

INDIANA

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IT-20NP

Nonprofit Organization Unrelated Business
Income Tax Booklet

This booklet contains instructions for preparing the Indiana
adjusted gross income tax return on unrelated income of nonprofit organizations.

INDIANA IT-20NP

Nonprofit Organization Unrelated Business Income Tax Booklet Year 2023

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INTIME e-Services Portal Available

INTIME, DOR's e-services tax portal available at intime.dor.in.gov, provides the following functionalities for IT-20NP customers:

- Make payments using a bank account or credit card
- View and respond to correspondence from DOR
- Request and print return transcripts on-demand
- Electronic delivery of correspondence
- Online customer service support through secure messaging

Increased Online Support for Tax Preparers

In addition to the functionality listed above, INTIME provides increased access and functionality for tax preparers. INTIME provides the following functionality for tax preparers:

- Gain access to view and manage multiple customers under one login
- Ability to file returns, make payments, and view file and pay history for clients
- Request electronic power of attorney (ePOA) authorization to view customer accounts
- View and respond to correspondence for clients

We strongly encourage all taxpayers to make payments and file returns electronically whenever possible. INTIME allows customers to make estimated payments electronically with just a few clicks.

What's New for 2023

References to the Internal Revenue Code

The definition of adjusted gross income (AGI) is updated to correspond to the federal definition of adjusted gross income contained in the Internal Revenue Code (IRC). Any reference to the IRC and subsequent regulations means the Internal Revenue Code of 1986, as amended and in effect on January 1, 2023. For a complete summary of new legislation regarding taxation, please see the *Synopsis of 2023 Legislation Affecting the Indiana Department of Revenue* at www.in.gov/dor/files/2023-legislative-synopsis.pdf.

Add-Backs

- A **new add-back (152)** has been added to apply certain modifications to net operating losses that are not reported on Form IT-20NP as a result of the limitations applicable to separate trades or business. See page 10 for more information.
- A **new add-back (154)** is available for specified research and experimental expenses required to be amortized for federal income tax purposes. See page 10 for more information.

Credits

- A **new credit (874)** is available for qualified investments at a mine reclamation site. See page 18 for more information.

Deductions

- A **new deduction (639)** is available to allow the deduction for the portion of small employer health insurance premiums that is disallowed for federal purposes as a result of claiming the credit under IRC section 45R. See page 10 for more information.

- A **new deduction (640)** is available to allow the deduction of grants and forgiven indebtedness related to broadband grants. See page 10 for more information.
- A **new deduction (641)** is available to permit a current-year deduction for specified research and experimental expenses otherwise required to be amortized for federal tax purposes. See page 10 for more information.

Other Reporting Changes

For 2023 and later, modifications from trades or businesses that had losses are required to be reported on Form IT-20NP. See instructions beginning on page 8 (add-backs) and for Code 152 for further information.

Also, if you carried back a net operating loss for federal purposes and have a remaining Indiana net operating loss, see IC 6-3-1-3.5(k) with regard to whether the net operating loss can be used against all income or just the income from the trade or business.

General Information

Computing the Tax Rate

The corporate AGI tax rate is 4.9%.

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue will conduct an annual public hearing in Indianapolis in June of 2024. Event details will be listed at www.in.gov/dor/news-media-and-publications/dor-public-events/annual-public-hearings. Please come and share feedback or comments about how DOR can better administer Indiana tax laws. If not able to attend, please submit feedback or comments in writing to: Indiana Department of Revenue, Commissioner's Office, MS# 101, 100 N. Senate Avenue, Indianapolis, IN 46204. Our homepage provides access to forms, information bulletins and directives, tax publications, email, and various filing options. Visit www.in.gov/dor.

General Instructions for Form IT-20NP

If filing federal Form 990 or 990T, enclose a copy of the federal return(s) with Form IT-20NP.

Who Must File Form IT-20NP

All nonprofit organizations must file Form IT-20NP to report any unrelated business income over \$1,000 during the tax year. For further information concerning filing requirements and how to obtain status as a nonprofit organization, see Income Tax Information Bulletin #17 at www.in.gov/dor/files/reference/ib17.pdf.

Nonprofit Corporations (Domestic and Foreign)

A corporation can be formed for profit or nonprofit purposes. A nonprofit organization is an association whose purpose is to engage in activities that do not provide financial profit to the benefit of its members. Such corporations must obtain nonprofit or tax exempt status from the IRS and Indiana Department of Revenue to be free from certain tax burdens.

Accounting Methods and Taxable Year

DOR requires the use of the method of accounting that is used for federal income tax purposes. The taxable year for the unrelated business income tax must be the same as the accounting period adopted for federal adjusted gross income tax purposes. If the apportionment provisions do not fairly reflect the organization's Indiana income, the taxpayer must petition DOR for permission to use an alternative method.

Due Date for Filing Form IT-20NP

The Form IT-20NP return is due on or before the **15th** day of the **5th month** following the close of the tax year.

When an organization does not file a federal return pursuant to the Internal Revenue Code, its tax year shall be the calendar year unless permission is otherwise granted.

Exempt Organization

The unrelated business income of an exempt organization is subject to the AGI tax and must be reported on Form IT-20NP. If any part of the gross income received by such an organization is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate, the organization will not be granted an exemption. The term "private benefit or gain" does not include reasonable compensation paid to employees for work or services actually performed.

To preserve the exemption, a specific group or organization cannot be organized or maintained for private gain or profit.

Extensions for Filing Return

DOR accepts the federal extension of time application (Form 7004) or the federal electronic extension. If already approved for a federal extension of time application (Form 7004) or the federal

Forms for Specific Nonprofit Organizations

Type of Entity	Federal Form Filed or Requirement	Indiana Form	Due Date	Miscellaneous Information
Homeowner's Association	Federal 1120-H	IT-20	15th day of the 5th month following close of the taxable year	Not considered nonprofit organization for Indiana tax purposes.
Political Organization	Federal 1120-POL	IT-20	15th day of the 5th month following close of the taxable year	If nonprofit is filing an 1120-POL, report such income on IT-20NP, not the IT-20.
Nonprofit Organization	Federal Form 990 or 990T	IT-20NP	15th day of the 5th month following close of the taxable year	A nonprofit organization or corporation must file Form IT-20NP and/or Form NP-20R. After nonprofit status is granted, the organization must file the report (NP-20R) every five years to maintain state recognition of its sales tax exemption. If the organization has unrelated business income over \$1,000 during the tax year, it must also file Form IT-20NP. For information about nonprofit filing requirements, get Income Tax Information Bulletin #17 at www.in.gov/dor/files/reference/ib17.pdf . DOR recognizes the exempt status determined by the IRS. An organization registered as a nonprofit is subject to the AGIT unless the income is specifically exempt from taxation under the Adjusted Gross Income Tax Act (IC 6-3-2-2.8 and 6-3-2-3.1). The nonprofit organization is subject to both federal and state tax on income derived from an unrelated trade or business, as defined in IRS Section 513.
	Federal Form 990 or 990T	NP-20R	May 15 every five years	For new nonprofits beginning in 2022 or later, May 15 of the fifth year following formation (i.e., May 15, 2027). For nonprofits formed in 2021 or earlier, see IC 6-2.5-5-25(d) for the applicable deadline for the first report after 2022, then every five years thereafter.
Religious or Apostolic Organization	Federal Form 1065	IT-65	15th day of the 4th month following close of the taxable year	

electronic extension, it is not necessary to contact DOR before filing the annual return. Returns postmarked within one month after the last date indicated on the federal extension are considered timely filed. If a corporation does not need a federal extension of time but needs one for filing a state return, an extension request and prepayment of 90% can be submitted via INTIME, DOR's e-services portal at intime.dor.in.gov, or by submitting a letter requesting an extension prior to the annual return's due date.

To request an Indiana extension of time to file by letter, contact the Indiana Department of Revenue, P.O. Box 7228, Indianapolis, IN 46207-7228.

An extension of time granted under IC 6-8.1-6-1 waives the late payment penalty for the extension period on the balance of tax due, provided 90% of the current year's total tax liability is paid on or prior to the original due date. Use Form IT-6 to make an extension payment for the taxable year. This payment is processed as a fifth estimated payment. (See Income Tax Information Bulletin #15 at www.in.gov/dor/files/reference/ib15.pdf for more details.) Any tax paid after the original due date must include interest.

