



## 2023 Corporate/Partnership/Fiduciary Administrative Highlights

### Add-Backs and Modifications

- **Tax Add-Back**

The portion of wagering taxes required to be added back as a tax based on or measured by income is being phased out. The percentage of taxes required to be added back for 2023 is 37.5%.

- **Net Operating Loss Reporting**

- Add-back code 151 has been added for certain modifications required to be applied against a net operating loss arising from a federal excess business loss.
- Add-back code 152 has been added for certain modifications required to be applied against a nonprofit's net operating loss when the nonprofit is required to report losses separately for each trade or business.
- Add-back code 153 has been added for certain modifications required to be applied against a net operating loss when the taxpayer also has excess inclusion income.
- IT-20NOL has been revised to align with the net operating loss reporting changes.

- **Specified Research or Experimental Expenditures Add-Back (3-digit code 154)**

- A new add-back is available for specified research and experimental expenses required to be amortized for federal income tax purposes.

### Credits

- **Mine Reclamation Tax Credit (3-digit code 874)**

- A new nonrefundable credit is available for qualified investments at a mine reclamation site.
- Credit must be approved by 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.

### Deductions

- **Broadband Expansion Grants Deduction (3-digit code 640)**

- New deduction available to exempt certain amounts for providing or expanding access to broadband service in Indiana.
- Must be claimed on IT-20.

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

A new deduction 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.

- **Specified Research or Experimental Expenditures Deduction (3-digit code 641)**

A new deduction to permit a current-year deduction for specified research and experimental expenses otherwise required to be amortized for federal tax purposes.

## **Miscellaneous**

- **Pass Through Entity Tax (PTET) for Tax Year 2023 and forward**
  - In 2023, P.L. 1-2023 was enacted to create a new Pass Through Entity Tax (PTET) for partnerships and S corporations. The tax is imposed at the election of the partnership or S corporation.
  - A new Schedule PTET has been added to report PTET and amounts of PTET passed through to partners and shareholders.
  - Reporting PTET has been added to IT-20S, IT-65, Schedule Composite, Schedule Composite-COR, IT-41 Schedule 1, IT-20S/IT-65 Schedule IN K-1 and IT-41 Schedule IN K-1.
  
- **Penalty for Failure to Include Nonresident Partners on Schedule Composite/Composite-COR**
  - The line to report the \$500 penalty for failure to report all nonresident partners and shareholders on composite schedules has been removed from IT-20S and IT-65.
  - However, DOR will continue to assess the penalty if an S Corporation or partnership does not include all nonresident shareholders or partners as otherwise required.
  
- **Nonprofit Agricultural Organization Health Coverage Tax**
  - An organization offering nonprofit agricultural organization insurance coverage may elect to be subject to the adjusted gross income tax instead of the insurance premiums tax.
  - Notice of election must be filed with the Indiana Department of Insurance and the Indiana Department of Revenue on or before November 30 of a taxable year.
  
- **Repeal of Election to Be Taxed at the Partnership Level on Audit Adjustments**
  - The election for a partnership to be taxed at the partnership level on audit adjustments or amended returns was repealed effective April 30, 2023.
  - Schedule IN-EL has been removed.
  
- **Nonprofit Organization's Report**

NP-20R replaces NP-20 and must be filed every five (5) years.