exemption for dependents to \$1,500. Increases the exemption to \$1,500 for the spouse of the taxpayer if a separate return is made by the taxpayer and the spouse and if the spouse had no gross income for the calendar year.

Effective: January 1, 2025 (retroactive).

Jackson C, Porter

January 21, 2025, read first time and referred to Committee on Ways and Means.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1550

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 6-3-1-3.5, AS AMENDED BY P.L.9-2024,
2 SECTION 185, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]; Sec. 3.5. When
4 used in this article, the term "adjusted gross income" shall mean the
5 following:
6 (a) In the case of all individuals, "adjusted gross income" (as
7 defined in Section 62 of the Internal Revenue Code), modified as
8 follows:
9 (1) Subtract income that is exempt from taxation under this article
10 by the Constitution and statutes of the United States.
11 (2) Except as provided in subsection (c), add an amount equal to
12 any deduction or deductions allowed or allowable pursuant to
13 Section 62 of the Internal Revenue Code for taxes based on or
14 measured by income and levied at the state level by any state of
15 the United States.
16 (3) Subtract ~~one thousand dollars (\$1,000)~~, **one thousand five**
17 **hundred dollars (\$1,500)**, or in the case of a joint return filed by



1 a husband and wife, subtract for each spouse ~~one thousand dollars~~
 2 ~~(\$1,000)~~: **one thousand five hundred dollars (\$1,500)**.

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

4 (A) **one thousand five hundred dollars (\$1,500)** for each of
 5 the exemptions provided by Section 151(c) of the Internal
 6 Revenue Code (as effective January 1, 2017);

7 (B) **one thousand dollars (\$1,000)** for each additional amount
 8 allowable under Section 63(f) of the Internal Revenue Code;
 9 and

10 (C) **one thousand five hundred dollars (\$1,500)** for the
 11 spouse of the taxpayer if a separate return is made by the
 12 taxpayer and if the spouse, for the calendar year in which the
 13 taxable year of the taxpayer begins, has no gross income and
 14 is not the dependent of another taxpayer.

15 (5) Subtract each of the following:

16 (A) One thousand five hundred dollars (\$1,500) for each of the
 17 exemptions allowed under Section 151(c)(1)(B) of the Internal
 18 Revenue Code (as effective January 1, 2004), except that in
 19 the first taxable year in which a particular exemption is
 20 allowed under Section 151(c)(1)(B) of the Internal Revenue
 21 Code (as effective January 1, 2004), subtract three thousand
 22 dollars (\$3,000) for that exemption.

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

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

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

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

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

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



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



- 1 (A) two thousand five hundred dollars (\$2,500), or one
2 thousand two hundred fifty dollars (\$1,250) in the case of a
3 married individual filing a separate return; or
4 (B) the amount of property taxes that are paid during the
5 taxable year in Indiana by the individual on the individual's
6 principal place of residence.
- 7 (14) Subtract an amount equal to the amount of a September 11
8 terrorist attack settlement payment included in the individual's
9 federal adjusted gross income.
- 10 (15) Add or subtract the amount necessary to make the adjusted
11 gross income of any taxpayer that owns property for which bonus
12 depreciation was allowed in the current taxable year or in an
13 earlier taxable year equal to the amount of adjusted gross income
14 that would have been computed had an election not been made
15 under Section 168(k) of the Internal Revenue Code to apply bonus
16 depreciation to the property in the year that it was placed in
17 service.
- 18 (16) Add an amount equal to any deduction allowed under
19 Section 172 of the Internal Revenue Code (concerning net
20 operating losses).
- 21 (17) Add or subtract the amount necessary to make the adjusted
22 gross income of any taxpayer that placed Section 179 property (as
23 defined in Section 179 of the Internal Revenue Code) in service
24 in the current taxable year or in an earlier taxable year equal to
25 the amount of adjusted gross income that would have been
26 computed had an election for federal income tax purposes not
27 been made for the year in which the property was placed in
28 service to take deductions under Section 179 of the Internal
29 Revenue Code in a total amount exceeding the sum of:
- 30 (A) twenty-five thousand dollars (\$25,000) to the extent
31 deductions under Section 179 of the Internal Revenue Code
32 were not elected as provided in clause (B); and
33 (B) for taxable years beginning after December 31, 2017, the
34 deductions elected under Section 179 of the Internal Revenue
35 Code on property acquired in an exchange if:
- 36 (i) the exchange would have been eligible for
37 nonrecognition of gain or loss under Section 1031 of the
38 Internal Revenue Code in effect on January 1, 2017;
39 (ii) the exchange is not eligible for nonrecognition of gain or
40 loss under Section 1031 of the Internal Revenue Code; and
41 (iii) the taxpayer made an election to take deductions under
42 Section 179 of the Internal Revenue Code with regard to the