Interest on the balance of tax due must be included with the return when it is filed. Interest is computed from the original due date until the date of payment. In November of each year, DOR establishes the interest rate for the next calendar year. See Departmental Notice #3 at www.in.gov/dor/files/reference/dn03.pdf for interest rates.

If you have a valid extension of time or a federal electronic extension to file, check box L on the front of the return. If applicable, enclose a copy of the federal extension of time with the return when filing a state return.

Amended Returns

To amend a previously filed Form IT-20NP, a corrected copy of the original form must be filed. Check the box at the top of the form if filing an amended return. To claim a refund of an overpayment, the return must be filed within three years from the latter of the date of overpayment or the due date of the return.

IC 6-8.1-9-1 entitles a taxpayer to claim a refund because of a reduction in tax liability resulting from a federal modification. The claim for refund should be filed within 180 days from the date of modification by the Internal Revenue Service. If an agreement to extend the statute of limitations for an assessment is entered into between the taxpayer and DOR, the period for filing a claim for refund is likewise extended.

Estimated Quarterly Tax Payments

A nonprofit organization whose adjusted gross income tax liability on unrelated business income exceeds \$2,500 for a taxable year must file quarterly estimated tax payments.

If the organization's estimated payments exceed the tax liability, credit should be claimed on the annual return, Form IT-20NP, to request a refund or carry over the excess amount to the next year's estimated tax account. If an estimated account needs to be established, obtain Form E-6 to remit the initial payment and to request preprinted quarterly estimated IT-6 returns.

The quarterly estimated tax payments are submitted with an appropriate Indiana voucher, Form IT-6, or via INTIME, DOR's e-services portal at intime.dor.in.gov, or by electronic funds transfer (EFT), depending on the amount of the payment due. The quarterly due dates for estimated income tax payments for calendar-year organizations are April 20, June 20, Sept. 20, and Dec. 20. Fiscal-year and short-year filers must remit by the 20th day of the 4th, 6th, 9th, and 12th months of the tax period.

Claim the credit for estimated and extension payments on lines 20 and 21 of Form IT-20NP. Taxpayers should note that refunds reflected on the annual corporate income tax return may be applied to the next taxable year's estimated liability by entering the amount to be credited on line 40 of the IT-20NP return. An overpayment of estimated payments must be claimed on the annual return to obtain a refund. After a check is remitted for the remainder of a year's estimated income tax liability, no further estimated returns should be filed with DOR after the date of payment. All checks remitted to DOR should be accompanied by a return or a complete explanation for the payment. A zero liability for a quarter does not require Form IT-6 to be filed.

The quarterly estimated payment must be equal to the lesser of 25% of the adjusted gross income tax liability for the taxable year or the annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's liability for adjusted gross income tax.

Electronic Payment Requirements

If the amount of the nonprofit organization's tax on unrelated business income exceeds an average liability of \$5,000 per quarter (or \$20,000 annually), quarterly estimated tax payments must be remitted electronically via INTIME, DOR's e-services portal at intime.dor.in.gov, or with an electronic funds transfer (EFT). Because there is no minimum amount of payment, DOR encourages all taxpayers, even if not required to remit payment electronically, to do so via INTIME or participate voluntarily in our EFT program.

Note. Taxpayers remitting by EFT should not file quarterly IT-6 coupons. The amounts are reconciled when filing the annual income tax return.

If notified of its requirement to remit payment electronically, the organization must begin remitting tax payments via INTIME or by EFT by the date/tax period specified by DOR.

Failure to comply may result in a 10% penalty on each quarterly estimated income tax liability not paid electronically. Failure to submit a required quarterly payment electronically will result in a penalty of 10% being assessed at the time the annual income tax return is filed. The penalty is computed on each payment required to be made electronically that is instead submitted by another means.

Note. The Indiana Code does not require the extension of time to file payment or final payment due with the annual return to be paid electronically. Claim any INTIME or EFT payment as an extension or estimated payment credit.

Penalty for Underpayment of Estimated Taxes

Organizations estimating income taxes are subject to a 10% underpayment penalty if they fail to timely file estimated tax payments or fail to remit a sufficient amount. To avoid the penalty, the required quarterly estimated payments must be at least 25% of the total income tax liability for the current taxable year or 25% of the organization's final income tax liability for the previous tax year. The penalty for the underpayment of estimated tax is assessed on the difference between the actual amount paid by the organization for each quarter and 25% of its final income tax liability for the current tax year. Refer to Schedule IT-2220, Penalty for the Underpayment of Corporate Income Taxes, which is available online at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms.

Use Schedule IT-2220 to show an exception to the penalty if the nonprofit organization underpaid its income tax for any quarter. If an exception to the penalty is not met, payment of the computed penalty must be included with the return.

The required estimate should exceed the lesser of:

- 25% of the final tax liability for the current taxable year, or
- 25% of the final liability for the previous taxable year.

If your estimated payment meets or exceeds either of these amounts, no penalty will be assessed.

If you are using the annualized income installment method provided by IRC section 6655(e) to determine your estimated tax payments during the taxable year, please include a copy of your computations. This method can be used in lieu of using 25% of your final tax liability for the current taxable year.

Special rules may apply if the current or previous taxable year are short taxable years. If the previous taxable year was a short year, prorate the previous year's tax to reflect the tax for current year. If the current taxable year is a short year, then follow the same periods and percentages necessary to compute federal estimated tax payments. See the instructions for Form IT-20 for further information.

Instructions for Completing Form IT-20NP

Filing Period and Identification

File a 2023 Form IT-20NP return for a taxable year ending Dec. 31, 2023, a short tax year beginning in 2023, or a fiscal tax year beginning in 2023 and ending in 2024. For a short or fiscal tax year, at the top of the form fill in the beginning month and day and the ending date of the taxable year.

The identification section of the return must be completed regarding the tax year, name, address, county, date organized, Federal Employer Identification Number, business activity code number, and telephone number. Please use the full legal name of the organization and its current mailing address.

For foreign addresses, please note the following:

- Enter the name of the city, town, or village in the box labeled City;
- Enter the name of the state or province in the box labeled State;

- Enter the postal code in the box labeled ZIP Code; and
- Enter the 2-digit country code.

For a name change, check the box at the top of the return and enclose copies of the amended Articles of Incorporation 4162 or Amended Certificate of Authority filed with the Indiana Secretary of State with the return. The Federal Employer Identification Number shown in the box in the upper-right corner of the return must be accurate and the same as used for federal purposes.

Enter the principal business activity code, from the North American Industry Classification System (NAICS), in the designated block of the return. Use the six-digit activity code reported on the federal corporation income tax return.

Other **Unrelated Business Activity** numbers that might be applicable:

900000	Unrelated debt-financed activities (other than rental or real estate)
900001	Investment activities by Section 501(c)(7), (9), or (17) organizations
900002	Rental of tangible personal property
900003	Passive income activities with controlled organizations
900004	Exploited exempt activities
999999	Unclassified establishments (unable to classify)

Questions K, L and M

K. Check or complete all boxes that apply to the return.

Check the "final return" box only if the nonprofit is dissolved, liquidated, or has withdrawn from the state. Also, Form BC-100 must be filed to close out any sales and withholding accounts. Go to www.in.gov/dor/tax-forms/business-tax-forms to complete this form online.

L. Check the Yes box if an extension of time to file the return is in effect. **If applicable, enclose a copy of federal Form 7004 when filing a state return.**

M. Check the box if you have income or losses from multiple lines of unrelated trades or businesses for the current taxable year and/or you are reporting a loss from a previous year in which you had a suspended net operating loss due to the operation of multiple lines of unrelated trades or business in a taxable year after 2017.

Report of Unrelated Business Income

All organizations described in Internal Revenue Code (IRC) Section 501(c) and IRC Section 401(a), including churches, religious organizations, hospitals, social organizations, business leagues, pension trusts, and all other institutions, that are subject to the tax imposed by IRC Section 511 are also subject to Indiana adjusted gross income tax on unrelated business income.

IC 6-3-2-3.1 provides that only the unrelated business income (as defined in IRC Section 513) of an organization otherwise exempt from adjusted gross income tax under IC 6-3-2-2.8(1) is subject to adjusted gross income tax. (This section does not apply to the United States, its agencies or instrumentalities or to the State of Indiana, its agencies or political subdivisions.)

Pension trusts that would be taxed as a trust were it not for the exemption under IRC Section 501(a) will be taxed as a trust on any unrelated business income (as defined in IRC Section 513) and should file a Form IT-41.

Income from bingo events; raffles; door prizes; charity game nights; festival events; and the sale of pull tabs, punchboards, and tip boards are considered unrelated business income unless the organization uses completely volunteer labor and is properly registered with the Indiana Gaming Commission to conduct such activities.

The organization may have income from the sources enumerated on IT-20NP schedules that is not subject to tax as unrelated business income. To be subject to tax, the income must be from a trade or business activity regularly carried on by the nonprofit organization that is not substantially related to its exempt purpose. Indiana follows the Internal Revenue Service's rulings regarding types of income substantially related to or not related to an organization's exempt purpose. Refer to Internal Revenue Service Publication 598.

Exclusions from Unrelated Business Income

Items that do not constitute income from an "unrelated trade or business" include:

- Any trade or business in which substantially all the work is performed for the organization without compensation;
- Any trade or business carried on by a charitable organization or by a state college or university primarily for the convenience of its members, students, patients, officers, or employees;
- Any trade or business consisting of selling merchandise, substantially all of which has been received by the organization as gifts or contributions;
- The furnishing by a qualified hospital at or near cost of certain common services, including purchasing, billing and collection, and record keeping, to small hospitals, i.e. serving fewer than 100 in-patients;
- Qualified public entertainment activities of certain types of exempt organizations when a qualifying organization regularly conducts as one of its substantial exempt purposes an agriculture and educational fair or exposition;
- Qualified convention and trade show activities of a qualifying organization that regularly conducts, as one of its substantial exempt purposes, a show that stimulates interest in, and demand for, the products of a particular industry or segment of an industry;
- Certain charity gaming events as long as the organization is properly licensed;
- Certain pole rentals, by a mutual or cooperative telephone or electric company;
- Certain distributions of low-cost articles, incidental to the solicitation of charitable contributions, and the exchange or rental of mailing lists by charitable organizations; and
- Sponsorship payments for which the payer receives no substantial return benefit other than the use or acknowledgement of the name, logo, or product lines of the payer's trade or business in connection with the organization's activities.

Adjusted Gross Income Tax Computation for Unrelated Business Income

Under the Adjusted Gross Income Tax Act, DOR recognizes the method of accounting used for federal income tax purposes. If income is received from activity outside Indiana that is subject to tax in another state, the apportionment formula must be used. Enclose the completed Schedule E or Schedule E-7 with the return.

Note. Round all entries to the nearest whole dollar amount. Do not use a comma in dollar amounts of four digits or more. For example, instead of entering "3,455" enter "3455."

Important. If you are completing Schedule IN-UBI, report lines 1-8 and 12 from lines of business that have positive federal unrelated business taxable income for the taxable year. If a line of business has negative unrelated business taxable income for the taxable year, complete the relevant column of Schedule IN-UBI for the taxable year. Include any modifications related to that line of business for the taxable year on the IT-20NP along with the necessary amount reported from Code 152 to compute net operating losses. Also, if you have an Indiana net operating loss from a trade or business but have exhausted your federal net operating loss from that trade or business, you can use the remaining net operating loss against the income from any trade or business.

Line 1. Enter unrelated business taxable income (before net operating loss deduction and specific deductions) from federal Form 990T, Exempt Organization Business Income Tax Return. If you are including a loss from Schedule IN-UBI before 2023, include the amount of unrelated business taxable income allowed to be used as a federal net operating loss for the taxable year.

Line 2. Enter the amount of non-unitary partnership income included in Line 1. Attach information detailing the sources of income, including the name of the partnership, federal K-1 distributive share of income from a partnership, and Indiana IN K-1 share of income from the partnership. This should be in the form provided by Schedule F of the IT-20, lines 9 through 11. List each partnership separately.

Line 3. In computing unrelated business taxable income, a specific deduction of \$1,000 is allowed. However, the \$1,000 specific deduction is not allowed in computing a net operating loss (NOL) deduction. Generally, the deduction is limited to \$1,000 regardless of the number of unrelated businesses in which the organization is engaged. An exception is provided in the case of a diocese, a province of a religious order, or a convention or an association of churches that may claim a specific deduction for each parish, individual church, district, or other local unit, to the extent these unrelated businesses are not separate legal entities. In these cases, the specific deduction is limited to the lower of \$1,000 or the gross income derived from an unrelated trade or business regularly carried on by the local unit.

Line 4. Subtract line 2 and line 3 from line 1.

Lines 5 through 8. Add or subtract any modifications to Indiana adjusted gross income. Enter the applicable 3-digit code for each modification beside "Code No." If an amount is an addition to

Indiana adjusted gross income, enter the amount as a positive number. If an amount is a deduction or otherwise reduces Indiana adjusted gross income, enter the amount as a negative number. If you have more than four modifications, include a separate schedule as an attachment listing those modifications, three-digit codes, and modification amounts.

Adding Back Depreciation Expenses

Several of the discontinued add-backs were created by timing differences between federal and Indiana allowable expenses. Following is an example of how to report a difference.

Example. ABC Company has qualified restaurant equipment. For federal tax purposes, they use the accelerated 15-year recovery period for an asset placed in service in 2009. Since 2009, ABC Company has been adding back the depreciation expense taken for federal purposes that exceeded the amount allowable for Indiana purposes. The accumulated depreciation on such an asset through 2012 is, therefore, different for federal and state purposes. This difference will remain until the asset is fully depreciated or until the time of its disposition.

In this example, the asset was acquired in January 2009 at a purchase price of \$120,000. This normally would have a 25-year recovery period, but IRC Sec. 168 allows for a 15-year recovery period. Tax year 2012 is the last year ABC Company will have reported a qualified restaurant equipment add-back until the end of the 15-year recovery period.

If this asset was sold before being fully depreciated, the catch-up modification would be reflected in the year of the sale. However, if this property is held through 2023 (the 15th year of depreciation), ABC Company will report a negative \$9,600 catch-up add-back on the 2023 state tax return.

Reporting Certain Prior-Year Modifications

In certain cases, a modification in a prior year may have been limited due to various federal limitations, including basis limitations, passive loss limitations, and at-risk loss limitations.

Even though certain modifications may not apply to activities during the current taxable year, you may be required to report a modification when you have income against which to realize the modification. Use the modification code for the year in which the modification was actually accrued. This includes, but is not limited to, modifications required to be reported using 3-digit Code 149 (Meal Deduction Add-Back) and Code 634 (COVID-Related Employee Retention Credit Disallowed Expenses Deduction).

Enter the following modifications on these lines.

Note. If you have a line of business which has a federal net operating loss that does not appear on Line 1 of the return, include the modifications associated with that line of business and see the instructions for Code 152.

Charitable Contributions

Enter an amount equal to any IRC Section 170 deduction claimed on the federal return.

Tax Add-Back (3-digit code: 100)

Enter all taxes based on or measured by income levied at the state level and claimed on the federal return. Do not enter any property taxes or local income taxes on this line.

Bonus Depreciation (3-digit code: 104)

Add or subtract an amount to bonus depreciation in excess of any regular depreciation that would be allowed had not an election under IRC Section 168(k) been made as applied to property in the year that it was placed into service. Taxpayers who own property for which additional first year special depreciation for qualified property, including 100% bonus depreciation, was allowed in the current taxable year or in an earlier taxable year must add or subtract an amount necessary to make the adjusted gross income equal to the amount computed without applying any bonus depreciation. The subsequent depreciation allowance is to be calculated as if no bonus depreciation was allowed until the property is disposed or fully depreciated for Indiana purposes. Income Tax Information Bulletin #118 at www.in.gov/dor/files/reference/ib118.pdf explains this initial required modification on the allowance of depreciation for state tax purposes.

Special rules may apply if the bonus depreciation is taken against property acquired in a like-kind exchange. See Income Tax Information Bulletin #118 at www.in.gov/dor/files/reference/ib118.pdf for additional information.

Section 179 Expense (3-digit code: 105)

Add or subtract the amount necessary to make the adjusted gross income of the taxpayer that placed any IRC Section 179 property in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed as if the federal limit for expensing under IRC section 179 was \$25,000 as opposed to \$1,000,000 (adjusted for inflation).