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



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



- 1 not be added to adjusted gross income.
- 2 (28) Add an amount equal to the remainder of:
- 3 (A) the amount allowable as a deduction under Section 274(n)
- 4 of the Internal Revenue Code; minus
- 5 (B) the amount otherwise allowable as a deduction under
- 6 Section 274(n) of the Internal Revenue Code, if Section
- 7 274(n)(2)(D) of the Internal Revenue Code was not in effect
- 8 for amounts paid or incurred after December 31, 2020.
- 9 (29) For taxable years beginning after December 31, 2017, and
- 10 before January 1, 2021, add an amount equal to the excess
- 11 business loss of the taxpayer as defined in Section 461(1)(3) of the
- 12 Internal Revenue Code. In addition:
- 13 (A) If a taxpayer has an excess business loss under this
- 14 subdivision and also has modifications under subdivisions (15)
- 15 and (17) for property placed in service during the taxable year,
- 16 the taxpayer shall treat a portion of the taxable year
- 17 modifications for that property as occurring in the taxable year
- 18 the property is placed in service and a portion of the
- 19 modifications as occurring in the immediately following
- 20 taxable year.
- 21 (B) The portion of the modifications under subdivisions (15)
- 22 and (17) for property placed in service during the taxable year
- 23 treated as occurring in the taxable year in which the property
- 24 is placed in service equals:
- 25 (i) the modification for the property otherwise determined
- 26 under this section; minus
- 27 (ii) the excess business loss disallowed under this
- 28 subdivision;
- 29 but not less than zero (0).
- 30 (C) The portion of the modifications under subdivisions (15)
- 31 and (17) for property placed in service during the taxable year
- 32 treated as occurring in the taxable year immediately following
- 33 the taxable year in which the property is placed in service
- 34 equals the modification for the property otherwise determined
- 35 under this section minus the 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 modification
- 39 under subdivision (17).
- 40 (30) Add an amount equal to the amount excluded from federal
- 41 gross income under Section 108(f)(5) of the Internal Revenue
- 42 Code. For purposes of this subdivision:



- 1 (A) if an amount excluded under Section 108(f)(5) of the
2 Internal Revenue Code would be excludible under Section
3 108(a)(1)(B) of the Internal Revenue Code, the exclusion
4 under Section 108(a)(1)(B) of the Internal Revenue Code shall
5 take precedence; and
6 (B) if an amount would have been excludible under Section
7 108(f)(5) of the Internal Revenue Code as in effect on January
8 1, 2020, the amount is not required to be added back under this
9 subdivision.
- 10 (31) For taxable years ending after March 12, 2020, subtract an
11 amount equal to the deduction disallowed pursuant to:
12 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
13 as modified by Sections 206 and 207 of the Taxpayer Certainty
14 and Disaster Relief Tax Act (Division EE of Public Law
15 116-260); and
16 (B) Section 3134(e) of the Internal Revenue Code.
- 17 (32) Subtract the amount of an ESA annual grant amount and, as
18 applicable, a CSA annual grant amount distributed to a taxpayer's
19 Indiana education scholarship account under IC 20-51.4 that is
20 used for an ESA or CSA qualified expense (as defined in
21 IC 20-51.4-2) or to an Indiana enrichment scholarship account
22 under IC 20-52 that is used for qualified expenses (as defined in
23 IC 20-52-2-6), to the extent the distribution used for the qualified
24 expense is included in the taxpayer's federal adjusted gross
25 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 income
29 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 or
34 subtract amounts related to specified research or experimental
35 procedures as required under IC 6-3-2-29.
- 36 (36) Subtract any other amounts the taxpayer is entitled to deduct
37 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 federal



- 1 adjusted gross income under the Internal Revenue Code.
- 2 (b) In the case of corporations, the same as "taxable income" (as
3 defined in Section 63 of the Internal Revenue Code) adjusted as
4 follows:
- 5 (1) Subtract income that is exempt from taxation under this article
6 by the Constitution and statutes of the United States.
- 7 (2) Add an amount equal to any deduction or deductions allowed
8 or allowable pursuant to Section 170 of the Internal Revenue
9 Code (concerning charitable contributions).
- 10 (3) Except as provided in subsection (c), add an amount equal to
11 any deduction or deductions allowed or allowable pursuant to
12 Section 63 of the Internal Revenue Code for taxes based on or
13 measured by income and levied at the state level by any state of
14 the United States.
- 15 (4) Subtract an amount equal to the amount included in the
16 corporation's taxable income under Section 78 of the Internal
17 Revenue Code (concerning foreign tax credits).
- 18 (5) Add or subtract the amount necessary to make the adjusted
19 gross income of any taxpayer that owns property for which bonus
20 depreciation was allowed in the current taxable year or in an
21 earlier taxable year equal to the amount of adjusted gross income
22 that would have been computed had an election not been made
23 under Section 168(k) of the Internal Revenue Code to apply bonus
24 depreciation to the property in the year that it was placed in
25 service.
- 26 (6) Add an amount equal to any deduction allowed under Section
27 172 of the Internal Revenue Code (concerning net operating
28 losses).
- 29 (7) Add or subtract the amount necessary to make the adjusted
30 gross income of any taxpayer that placed Section 179 property (as
31 defined in Section 179 of the Internal Revenue Code) in service
32 in the current taxable year or in an earlier taxable year equal to
33 the amount of adjusted gross income that would have been
34 computed had an election for federal income tax purposes not
35 been made for the year in which the property was placed in
36 service to take deductions under Section 179 of the Internal
37 Revenue Code in a total amount exceeding the sum of:
- 38 (A) twenty-five thousand dollars (\$25,000) to the extent
39 deductions under Section 179 of the Internal Revenue Code
40 were not elected as provided in clause (B); and
- 41 (B) for taxable years beginning after December 31, 2017, the
42 deductions elected under Section 179 of the Internal Revenue



- 1 Code on property acquired in an exchange if:
- 2 (i) the exchange would have been eligible for
- 3 nonrecognition of gain or loss under Section 1031 of the
- 4 Internal Revenue Code in effect on January 1, 2017;
- 5 (ii) the exchange is not eligible for nonrecognition of gain or
- 6 loss under Section 1031 of the Internal Revenue Code; and
- 7 (iii) the taxpayer made an election to take deductions under
- 8 Section 179 of the Internal Revenue Code with regard to the
- 9 acquired property in the year that the property was placed
- 10 into service.
- 11 The amount of deductions allowable for an item of property
- 12 under this clause may not exceed the amount of adjusted gross
- 13 income realized on the property that would have been deferred
- 14 under the Internal Revenue Code in effect on January 1, 2017.
- 15 (8) Add to the extent required by IC 6-3-2-20:
- 16 (A) the amount of intangible expenses (as defined in
- 17 IC 6-3-2-20) for the taxable year that reduced the corporation's
- 18 taxable income (as defined in Section 63 of the Internal
- 19 Revenue Code) for federal income tax purposes; and
- 20 (B) any directly related interest expenses (as defined in
- 21 IC 6-3-2-20) that reduced the corporation's adjusted gross
- 22 income (determined without regard to this subdivision). For
- 23 purposes of this clause, any directly related interest expense
- 24 that constitutes business interest within the meaning of Section
- 25 163(j) of the Internal Revenue Code shall be considered to
- 26 have reduced the taxpayer's federal taxable income only in the
- 27 first taxable year in which the deduction otherwise would have
- 28 been allowable under Section 163 of the Internal Revenue
- 29 Code if the limitation under Section 163(j)(1) of the Internal
- 30 Revenue Code did not exist.
- 31 (9) Add an amount equal to any deduction for dividends paid (as
- 32 defined in Section 561 of the Internal Revenue Code) to
- 33 shareholders of a captive real estate investment trust (as defined
- 34 in section 34.5 of this chapter).
- 35 (10) Subtract income that is:
- 36 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
- 37 derived from patents); and
- 38 (B) included in the corporation's taxable income under the
- 39 Internal Revenue Code.
- 40 (11) Add an amount equal to any income not included in gross
- 41 income as a result of the deferral of income arising from business
- 42 indebtedness discharged in connection with the reacquisition after



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

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

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

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

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

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

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

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

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

40 (B) for a real estate investment trust, add an amount equal to
 41 the deduction for deferred foreign income that was claimed by
 42 the taxpayer for the taxable year under Section 965(c) of the