Indiana has adopted an expensing cap of \$25,000. This modification affects the basis of the property if a higher Section 179 limit was applied. The federal increase to a \$1,000,000 deduction was not allowed for purposes of calculating Indiana adjusted gross income. However, the \$2,500,000 threshold for phase-out (adjusted for inflation) is allowed for purposes of calculating Indiana AGI. The depreciation allowances in the year of purchase and in later years must be adjusted to reflect the additional first-year depreciation deduction, including the special depreciation allowance for 100% bonus depreciation property, until the property is sold or otherwise fully depreciated for Indiana purposes.

Note. The net amount determined for the net bonus depreciation or the IRC Section 179 add-back might be a negative figure (because of a higher depreciation allowable in subsequent years). If it is, use a minus sign to denote that. (If the taxable income is a loss, this adjustment increases a loss when added back.) Enclose a statement to explain the adjustment.

Special rules may apply if the Section 179 expensing is taken against property acquired in a like-kind exchange. See Income Tax Information Bulletin #118 at www.in.gov/dor/files/reference/ib118.pdf for additional information.

OOS Municipal Obligation Interest (3-digit code: 137)

Interest earned from a direct obligation of a state or political subdivision other than Indiana (out of state, or OOS) is taxable by Indiana if the obligation is acquired after Dec. 31, 2011. Interest earned from obligations held or acquired before Jan. 1, 2012, is not subject to Indiana income tax and should not be reported as an add-back.

Note. Interest earned from obligations of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana is not included in federal gross income and is exempt under federal law. There is no add-back for interest earned on these obligations. For more information, see Income Tax Information Bulletin #19, online at www.in.gov/dor/files/reference/ib19.pdf.

Federal Gross Repatriated Dividend Add-Back (3-digit code: 138)

Enter the amount reportable on federal Form 965, Part II, Line 17 and reportable as unrelated business income for federal income tax purposes.

Nonprofit Separate Trade or Business Modification (3-digit code: 152)

If you:

- have a current-year net operating loss that arises from a trade or business,
 - did not report the loss on line 1 of Form IT-20NP, and
 - have modifications related to that trade or business,
- enter the amount of the modifications included on Form IT-20NP for that trade or business. If a modification increases your adjusted gross income, report the modification as a negative. If a modification decreases your adjusted gross income, report the modification as a positive. Enter the sum of all such modifications.

Example. Nonprofit Inc. operates a business that has a \$20,000 federal net operating loss and has a \$15,000 bonus depreciation add-back. The loss is not reported on IT-20NP, Line 1. Nonprofit Inc. will report the \$15,000 add-back for bonus depreciation and back out the add-back by reporting (\$15,000) using Code 152. However, if the sum is a negative number, do not enter an amount less than net operating loss.

Example. Assume that Nonprofit Inc. operates a business that has a \$10,000 federal net operating loss and has a \$15,000 bonus depreciation add-back. The loss is not reported on IT-20NP, Line 1. Nonprofit Inc. will report the \$15,000 add-back for bonus depreciation. Instead of deducting \$15,000 using Code 152, Nonprofit, Inc. will only report a deduction of \$10,000.

For purposes of determining net operating losses, a negative Code 152 will reduce net operating losses available for carryforward, while a positive Code 152 will increase the net operating losses available for carryforward.

Specified Research and Experimental Expenses Add-Back (3-digit code: 154)

If you claimed a federal income tax deduction for specified research and experimental expenses that are required to be amortized for federal purposes pursuant to IRC section 174, add back the amount of expenses you actually deducted for federal income tax purposes. See the instructions for Code 641 for further information on the amount of expenses allowable as a deduction.

Note. If after printing of these instructions, IRC Section 174 is amended to allow immediate expensing of research and experimental expenses and you elect to amortize those expenses, you cannot use this code and Code 641 to accelerate the allowance of your expenses.

Example. Corporation DEF incurred \$100,000 of specified research expenses in 2023. Corporation DEF reported \$10,000 of amortized expenses in 2023. Corporation DEF will use Code 154 to add back the \$10,000 claimed for federal purposes and use Code 641 to report \$100,000 allowable for Indiana purposes. For 2024-2028, Corporation DEF will continue to use Code 154 to report timing differences.

Indiana Lottery Winnings Annuity Deduction (3-digit code: 629)

Proceeds from a winning Hoosier Lottery ticket from a lottery held prior to July 1, 2002, may be deducted from Indiana adjusted gross income. Entities that have purchased Hoosier Lottery prizes from a winning ticket holder for valuable consideration are not eligible for this deduction.

Indiana-only Tax-exempt Bonds Deduction (3-digit code: 636)

If you had interest from a bond issued by or in the name of certain Indiana government subdivisions or entities or amounts received upon redemption or maturity of the bond, deduct any interest or other income included in federal gross income. Do not deduct any bond interest that is excluded from federal gross income. In addition, if you sell the bond, do not deduct any amounts for which the bond is sold in excess of your purchase price. See IC 6-8-5-1 for further information regarding the deduction.

Small Employer Health Insurance Premium Deduction (3-digit code: 639)

If you:

- claimed a federal tax credit for small employer health insurance premiums under IRC section 45R; and
 - would have been permitted a deduction for those premiums except for the disallowance under IRC section 280C(h),
- you are permitted a deduction for the portion of the premiums disallowed for federal purposes. Use Code 639 to enter the amount of premiums for which a deduction was disallowed for federal purposes because you claimed a federal tax credit for small employer health insurance premiums.

Broadband Grant and Debt Discharge Deduction (3-digit code: 640)

If you have either:

- a grant included in federal gross income; or
 - federal, state, or local indebtedness discharged, and the discharged debt is included in your gross income,
- and the grant or indebtedness is for providing or expanding broadband service in Indiana, subtract the amount of the grant or discharged indebtedness included in your federal gross income. Do not report grants or discharged indebtedness related to providing or expanding broadband service outside Indiana. If a grant or debt discharge is related to providing or expanding broadband service both in Indiana and outside Indiana, subtract only the portion related to providing service in Indiana.

Specified Research and Experimental Expenses Deduction (3-digit code: 641)

If you claimed a federal income tax deduction for specified research and experimental expenses that are required to be amortized for federal purposes pursuant to IRC section 174, deduct the amount of expenses paid or incurred in the current taxable year for federal income tax purposes. See the instructions for Code 154 for further information on the amount of expenses required to be added back. Do not claim this deduction for any research expenses for which a deduction is disallowed under IRC section 280C(c).

Note. If after printing of this bulletin, IRC Section 174 is amended to allow immediate expensing of research and experimental expenses and you elect to amortize those expenses, you cannot use this code and Code 154 to accelerate the allowance of your expenses.

Example. Corporation DEF incurred \$100,000 of specified research expenses in 2023. Corporation DEF reported \$10,000 of amortized expenses in 2023. Corporation DEF will use Code 641 to report \$100,000 allowable for Indiana purposes and use Code 154 to add back the \$10,000 claimed for federal purposes. For 2024-2028, Corporation DEF will continue to use Code 154 to report timing differences.

Line 9. Add lines 4 through 8.

Line 10. If apportioning income, enter the Indiana percentage (rounded to two decimal places) from line 9 of IT-20 Schedule E, Apportionment of Adjusted Gross Income. Do not enter 100%.

Enclose Schedule E and see instructions on page 13 for this schedule.

Line 11. Multiply line 9 by the Indiana apportionment percentage for state tax on line 10. If line 10 is not applicable, enter the amount from line 9.

Line 12. Enter the amount of non-unitary partnership income attributable to Indiana. See the instructions for Form IT-20 for

further information. Include a schedule detailing the sources of income, including the name of the partnership, federal K-1 distributive share of income partnership, and Indiana IN K-1 share of income from the partnership. List each partnership separately.

Line 13. Enter as a positive figure the full amount of the available Indiana NOL carryover deduction as calculated on revised Schedule IT-20NOL. If reporting a net operating loss or carrying over a net operating loss deduction, enclose Schedule IT-20NOL. This corporate form is available from DOR at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms.

Please review Schedule IT-20NOL and the instructions, which are now included in the IT-20 booklet.

Line 14. Add lines 11 and 12, and subtract line 13.

Line 15. Enter any income from Form 1120-POL.