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



- 1 Section 280C(h) of the Internal Revenue Code.
- 2 (20) For taxable years beginning after December 31, 2021,
3 subtract the amount of any:
- 4 (A) federal, state, or local grant received by the taxpayer; and
5 (B) discharged federal, state, or local indebtedness incurred by
6 the taxpayer;
7 for purposes of providing or expanding access to broadband
8 service in this state.
- 9 (21) For taxable years beginning after December 31, 2021, add or
10 subtract amounts related to specified research or experimental
11 procedures as required under IC 6-3-2-29.
- 12 (22) Add or subtract any other amounts the taxpayer is:
- 13 (A) required to add or subtract; or
14 (B) entitled to deduct;
15 under IC 6-3-2.
- 16 (c) The following apply to taxable years beginning after December
17 31, 2018, for purposes of the add back of any deduction allowed on the
18 taxpayer's federal income tax return for wagering taxes, as provided in
19 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
20 the taxpayer is a corporation:
- 21 (1) For taxable years beginning after December 31, 2018, and
22 before January 1, 2020, a taxpayer is required to add back under
23 this section eighty-seven and five-tenths percent (87.5%) of any
24 deduction allowed on the taxpayer's federal income tax return for
25 wagering taxes.
- 26 (2) For taxable years beginning after December 31, 2019, and
27 before January 1, 2021, a taxpayer is required to add back under
28 this section seventy-five percent (75%) of any deduction allowed
29 on the taxpayer's federal income tax return for wagering taxes.
- 30 (3) For taxable years beginning after December 31, 2020, and
31 before January 1, 2022, a taxpayer is required to add back under
32 this section sixty-two and five-tenths percent (62.5%) of any
33 deduction allowed on the taxpayer's federal income tax return for
34 wagering taxes.
- 35 (4) For taxable years beginning after December 31, 2021, and
36 before January 1, 2023, a taxpayer is required to add back under
37 this section fifty percent (50%) of any deduction allowed on the
38 taxpayer's federal income tax return for wagering taxes.
- 39 (5) For taxable years beginning after December 31, 2022, and
40 before January 1, 2024, a taxpayer is required to add back under
41 this section thirty-seven and five-tenths percent (37.5%) of any
42 deduction allowed on the taxpayer's federal income tax return for



- 1 wagering taxes.
- 2 (6) For taxable years beginning after December 31, 2023, and
- 3 before January 1, 2025, a taxpayer is required to add back under
- 4 this section twenty-five percent (25%) of any deduction allowed
- 5 on the taxpayer's federal income tax return for wagering taxes.
- 6 (7) For taxable years beginning after December 31, 2024, and
- 7 before January 1, 2026, a taxpayer is required to add back under
- 8 this section twelve and five-tenths percent (12.5%) of any
- 9 deduction allowed on the taxpayer's federal income tax return for
- 10 wagering taxes.
- 11 (8) For taxable years beginning after December 31, 2025, a
- 12 taxpayer is not required to add back under this section any amount
- 13 of a deduction allowed on the taxpayer's federal income tax return
- 14 for wagering taxes.
- 15 (d) In the case of life insurance companies (as defined in Section
- 16 816(a) of the Internal Revenue Code) that are organized under Indiana
- 17 law, the same as "life insurance company taxable income" (as defined
- 18 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 19 (1) Subtract income that is exempt from taxation under this article
- 20 by the Constitution and statutes of the United States.
- 21 (2) Add an amount equal to any deduction allowed or allowable
- 22 under Section 170 of the Internal Revenue Code (concerning
- 23 charitable contributions).
- 24 (3) Add an amount equal to a deduction allowed or allowable
- 25 under Section 805 or Section 832(c) of the Internal Revenue Code
- 26 for taxes based on or measured by income and levied at the state
- 27 level by any state.
- 28 (4) Subtract an amount equal to the amount included in the
- 29 company's taxable income under Section 78 of the Internal
- 30 Revenue Code (concerning foreign tax credits).
- 31 (5) Add or subtract the amount necessary to make the adjusted
- 32 gross income of any taxpayer that owns property for which bonus
- 33 depreciation was allowed in the current taxable year or in an
- 34 earlier taxable year equal to the amount of adjusted gross income
- 35 that would have been computed had an election not been made
- 36 under Section 168(k) of the Internal Revenue Code to apply bonus
- 37 depreciation to the property in the year that it was placed in
- 38 service.
- 39 (6) Add an amount equal to any deduction allowed under Section
- 40 172 of the Internal Revenue Code (concerning net operating
- 41 losses).
- 42 (7) Add or subtract the amount necessary to make the adjusted



1 gross income of any taxpayer that placed Section 179 property (as
 2 defined in Section 179 of the Internal Revenue Code) in service
 3 in the current taxable year or in an earlier taxable year equal to
 4 the amount of adjusted gross income that would have been
 5 computed had an election for federal income tax purposes not
 6 been made for the year in which the property was placed in
 7 service to take deductions under Section 179 of the Internal
 8 Revenue Code in a total amount exceeding the sum of:

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

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

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

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

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

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

28 (8) Subtract income that is:

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

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

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



- 1 the reacquisition after December 31, 2008, and before January 1,
 2 2011, of an applicable debt instrument, as provided in Section
 3 108(i) of the Internal Revenue Code.
- 4 (10) Add an amount equal to any exempt insurance income under
 5 Section 953(e) of the Internal Revenue Code that is active
 6 financing income under Subpart F of Subtitle A, Chapter 1,
 7 Subchapter N of the Internal Revenue Code.
- 8 (11) Add the amount excluded from federal gross income under
 9 Section 103 of the Internal Revenue Code for interest received on
 10 an obligation of a state other than Indiana, or a political
 11 subdivision of such a state, that is acquired by the taxpayer after
 12 December 31, 2011. For purposes of this subdivision:
- 13 (A) if the taxpayer receives interest from a pass through entity,
 14 a regulated investment company, a hedge fund, or similar
 15 arrangement, the taxpayer will be considered to have acquired
 16 the obligation on the date the entity acquired the obligation;
- 17 (B) if ownership of the obligation occurs by means other than
 18 a purchase, the date of acquisition of the obligation shall be
 19 the date ownership of the obligation was transferred, except to
 20 the extent provided in clause (A), and if a portion of the
 21 obligation is acquired on multiple dates, the date of acquisition
 22 shall be considered separately for each portion of the
 23 obligation; and
- 24 (C) if ownership of the obligation occurred as the result of a
 25 refinancing of another obligation, the acquisition date shall be
 26 the date on which the obligation was refinanced.
- 27 (12) For taxable years beginning after December 25, 2016, add:
- 28 (A) an amount equal to the amount reported by the taxpayer on
 29 IRC 965 Transition Tax Statement, line 1; or
- 30 (B) if the taxpayer deducted an amount under Section 965(c)
 31 of the Internal Revenue Code in determining the taxpayer's
 32 taxable income for purposes of the federal income tax, the
 33 amount deducted under Section 965(c) of the Internal Revenue
 34 Code.
- 35 (13) Add an amount equal to the deduction that was claimed by
 36 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 37 Internal Revenue Code (attributable to global intangible
 38 low-taxed income). The taxpayer shall separately specify the
 39 amount of the reduction under Section 250(a)(1)(B)(i) of the
 40 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 41 Internal Revenue Code.
- 42 (14) Subtract any interest expense paid or accrued in the current



- 1 taxable year but not deducted as a result of the limitation imposed
 2 under Section 163(j)(1) of the Internal Revenue Code. Add any
 3 interest expense paid or accrued in a previous taxable year but
 4 allowed as a deduction under Section 163 of the Internal Revenue
 5 Code in the current taxable year. For purposes of this subdivision,
 6 an interest expense is considered paid or accrued only in the first
 7 taxable year the deduction would have been allowable under
 8 Section 163 of the Internal Revenue Code if the limitation under
 9 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 10 (15) Subtract the amount that would have been excluded from
 11 gross income but for the enactment of Section 118(b)(2) of the
 12 Internal Revenue Code for taxable years ending after December
 13 22, 2017.
- 14 (16) Add an amount equal to the remainder of:
 15 (A) the amount allowable as a deduction under Section 274(n)
 16 of the Internal Revenue Code; minus
 17 (B) the amount otherwise allowable as a deduction under
 18 Section 274(n) of the Internal Revenue Code, if Section
 19 274(n)(2)(D) of the Internal Revenue Code was not in effect
 20 for amounts paid or incurred after December 31, 2020.
- 21 (17) For taxable years ending after March 12, 2020, subtract an
 22 amount equal to the deduction disallowed pursuant to:
 23 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 24 as modified by Sections 206 and 207 of the Taxpayer Certainty
 25 and Disaster Relief Tax Act (Division EE of Public Law
 26 116-260); and
 27 (B) Section 3134(e) of the Internal Revenue Code.
- 28 (18) For taxable years beginning after December 31, 2022,
 29 subtract an amount equal to the deduction disallowed under
 30 Section 280C(h) of the Internal Revenue Code.
- 31 (19) For taxable years beginning after December 31, 2021, add or
 32 subtract amounts related to specified research or experimental
 33 procedures as required under IC 6-3-2-29.
- 34 (20) Add or subtract any other amounts the taxpayer is:
 35 (A) required to add or subtract; or
 36 (B) entitled to deduct;
 37 under IC 6-3-2.
- 38 (e) In the case of insurance companies subject to tax under Section
 39 831 of the Internal Revenue Code and organized under Indiana law, the
 40 same as "taxable income" (as defined in Section 832 of the Internal
 41 Revenue Code), adjusted as follows:
 42 (1) Subtract income that is exempt from taxation under this article