Line 16. Add line 14 and line 15. Indiana adjusted gross income for taxable year.

If line 16 is a negative figure, enter zero.

Line 17. Multiply line 16 by 4.9% (.049).

Summary of Calculations

Line 18. IC 6-2.5-3-2 imposes a use tax at the rate of 7% on the use, storage, and consumption of tangible personal property in Indiana when sales tax was not paid at the point of purchase and no exemption from tax exists. Nonprofit organizations qualify for exemption from use tax under the following conditions:

- The nonprofit organization is exempt from the gross retail sales tax under IC 6-2.5-5-22 through 26;
- The property or service is used to further its nonprofit purpose; or
- The organization is not operated predominantly for social purposes.

Sales/Use Tax Worksheet		
List all purchases made during the tax year from out-of-state retailers.		
Column A Description of personal property purchased from out-of-state retailer	Column B Date of purchase(s)	Column C Purchase Price of Property(s)
Magazine subscriptions:		
Mail order purchases:		
Internet purchases:		
Other purchases:		
1. Total purchase price of property subject to the sales/use tax: enter total of Columns C		1
2. Sales/use tax: Multiply line 1 by .07 (7%)		2
3. Sales tax previously paid on the above items (up to 7% per item)		3
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-20NP, line 18. If the amount is negative, enter zero and put no entry on line 18 of the IT-20NP		4

Purchases of tangible personal property to be used by organizations operated predominately for social purposes are subject to use tax. If more than 50% of the expenditures are for or related to social activities such as food and beverage services, golf courses, swimming pools, dances, parties, and other similar social activities, the organization is considered to be predominately operated for social purposes. In no instance will purchases for the private benefit of any member of the organization or any other individual, such as meals or lodging, be eligible for exemption.

Registered merchants for Indiana will report nonexempt purchases on Form ST-103, Indiana Sales/Use Tax Return. If Form ST-103 is not required or all taxable purchases have not been properly included on the ST-103 return, multiply the total purchase price of all taxable purchases by 7% and enter the amount on line 18 of the IT-20NP.

Caution. Do not report any amounts from the ST-103 on this line.

Line 19. Add lines 17 and 18.

Credits and Payment Computation

Line 20. Enter the total amount of estimated quarterly income tax payments made for the tax year. Itemize each payment in the spaces provided.

Line 21. Enter the total amount paid with valid extension.

Line 22. Enter the amount of prior-year overpayment credit.

Line 23. Enter any withholding credits from Schedule IN K-1s that you may have received. In addition, if you have a portion of a Headquarters Relocation Credit that is refundable, include the refundable portion on this line. You must provide any Schedule IN K-1s necessary to verify withholding credits as well as any certifications from IEDC supporting the refundable Headquarters Relocation Credit.

Line 24. Economic Development for a Growing Economy Credit (EDGE)

This credit is for businesses that conduct certain activities designed to foster job creation in Indiana. It is a refundable tax liability credit.

Note. Schedule IN-EDGE must be completed and enclosed the return. Otherwise, the credit will not be allowed. A PIN also must be obtained from the IEDC.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. For more information call 317-232-8800 or visit www.iedc.in.gov for additional information.

Line 25. Economic Development for a Growing Economy Retention Credit (EDGE-R)

This credit is for businesses that conduct certain activities designed to foster job retention in Indiana. It is a refundable tax liability credit.

Note. Schedule IN-EDGE-R must be completed and enclosed with the return. Otherwise, the credit will not be allowed. A PIN also must be obtained from the IEDC.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. Visit www.iedc.in.gov for additional information.

Lines 26 through 30. Enter the total amount of offset (nonrefundable) credits.

Note. Any credits required to be listed on Schedule IN-OCC should be included on Line 31 instead of lines 26 through 30.

Line 31. If claiming any credits on IN-OCC including credits passed through from Schedule IN K-1 Part 2, enter the total of those credits here and enclose Schedule IN-OCC with the return. The credit codes reported on IN-OCC are 818, 820, 835, 849, 858, 860, 863, 865, 867, 868, 869, 1818, 1820, 1835, 1849, 1858, 1860, 1863, 1865, 1867, 1868, and 1869. Failure to enclose the IN-OCC with the return will result in the denial in any of the credits listed above.

Line 32. Add lines 20 through 31. Note that certain credits may not exceed the amount of tax liability on line 17.

Line 33. If line 19 is greater than line 32, enter the difference here.

Line 34. Enter the amount of calculated penalty for the underpayment of income taxes from Schedule IT-2220. Enclose a completed Schedule IT-2220, which is available at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Corporations required to make quarterly estimated payments are permitted to use the annualized income installment method calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's adjusted gross income tax liability. If using this method, please check the box on this line and enclose a copy of the calculations when filing the tax return. DOR will review each request on a case-by-case basis.

Note. If a taxpayer's annual liability exceeds \$2,500, filing quarterly estimated payments to remit 25% of the estimated annual tax liability is required.

Line 35. For the current rate of interest charged see Departmental Notice #3 available at www.in.gov/dor/files/reference/dn03.pdf.

Line 36. Enter the penalty amount that applies:

- If the return with payment is made after the original due date, a penalty that is the greater of \$5 or 10% of the balance of tax due on line 33 must be entered. The penalty for paying late is not imposed if all three of the following conditions are met:
 - o A valid extension of time to file exists;
 - o At least 90% of the tax liability was paid by the original due date; and
 - o The remaining tax is paid by the extended due date.
- If the return showing no tax liability on line 19 is filed late, a penalty for failure to file by the due date will be \$10 per day that the return is past due, up to a maximum of \$250.

Line 37. Add lines 33 through 36. Make a separate payment for each return filed. Payments to DOR must be made with U.S. funds.

Line 38. Enter the result of line 32 minus lines 19, 34, 35, and 36.

Line 39. Enter the portion of the overpayment to be refunded.

Line 40. If electing to credit all or a portion of the overpayment to next year's estimated adjusted gross income tax account, enter the amount of the overpayment to be applied. An election to apply an overpayment to the following year is irrevocable.

The sum of lines 39 and 40 must equal the amount of the total overpayment on line 38. If the overpayment is reduced due to an error on the return or an adjustment by DOR, the amount to be refunded (line 39) will be corrected before any changes are made to the amount on line 40. Any refund due may be applied to other liabilities under IC 6-8.1-9-2(a), IC 6-8.1-9.5, and IC 6-8.1-9.7.

Schedule IN-UBI

If you have multiple lines of business, please complete Schedule IN-UBI before completing the lines below and follow the instructions for completing IN-UBI as provided in this booklet. Attach a copy of Schedule IN-UBI with your IT-20NP.

Certification of Signatures and Authorization Section

Sign, date, and print the entity's name on the return. If a paid preparer completes the return, authorize DOR to discuss the tax return with the preparer by checking the authorization box above the line for the name of the personal representative.

Personal Representative Information

Typically, DOR contacts the entity if there are any questions or concerns about the tax return. If DOR can discuss the tax return with someone else (e.g., the person who prepared it or a designated person), complete this area.

First, check the "Yes" box that follows the sentence "I authorize the Department to discuss my tax return with my personal representative."

Next, enter:

- The name of the individual designated as the entity's personal representative; and
- The individual's email address.

If this area is completed, DOR is authorized to contact the personal representative, instead of the entity, about this tax return. After the return is filed, DOR will communicate primarily with the designated personal representative.

Note. The authorization for DOR to be in contact with the personal representative can be revoked at any time. To do so, submit a signed statement to DOR. The statement must include a name, Federal Employer Identification Number of the entity, and the year of the tax return. Mail the statement to Indiana Department of Revenue, P.O. Box 7206, Indianapolis, IN 46207-7206.

Officer Information

An officer of the organization must sign and date the tax return and enter the officer's name and title. Please provide a daytime telephone number DOR can call if there are any questions about the tax return.

Also, provide an email address if contact via email is desired.

Paid Preparer Information

Fill out this area if a paid preparer completed this tax return. The paid preparer must sign and date the return. In addition, please enter the following:

- The paid preparer's email address;
- The name of the firm the paid preparer is employed by;
- The paid preparer's PTIN (personal tax identification number). This must be the paid preparer's PTIN; do not enter an FEIN or Social Security number;
- The paid preparer's complete address.

Note. Complete this area even if the paid preparer is the same individual designated as the personal representative.