- 1 by the Constitution and statutes of the United States.
- 2 (2) Add an amount equal to any deduction allowed or allowable
- 3 under Section 170 of the Internal Revenue Code (concerning
- 4 charitable contributions).
- 5 (3) Add an amount equal to a deduction allowed or allowable
- 6 under Section 805 or Section 832(c) of the Internal Revenue Code
- 7 for taxes based on or measured by income and levied at the state
- 8 level by any state.
- 9 (4) Subtract an amount equal to the amount included in the
- 10 company's taxable income under Section 78 of the Internal
- 11 Revenue Code (concerning foreign tax credits).
- 12 (5) Add or subtract the amount necessary to make the adjusted
- 13 gross income of any taxpayer that owns property for which bonus
- 14 depreciation was allowed in the current taxable year or in an
- 15 earlier taxable year equal to the amount of adjusted gross income
- 16 that would have been computed had an election not been made
- 17 under Section 168(k) of the Internal Revenue Code to apply bonus
- 18 depreciation to the property in the year that it was placed in
- 19 service.
- 20 (6) Add an amount equal to any deduction allowed under Section
- 21 172 of the Internal Revenue Code (concerning net operating
- 22 losses).
- 23 (7) Add or subtract the amount necessary to make the adjusted
- 24 gross income of any taxpayer that placed Section 179 property (as
- 25 defined in Section 179 of the Internal Revenue Code) in service
- 26 in the current taxable year or in an earlier taxable year equal to
- 27 the amount of adjusted gross income that would have been
- 28 computed had an election for federal income tax purposes not
- 29 been made for the year in which the property was placed in
- 30 service to take deductions under Section 179 of the Internal
- 31 Revenue Code in a total amount exceeding the sum of:
- 32 (A) twenty-five thousand dollars (\$25,000) to the extent
- 33 deductions under Section 179 of the Internal Revenue Code
- 34 were not elected as provided in clause (B); and
- 35 (B) for taxable years beginning after December 31, 2017, the
- 36 deductions elected under Section 179 of the Internal Revenue
- 37 Code on property acquired in an exchange if:
- 38 (i) the exchange would have been eligible for
- 39 nonrecognition of gain or loss under Section 1031 of the
- 40 Internal Revenue Code in effect on January 1, 2017;
- 41 (ii) the exchange is not eligible for nonrecognition of gain or
- 42 loss under Section 1031 of the Internal Revenue Code; and



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

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

9 (8) Subtract income that is:

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

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

14 (9) Add an amount equal to any income not included in gross
15 income as a result of the deferral of income arising from business
16 indebtedness discharged in connection with the reacquisition after
17 December 31, 2008, and before January 1, 2011, of an applicable
18 debt instrument, as provided in Section 108(i) of the Internal
19 Revenue Code. Subtract from the adjusted gross income of any
20 taxpayer that added an amount to adjusted gross income in a
21 previous year the amount necessary to offset the amount included
22 in federal gross income as a result of the deferral of income
23 arising from business indebtedness discharged in connection with
24 the reacquisition after December 31, 2008, and before January 1,
25 2011, of an applicable debt instrument, as provided in Section
26 108(i) of the Internal Revenue Code.

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

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

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

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



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



- 1 for amounts paid or incurred after December 31, 2020.
- 2 (17) For taxable years ending after March 12, 2020, subtract an
3 amount equal to the deduction disallowed pursuant to:
- 4 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
5 as modified by Sections 206 and 207 of the Taxpayer Certainty
6 and Disaster Relief Tax Act (Division EE of Public Law
7 116-260); and
- 8 (B) Section 3134(e) of the Internal Revenue Code.
- 9 (18) For taxable years beginning after December 31, 2022,
10 subtract an amount equal to the deduction disallowed under
11 Section 280C(h) of the Internal Revenue Code.
- 12 (19) For taxable years beginning after December 31, 2021, add or
13 subtract amounts related to specified research or experimental
14 procedures as required under IC 6-3-2-29.
- 15 (20) Add or subtract any other amounts the taxpayer is:
- 16 (A) required to add or subtract; or
17 (B) entitled to deduct;
18 under IC 6-3-2.
- 19 (f) In the case of trusts and estates, "taxable income" (as defined for
20 trusts and estates in Section 641(b) of the Internal Revenue Code)
21 adjusted as follows:
- 22 (1) Subtract income that is exempt from taxation under this article
23 by the Constitution and statutes of the United States.
- 24 (2) Subtract an amount equal to the amount of a September 11
25 terrorist attack settlement payment included in the federal
26 adjusted gross income of the estate of a victim of the September
27 11 terrorist attack or a trust to the extent the trust benefits a victim
28 of the September 11 terrorist attack.
- 29 (3) Add or subtract the amount necessary to make the adjusted
30 gross income of any taxpayer that owns property for which bonus
31 depreciation was allowed in the current taxable year or in an
32 earlier taxable year equal to the amount of adjusted gross income
33 that would have been computed had an election not been made
34 under Section 168(k) of the Internal Revenue Code to apply bonus
35 depreciation to the property in the year that it was placed in
36 service.
- 37 (4) Add an amount equal to any deduction allowed under Section
38 172 of the Internal Revenue Code (concerning net operating
39 losses).
- 40 (5) Add or subtract the amount necessary to make the adjusted
41 gross income of any taxpayer that placed Section 179 property (as
42 defined in Section 179 of the Internal Revenue Code) in service