Mailing Options

Please mail completed returns to:

Indiana Department of Revenue
P.O. Box 7228
Indianapolis, IN 46207-7228

Instructions for Indiana Apportionment of Adjusted Gross Income

Use of Apportionment Schedule E

If an organization has unrelated business (adjusted gross) income from both within and outside Indiana, the organization must apportion its income by means of the formula under IC 6-3-2-2.

DOR will not accept returns filed for adjusted gross income tax purposes using the separate accounting method. IT-20 Schedule E (or Schedule E-7 for interstate transportation companies) must be used unless written permission is granted from DOR. The term "everywhere" does not include sales of a foreign corporation in a place outside the United States.

Part I - Apportionment of Adjusted Gross Income

Sales/Receipts. The sales factor is a fraction. The numerator is the total receipts of the taxpayer in Indiana during the tax year. The denominator is the total receipts of the taxpayer in all jurisdictions during the tax year. Only include receipts that resulted from unrelated business income.

In the case of certain receipts, all or a portion of the receipts are not included.

- For receipts includible under IRC section 965 or GILTI (IRC Section 951A), the amount included as a receipt is the amount included in adjusted gross income minus any amount claimed as a foreign source dividend under IC 6-3-2-12.
- For receipts from the sale of securities, including stocks, bonds, options, and future and forward contracts, only the net gain from the sale is treated as a receipt.
- For receipts from hedging or similar transactions, only the net gain resulting from both sets of transactions is treated as a receipt.

The numerator of the receipts factor must include the following to the extent included in the receipts denominator:

- All sales made in Indiana;
- All sales made from Indiana to the U.S. government;
- All receipts from sales of business property in Indiana; and
- All interest, dividend, or other intangible income earned in Indiana.

The numerator contains intangible income attributed to Indiana, including interest from consumer and commercial loans, installment sales contracts, and credit and debit cards as prescribed under IC 6-3-2-2.2.

Total receipts include gross sales of real and tangible personal property less returns and allowances. Sales of tangible personal property are in Indiana if the property is delivered or shipped to a purchaser within Indiana regardless of the f.o.b. point or other conditions of sale. Indiana no longer requires the inclusion of “throwback” sales in the numerator of the receipts factor.

Sales or receipts not specifically assigned above shall be assigned as follows:

- Gross receipts from the sale, rental, or lease of real property are in Indiana if the real property is located in Indiana;
- Gross receipts from the rental, lease, or licensing of the use of tangible personal property are in Indiana if the property is in Indiana. If property was both within and outside Indiana during the tax year, the gross receipts are considered in Indiana to the extent the property was used in Indiana;
- Interest income and other receipts from loans or installment sales contracts that are primarily secured by or deal with real or tangible personal property are attributed to Indiana if the security or sale property is located in Indiana; consumer loans not secured by real or tangible personal property are attributed to Indiana if the loan is made to an Indiana resident; and commercial loans and installment obligations not secured by real or tangible personal property are attributed to Indiana if the proceeds of the loan are applied in Indiana.
- Interest income, merchant discounts, travel and entertainment credit card receivables, and credit card holder’s fees are attributed to the state where the card charges and fees are regularly billed.
- Receipts from the performance of fiduciary and other services are attributed to the state where the benefits of the services are consumed. Receipts from the issuance of traveler’s checks, money orders, or United States savings bonds are attributed to the state where those items are purchased.
- Receipts from investments are attributed to Indiana if the taxpayer’s commercial domicile is in Indiana.
- Gross receipts from the performance of certain communications and broadcast services are attributed to Indiana if the income-producing activity is in Indiana. If such activities are conducted

partly within and partly outside Indiana, the gross receipts from the services are attributable to Indiana if the direct costs incurred in Indiana related to those receipts are greater than the direct costs incurred in any other state, unless the activities are otherwise directly attributed to Indiana according to IC 6-3-2-2.2 or IC 6-3-2-2(f).

- Receipts from other services and other intangibles are attributed to Indiana if the benefit of the service or intangible is received in Indiana. Please see Multistate Tax Commission regulations for further information on whether the receipts from a particular transaction are attributed to Indiana.

Sales to the United States Government. The United States government is the purchaser when it makes direct payment to the seller. A sale to the United States government of tangible personal property is in Indiana if it is shipped from an office, a store, a warehouse, or another place of storage in Indiana. See the previous rules for sales other than tangible personal property if such sales are made to the United States government.

Other Gross Receipts. On line 6, report other gross business receipts not included elsewhere and pro rata gross receipts from all unitary partnerships, excluding from the factors the portion of distributive share income derived from a non-unitary partnership [45 IAC 3.1-1-153(b)]. Only include receipts that resulted from unrelated business income.

On line 7, report direct premiums and annuity considerations received during the taxable year for insurance upon property or risks in Indiana. The terms *direct premiums and annuity considerations* mean the gross premiums received from direct business as reported in the corporation’s annual statement filed with the Department of Insurance.

Total Receipts. Complete all lines as indicated. Add all the receipts in Column A (lines 1A through 7A), and enter the total on line 8A. In addition, enter the total receipts from everywhere on line 8B.

Apportionment of Income for Indiana

Divide line 8A by line 8B. Multiply by 100 to arrive at a percentage rounded to the nearest second decimal place. This is the Indiana apportionment percentage; carry it to the apportionment entry line on the return, line 10 on Form IT-20NP.

DOR will not accept returns filed for AGI tax purposes using the separate accounting method. Form IT-20NP, Schedule E or Schedule E-7 must be used unless DOR has granted written permission. The term *everywhere* does not include sales of a foreign corporation in a place outside the United States. Refer to 45 IAC 3.1-1-153 for tax treatment of unitary corporate partners.

Important Note. Do not include Schedule E reflecting 0 receipts in the denominator unless you are apportioning 100% of taxable income to Indiana. Failure to complete Schedule E or check the appropriate box if using another apportionment method may result in DOR computing tax due based on 100% of your taxable income.

Use of any apportionment method other than Schedule E or Schedule E-7 requires prior permission from DOR. If permitted

to use an alternative method, you must attach a supporting schedule to compute apportioned business income.

Part II - Business/Other Income Questionnaire

Complete all applicable questions in this section. If income is apportioned, enclose the completed Schedule E or Schedule E-7 with Form IT-20NP.

Other Credits Available to Nonprofit Organizations

The following credits cannot be refunded; their purpose is to help reduce your state tax due. See Income Tax Information Bulletin #59 at www.in.gov/dor/files/reference/ib59.pdf for more information about the credits.

Order of Credit Application

If claiming more than one credit, first use the credits that cannot be carried over and applied against the state AGI tax in another year. Next, use the credits that can be carried over for a limited number of years and applied against the state AGI tax. If one or more credits are available, apply the credits in the order that the credits would expire. Finally, use the credits that can be carried over and applied against the state AGI tax in another year.

Example. A taxpayer has a neighborhood assistance credit for which no carryover is available, a school scholarship credit that can be carried forward to 2024, and a community revitalization enhancement district credit with an indefinite carryforward. The taxpayer would apply the credits in the following order until the credit is exhausted or the taxpayer's liability is reduced to zero, whichever comes first:

- Neighborhood assistance credit
- School scholarship credit expiring in 2024
- Community revitalization enhancement district credit

For more information about Indiana tax credits, get Income Tax Information Bulletin #59 at www.in.gov/dor/files/reference/ib59.pdf.

Restriction for Certain Tax Credits – Limited to One per Project

Within a certain group of credits, a taxpayer may not be granted more than one credit for the same project. The taxpayer can choose the credit to be applied but is not permitted to change the credit selected or redirect the investment for a different credit in subsequent years. Refer to Income Tax Information Bulletin #59 at www.in.gov/dor/files/reference/ib59.pdf for more information.

Six credits are included in this group:

- Alternative fuel vehicle manufacturer credit;
- Community revitalization enhancement district credit;
- Enterprise zone investment cost credit;
- Hoosier business investment credit;
- Industrial recovery credit; and
- Venture capital investment credit.

Apply this restriction first when figuring credits.

Alternative Fuel Vehicle Manufacturer Credit 845

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Enclose a certificate of verification from the IEDC for the allowable amount of credit. Also enclose a proof of investment with the return, otherwise the credit will be denied.