1 in the current taxable year or in an earlier taxable year equal to
 2 the amount of adjusted gross income that would have been
 3 computed had an election for federal income tax purposes not
 4 been made for the year in which the property was placed in
 5 service to take deductions under Section 179 of the Internal
 6 Revenue Code in a total amount exceeding the sum of:

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

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

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

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

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

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

26 (6) Subtract income that is:

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

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

31 (7) Add an amount equal to any income not included in gross
 32 income as a result of the deferral of income arising from business
 33 indebtedness discharged in connection with the reacquisition after
 34 December 31, 2008, and before January 1, 2011, of an applicable
 35 debt instrument, as provided in Section 108(i) of the Internal
 36 Revenue Code. Subtract from the adjusted gross income of any
 37 taxpayer that added an amount to adjusted gross income in a
 38 previous year the amount necessary to offset the amount included
 39 in federal gross income as a result of the deferral of income
 40 arising from business indebtedness discharged in connection with
 41 the reacquisition after December 31, 2008, and before January 1,
 42 2011, of an applicable debt instrument, as provided in Section



- 1 108(i) of the Internal Revenue Code.
- 2 (8) Add the amount excluded from federal gross income under
- 3 Section 103 of the Internal Revenue Code for interest received on
- 4 an obligation of a state other than Indiana, or a political
- 5 subdivision of such a state, that is acquired by the taxpayer after
- 6 December 31, 2011. For purposes of this subdivision:
- 7 (A) if the taxpayer receives interest from a pass through entity,
- 8 a regulated investment company, a hedge fund, or similar
- 9 arrangement, the taxpayer will be considered to have acquired
- 10 the obligation on the date the entity acquired the obligation;
- 11 (B) if ownership of the obligation occurs by means other than
- 12 a purchase, the date of acquisition of the obligation shall be
- 13 the date ownership of the obligation was transferred, except to
- 14 the extent provided in clause (A), and if a portion of the
- 15 obligation is acquired on multiple dates, the date of acquisition
- 16 shall be considered separately for each portion of the
- 17 obligation; and
- 18 (C) if ownership of the obligation occurred as the result of a
- 19 refinancing of another obligation, the acquisition date shall be
- 20 the date on which the obligation was refinanced.
- 21 (9) For taxable years beginning after December 25, 2016, add an
- 22 amount equal to:
- 23 (A) the amount reported by the taxpayer on IRC 965
- 24 Transition Tax Statement, line 1;
- 25 (B) if the taxpayer deducted an amount under Section 965(c)
- 26 of the Internal Revenue Code in determining the taxpayer's
- 27 taxable income for purposes of the federal income tax, the
- 28 amount deducted under Section 965(c) of the Internal Revenue
- 29 Code; and
- 30 (C) with regard to any amounts of income under Section 965
- 31 of the Internal Revenue Code distributed by the taxpayer, the
- 32 deduction under Section 965(c) of the Internal Revenue Code
- 33 attributable to such distributed amounts and not reported to the
- 34 beneficiary.
- 35 For purposes of this article, the amount required to be added back
- 36 under clause (B) is not considered to be distributed or
- 37 distributable to a beneficiary of the estate or trust for purposes of
- 38 Sections 651 and 661 of the Internal Revenue Code.
- 39 (10) Subtract any interest expense paid or accrued in the current
- 40 taxable year but not deducted as a result of the limitation imposed
- 41 under Section 163(j)(1) of the Internal Revenue Code. Add any
- 42 interest expense paid or accrued in a previous taxable year but



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

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

10 (12) Subtract the amount that would have been excluded from
 11 gross income but for the enactment of Section 118(b)(2) of the
 12 Internal Revenue Code for taxable years ending after December
 13 22, 2017.

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

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

17 (B) the amount otherwise allowable as a deduction under
 18 Section 274(n) of the Internal Revenue Code, if Section
 19 274(n)(2)(D) of the Internal Revenue Code was not in effect
 20 for amounts paid or incurred after December 31, 2020.

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

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

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

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

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

41 but not less than zero (0).

42 (C) The portion of the modifications under subdivisions (3)



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



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

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

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

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

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

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

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

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

41 (2) the Internal Revenue Service issues guidance that such an
 42 income or deduction is not reported directly on a federal tax