College and University Contribution Credit 807

A corporate taxpayer might be eligible for a credit if it made any charitable contributions to a college, university, or corporation or foundation organized for the benefit of a post-secondary educational institution located within Indiana. Complete and enclose College Credit Schedule CC-40 with the return, otherwise the credit will be denied.

See Income Tax Information Bulletin #14 at www.in.gov/dor/files/reference/ib14.pdf for eligibility requirements. For more information, visit www.in.gov/dor.

Community Revitalization Enhancement District Credit 808

A state and local income tax liability credit is available for a qualified investment for the redevelopment or rehabilitation of property within a community revitalization enhancement district.

To be eligible for the credit, the intended expenditure plan must be approved by the IEDC before the expenditure is made. The credit is equal to 25% of the IEDC-approved qualified investment made by the taxpayer during the tax year. DOR has the authority to disallow any credit if the taxpayer:

- Ceases existing operations;
- Substantially reduces its operations within the district or elsewhere in Indiana; or
- Reduces other Indiana operations to relocate them into the district.

The taxpayer can assign the credit to a lessee who remains subject to the same requirements. The assignment must be in writing. Also, any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on state income tax returns for the year of assignment.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, or visit the IEDC website at www.iedc.in.gov for more information about this credit.

Enclose the certification from the IEDC, otherwise the credit will be denied.

Economic Development for a Growing Economy - Nonresident Employees (EDGE-NR) 865

This credit is for incremental state income tax amounts that would have been withheld on employees from reciprocal states if those employees had been subject to Indiana state tax withholding. Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., are eligible for this credit. Unlike the EDGE and EDGE-R credits, the EDGE-NR credit is a non-refundable credit.

This credit is administered by the IEDC. Contact them at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at www.iedc.in.gov, or by phone at 317-232-8800.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-individual-income-tax-forms. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of a pass-through entity such as S corporations, partnerships, limited liability companies, etc., make sure to keep Schedule IN K-1 with your records as DOR can require you to provide this information.

Enterprise Zone Employment Expense Credit 812

This credit is based on qualified investments made within an Indiana enterprise zone. It is the lesser of 10% of qualifying wages or \$1,500 per qualified employee, up to the amount of tax liability on income derived from an enterprise zone.

For more information on how to calculate this credit, get Indiana Schedule EZ Parts 1, 2, and 3 online at www.in.gov/dor/tax-forms/enterprise-zone-forms.

Enclose Schedule EZ 2 with the return, otherwise the credit will be denied.

Enterprise Zone Loan Interest Credit 814

This credit can be for up to 5% of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone. However, this credit cannot be claimed for loans made after December 31, 2017.

Get Income Tax Information Bulletin #66 at www.in.gov/dor/files/reference/ib66.pdf for more information on how to calculate this credit.

Note. Schedule LIC must be enclosed if claiming this credit; it is available at www.in.gov/dor/tax-forms/enterprise-zone-forms. Contact the Indiana Economic Development Corporation at 1 N. Capitol Ave., Suite 700, Indianapolis, IN 46204; call them at 317-232-8800; or visit the website at www.iedc.in.gov for additional information.

Enclose Schedule LIC with the return, otherwise the credit will be denied.

Ethanol Production Credit 815

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Film and Media Production Tax Credit 869

Effective July 1, 2022, a credit is available for expenses incurred for qualified film and media production expenses. The amount of the taxpayer's credit is equal to the taxpayer's qualified film and media production expenses multiplied by a percentage determined by the Indiana Economic Development Corporation, but not more than 30% of the expenses.

Note. Certification for this credit must be obtained from the Indiana Economic Development Corporation. See iedc.in.gov/indiana-advantages/investments/film-and-media-tax-credit for further information.

This credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied.

Foster Care Donations Credit 867

A credit for donations to qualifying foster care organizations is available. In addition, beginning July 1, 2023, a credit for qualifying contributions to the Insuring Foster Youth Trust Fund is also available. The credit is 50% of the donation made to qualifying organizations, up to a maximum of \$10,000 per taxable year. In addition, no more than \$2,000,000 in credits can be awarded during a calendar year. See www.in.gov/dor/tax-forms/foster-care-credit-donation-information for further information regarding the application and approval process.

This credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing.

Enclose the approval letter from the Department of Revenue with the return, otherwise the credit will be denied.

Headquarters Relocation Credit 818

A business may be eligible for a credit if it meets one of two sets of criteria. The first set of criteria ("first test") is that the business meets all of the following:

- Has an annual worldwide revenue of \$50 million;
- Has at least 75 Indiana employees (for credits awarded before July 1, 2022); and
- Relocates its corporate headquarters to Indiana.

The second set of criteria ("second test") is that the business meets either (1) or (2), meets (3), and meets (4) or (5):

1. Received at least \$4 million in venture capital in the six months immediately preceding the business's application for this tax credit.
2. Closes on at least \$4,000,000 in venture capital not more than six months after submitting the business's application for this tax credit.
3. Has at least 10 Indiana employees (for credits awarded before July 1, 2022).
4. Relocates its corporate headquarters to Indiana.
5. Relocates the number of jobs equal to 80% of the business's total payroll during the immediately preceding quarter to an Indiana location.

The credit may be as much as 50% of the cost incurred in relocating the taxpayer's headquarters. For more information (including limitations on the credit and the application process), see Income Tax Information Bulletin #97, available at www.in.gov/dor/files/reference/ib97.pdf.

This credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing.

This credit is administered by the IEDC. You may contact them at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at www.iedc.in.gov, or by phone at 317-232-8800.

Submit a copy of the certificate from the Indiana Economic Development Corporation verifying the amount of tax credit for the taxable year with the return. Otherwise, the credit will be denied.

Important. If the IEDC has granted a refundable credit under the second test, see the instructions on page 12 for completing Form IT-20NP, Line 23.

Historic Building Rehabilitation Credit 819

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Hoosier Business Investment Credit 820

This credit is for qualified investments, including costs associated with the following:

- Constructing special-purpose buildings and foundations;
- Making onsite infrastructure improvements;
- Modernizing existing equipment;
- Purchasing equipment used to make motion pictures or audio production;
- Purchasing or constructing new equipment directly related to expanding the workforce in Indiana;
- Retooling existing machinery and equipment;
- Constructing or modernizing transportation or logistical distribution facilities;
- Improving the transportation of goods via highway, rail, air, or water; and
- Improving warehousing and logistical capabilities.
- Purchasing new pollution control, energy conservation, or renewable energy generation equipment; and
- Purchasing new onsite digital manufacturing equipment.

This credit is administered by the IEDC. Contact them at One North Capitol, Suite 700, Indianapolis, IN 46204. Visit the IEDC's website at www.iedc.in.gov or call 317-232-8800. See Income Tax Information Bulletin #95 at www.in.gov/dor/files/reference/ib95.pdf for additional information. Submit a certificate from the IEDC verifying the amount of the tax credit for the taxable year to the Department of Revenue.

Note. See the section "Restriction for Certain Tax Credits - Limited to One per Project" beginning on page 15.

Enclose certification from the IEDC with the return, otherwise the credit will be denied.

Indiana Comprehensive Health Insurance Association (ICHIA) 821

IC 27-8-10-2.4 provides that for each tax year beginning after Dec. 31, 2006, an insurance company can annually claim a credit against AGI tax and premiums tax. This credit is equal to 10% of the amount of the assessments paid before Jan. 1, 2005, against which a tax credit has not been taken before Jan. 1, 2005.

To claim this credit, provide a signed copy of the completed State of Indiana Assessment Tax Credit Form to show the amount of

paid assessments against which a tax credit has not been taken as of Dec. 31, 2004, which was filed with the ICHIA. If the maximum amount of credit exceeds the tax liability for the year, the unused portion of the credit year can be carried forward.

Indiana Insurance Guaranty Association Credit 817

An insurance company might be eligible to claim a tax credit of up to 20% of an assessment paid to either the Indiana Insurance Guaranty Association or the Indiana Life and Health Insurance Guaranty Association (see IC 27-6-8-15 and IC 27-8-8-16).

Enclose a supporting assessment and credit documentation with the return, otherwise the credit will be denied.