- 1 return or is to be reported in a manner different than specified in
 2 this section, this section shall be construed as if federal adjusted
 3 gross income or federal taxable income included the income or
 4 deduction.
- 5 (j) If a partner is required to include an item of income, a deduction,
 6 or another tax attribute in the partner's adjusted gross income tax return
 7 pursuant to IC 6-3-4.5, such item shall be considered to be includible
 8 in the partner's federal adjusted gross income or federal taxable
 9 income, regardless of whether such item is actually required to be
 10 reported by the partner for federal income tax purposes. For purposes
 11 of this subsection:
- 12 (1) items for which a valid election is made under IC 6-3-4.5-6,
 13 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included
 14 in the partner's adjusted gross income or taxable income; and
- 15 (2) items for which the partnership did not make an election under
 16 IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the
 17 partnership is required to remit tax pursuant to IC 6-3-4.5-18,
 18 shall be included in the partner's adjusted gross income or taxable
 19 income.
- 20 (k) The following apply for purposes of this section:
- 21 (1) For purposes of subsections (b) and (f), if a taxpayer is a
 22 organization that has more than one (1) trade or business subject
 23 to the provisions of Section 512(a)(6) of the Internal Revenue
 24 Code, the following rules apply for taxable years beginning after
 25 December 31, 2017:
- 26 (A) If a trade or business has federal unrelated business
 27 taxable income of zero (0) or greater for a taxable year, the
 28 unrelated business taxable income and modifications required
 29 under this section shall be combined in determining the
 30 adjusted gross income of the taxpayer and shall not be treated
 31 as being subject to the provisions of Section 512(a)(6) of the
 32 Internal Revenue Code if one (1) or more trades or businesses
 33 have negative Indiana adjusted gross income after
 34 adjustments.
- 35 (B) If a trade or business has federal unrelated business
 36 taxable income of less than zero (0) for a taxable year, the
 37 taxpayer shall apply the modifications under this section for
 38 the taxable year against the net operating loss in the manner
 39 required under IC 6-3-2-2.5 and IC 6-3-2-2.6 for separately
 40 stated net operating losses. However, if the application of
 41 modifications required under IC 6-3-2-2.5 or IC 6-3-2-2.6
 42 results in the separately stated net operating loss for the trade



1 or business being zero (0), the modifications that increase
 2 adjusted gross income under this section and remain after the
 3 calculations to adjust the separately stated net operating loss
 4 to zero (0) that result from the trade or business must be
 5 treated as modifications to which clause (A) applies for the
 6 taxable year.

7 (C) If a trade or business otherwise described in Section
 8 512(a)(6) of the Internal Revenue Code incurred a net
 9 operating loss for a taxable year beginning after December 31,
 10 2017, and before January 1, 2021, and the net operating loss
 11 was carried back for federal tax purposes:

- 12 (i) if the loss was carried back to a taxable year for which
 13 the requirements under Section 512(a)(6) of the Internal
 14 Revenue Code did not apply, the portion of the loss and
 15 modifications attributable to the loss shall be treated as
 16 adjusted gross income of the taxpayer for the first taxable
 17 year of the taxpayer beginning after December 31, 2022, and
 18 shall be treated as part of the adjusted gross income
 19 attributable to clause (A), unless, and to the extent, the loss
 20 and modifications were applied to adjusted gross income for
 21 a previous taxable year, as determined under this article; and
 22 (ii) if the loss was carried back to a taxable year for which
 23 the requirements under Section 512(a)(6) of the Internal
 24 Revenue Code applied, the portion of the loss and
 25 modifications attributable to the loss shall be treated as
 26 adjusted gross income of the taxpayer for the first taxable
 27 year of the taxpayer beginning after December 31, 2022, and
 28 for purposes of this clause, the inclusion of losses and
 29 modifications shall be in the same manner as provided in
 30 clause (B), unless, and to the extent, the loss and
 31 modifications were applied to adjusted gross income for a
 32 previous taxable year, as determined under this article.

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

42 (2) In the case of a corporation, other than a captive real estate



- 1 investment trust, for which the adjusted gross income under this
 2 article is determined after a deduction for dividends paid under
 3 the Internal Revenue Code, the modifications required under this
 4 section shall be applied in ratio to the corporation's taxable
 5 income (as defined in Section 63 of the Internal Revenue Code)
 6 after deductions for dividends paid under the Internal Revenue
 7 Code compared to the corporation's taxable income (as defined in
 8 Section 63 of the Internal Revenue Code) before the deduction for
 9 dividends paid under the Internal Revenue Code.
- 10 (3) In the case of a trust or estate, the trust or estate is required to
 11 include only the portion of the modifications not passed through
 12 to beneficiaries.
- 13 (4) In the case of a taxpayer for which modifications are required
 14 to be applied against a separately stated net operating loss under
 15 IC 6-3-2-2.5 or IC 6-3-2-2.6, the modifications required under this
 16 section must be adjusted to reflect the required application of the
 17 modifications against a separately stated net operating loss, in
 18 order to avoid the application of a particular modification
 19 multiple times.
- 20 SECTION 2. [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]
 21 **(a) IC 6-3-1-3.5, as amended by this act, applies to taxable years**
 22 **beginning after December 31, 2024.**
 23 **(b) This SECTION expires January 1, 2028.**
 24 SECTION 3. **An emergency is declared for this act.**