Indiana Research Expense Credit 822

Indiana has a research expense credit similar to the federal credit (Form 6765) for increasing research activities based upon qualifying expenses paid in carrying on a trade or business in Indiana. Compute the credit using Schedule IT-20REC, which is available online at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Enclose Schedule IT-20REC with the return, otherwise the credit will be denied. Filers claiming the research expense credit should keep documentation supporting the credit in a usable form.

Individual Development Account Credit 823

A credit is available for qualified contributions made to a community development corporation participating in an Individual Development Account (IDA) program. The IDA program is designed to assist qualifying low-income residents in accumulating savings and building personal finance skills. The organization must have an approved program number from the Indiana Housing and Community Development Authority (IHCDA) before a contribution qualifies for preapproval. The credit is equal to 50% of the qualified contribution, which must not be less than \$100 and not more than \$50,000.

Applications for the credit are filed through the IHCDA. To request additional information about the definitions, procedures, and qualifications for obtaining this credit, contact the Indiana Housing and Community Development Authority, 30 S. Meridian Street, Suite 1000, Indianapolis, IN 46204, 317-232-7777.

Industrial Recovery Credit 824

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the Indiana Economic Development Corporation approves the application and the plan for rehabilitation, you are entitled to a credit based on the "qualified investment." The minimum age for a facility to be eligible for this credit has been reduced from 20 years to 15 years. This credit is available to pass-through entities such as S corporations, partnerships, limited liability companies, etc.

Note. Except for in situations described in the next sentence, a taxpayer is entitled to receive this credit only for a qualified investment made before January 1, 2020. A taxpayer is entitled to receive a credit for a qualified investment made after December 31, 2019, and before January 1, 2030, if the taxpayer is awarded a credit under:

- an application approved by the Indiana Economic Development Corporation (IEDC) before January 1, 2020; or
- an agreement entered into by the taxpayer and IEDC before January 1, 2021.

Important. Any unused credit existing before Jan. 1, 2020, is still eligible for carryforward for an unlimited number of years.

For additional information regarding procedures for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call 317-232-8800, or visit their website at www.iedc.in.gov.

Note. See the section “Restriction for Certain Tax Credits - Limited to One per Project” beginning on page 15.

Enclose an approval certification from the IEDC or a letter of assignment with the return, otherwise the credit will be denied.

Military Base Investment Cost Credit 826

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Military Base Recovery Credit 827

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Mine Reclamation Credit 874

A credit is available for a qualified investment at a mine reclamation site.

To be eligible for the credit, the credit must be approved by the IEDC. The credit for a taxable year cannot exceed 30% of the IEDC approved qualified investment for the taxable year or \$5,000,000, whichever is less.

The taxpayer claiming this credit must provide a copy of the IEDC certification of the credit. However, if a taxpayer is claiming the credit as an owner of a pass through entity, the taxpayer must have a Schedule IN K-1 reporting the claimed credit. The pass through entity must provide and retain the certification by IEDC.

The taxpayer can assign the credit to a lessee who remains subject to the same requirements. The assignment must be in writing. Also, any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on the state tax returns for the year of assignment.

Natural Gas Commercial Vehicle Credit 858

This credit has sunset. However, any previously approved yet unused credit is available to be claimed.

This carryforward credit is available to pass-through entities, such as members of partnerships and S corporations.

The carryforward portion of the previously approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing. For more information about this credit, see Income Tax Information Bulletin #109 available online at www.in.gov/dor/files/reference/ib109.pdf.

Neighborhood Assistance Credit 828

If the taxpayer made a contribution or engaged in activities to upgrade areas in Indiana, a credit can be claimed for this assistance. Effective July 1, 2014, contributions to organizations that provide services to individuals who are ex-offenders are also eligible for this credit. For more information, contact the Indiana Housing and Community Development Authority, Neighborhood Assistance Program, 30 S. Meridian Street, Suite 1000, or call 317-232-7777 within Indianapolis or 800- 872-0371 outside of Indianapolis.

Enclose an approved Form NC-20, otherwise the credit will be denied.

New Employer Credit 850

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

Redevelopment Tax Credit 863

You may be eligible for a credit if you make a qualified investment for the redevelopment or rehabilitation of real property located within a qualified redevelopment site.

This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at www.iedc.in.gov or call 317-232- 8800 for additional information.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing.

School Scholarship Credit 849

A credit is available for contributions to school scholarship programs. A taxpayer that makes a qualifying contribution to a scholarship granting organization (SGO) is entitled to a credit against the taxpayer’s state tax liability in the taxable year in which the contribution is made. The amount of a taxpayer’s credit is equal to 50% of the amount of the contribution made to the SGO for a school scholarship program. In some cases, the department may round the credit down to the nearest dollar if the department receives information that the credit should be the amount as rounded down. In some cases, the department may round the credit down to the nearest dollar if the department receives information that the credit should be the amount as rounded down. Effective Jan. 1, 2013, this credit can now be carried forward for nine years after the unused credit year.

Note. Credits that apply to taxable years beginning before Jan. 1, 2013, may not be carried forward.

To qualify for the credit, the taxpayer must:

- Make a contribution to a scholarship granting organization that is certified by the Department of Education under IC 20-51;
- Make the contribution directly to the SGO;
- Designate in writing to the SGO that the contribution is to be used solely for a school scholarship program or have written confirmation from the SGO that the contribution will be used solely for a school scholarship program.

Although there are no limits on the size of a qualifying contribution to an SGO, the entire tax credit program has a limit of \$18.5 million in credits per state fiscal year.

Venture Capital Investment Credit 835

A taxpayer who provides qualified investment capital to a qualified Indiana business may be eligible for this credit. Per IC 6-3.1-24-8, for calendar years beginning after Dec. 31, 2010, the maximum credit available to a qualified business is \$1 million. The carryforward provision is limited to five years.

Note. Certification for this credit must be obtained from the Indiana Economic Development Corporation, Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204. Apply online through the IEDC's website at www.iedc.in.gov, or call 317-232-8800 for more information.

This credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of pass-through entity such as S corporation, partnership, limited liability company, etc., make sure to keep Schedule IN K-1 with your records as DOR can require you to provide this information.

Venture Capital Investment Credit – Qualified Indiana Investment Fund 868

A taxpayer who provides qualified investment capital (either debt or equity capital) to a qualified Indiana investment fund may be eligible for this credit.

Note. Certification for this credit must be obtained from the Indiana Economic Development Corporation, Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204.

This credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms. Make sure to enclose this schedule with your tax filing.

Apply online through the IEDC's website at www.iedc.in.gov or call 317-232-8800 for more information.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied. This credit may not be claimed before July 1, 2023.

Other Related Income Tax Filing Requirements of a Nonprofit Organization

Voluntary Disclosure Program

A taxpayer may have an unmet filing requirement with Indiana. To learn more about DOR's Voluntary Disclosure Program, visit DOR's web site: www.in.gov/dor/legal-resources/voluntary-disclosure-program.

Application for Nonprofit Status and Registration

Contact the Internal Revenue Service for federal requirements to obtain nonprofit status. The IRS publishes an information booklet titled "Tax Exempt Status for Your Organization," Publication 557.

Contact:

Internal Revenue Service: 877- 829-5500

Publications: apps.irs.gov/app/picklist/list/formsPublications.html
www.irs.gov

To register for nonprofit status with the state, submit a Nonprofit Organization Application for Sales Tax Exemption (NP-20A).

Contact:

Indiana Department of Revenue
P.O. Box 1261
Indianapolis, IN 46207-1261
317-232-2240

After nonprofit status is granted, file the **Indiana Nonprofit Organization's Annual Report** NP-20R every five years to maintain state recognition of the sales tax exemption. If the organization has unrelated business income over \$1,000 during the tax year, it must also file Form IT-20NP with DOR. For more about nonprofit filing requirements, refer to Income Tax Information Bulletin #17 at www.in.gov/dor/files/reference/ib17.pdf.

The Indiana Nonprofit Organization's Report is due May 15 of the fifth year after formation and every fifth year thereafter (see IC 6-2.5-5-25(d) for special rules regarding organizations formed before 2022). The income tax return is due on the 15th day of the fifth month following the close of the organization's tax year unless another date is specifically provided in this booklet.

Charity Gaming Activities

For information about charity gaming activities, please contact:

Indiana Gaming Commission
101 W. Washington Street East Tower, Suite 1600
Indianapolis, IN 46204
317-23-BINGO (317-232-4646)
Web address: www.in.gov/igc



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