



2023 Individual Income Tax Administrative Highlights

Add-Backs

- **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 resulting from an excess business loss.
- Add-back code 153 has been added for certain modifications required to be applied toward a net operating loss permitted after excess inclusion income.
- IT-40NOL 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 addback is available for specified research and experimental expenses required to be amortized for federal income tax purposes.

Credits

- **Earned Income Credit Change**

- Recoupled the Indiana Earned Income Tax Credit (EITC) with the federal EITC as in effect on January 1, 2023.
- Indiana EITC is 10% of federal EITC.
- May now claim up to three qualified children on Schedule IN-EIC.

- **Indiana's CollegeChoice 529 Education Savings Plan Credit Changes**

- Maximum amount of credit is increased to \$1,500 for single filers and married filing jointly.
- Maximum amount of credit is increased to \$750 for married filing separately.
- Contributions made after December 31 but before tax filing deadline, may claim a credit for either the current tax year or previous tax year returns.

- **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 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.

- **Credit for Indiana Pass Through Entity Tax (PTET) Paid**

- An entity owner is entitled to a refundable credit for PTET, for a taxpayer who is a partner in a partnership or a shareholder of an S corporation that has elected to pay PTET.

- The amount of credit is equal to the portion of the tax paid by the entity that is attributable to the partner or shareholder's share of income taxable in Indiana.
- Eligible individuals may claim the credit by including Schedule IN K-1 or IT-41 Schedule K-1, reflecting the credit and listing the credit on IT-40 Schedule 5 or IT-40PNR Schedule F.

Deductions

- **Career Scholarship Account Deduction (3-digit code 642)**

Provides an income tax deduction for Career Scholarship Account (CSA) program grants received and used towards qualified expenses.

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

Exemptions

- **Additional Dependent Child Exemption Change**

- If a taxpayer is claiming a child as a dependent for the first taxable year in which the exemption is allowed, the taxpayer is permitted to claim an amount of \$3,000, instead of \$1,500 for one tax year.
- Must indicate the child is being claimed as a dependent for the first time on Schedule IN-DEP.

Miscellaneous

- **IRC Update**

Line 1 of Form IT-40 assumes conformity with the Internal Revenue Code of 1986, as amended and in effect on January 1, 2023. If the 2023 Indiana General Assembly does not conform to the most current changes to the Internal Revenue Code, you may have to amend your 2023 tax return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the department's homepage at www.in.gov/dor/ for updates.

- **Individual Income Tax Rate Change**

Individual income tax rate is lowered to 3.15% for tax year 2023.

- **Income Tax Exemption for Military Pay Change (3-digit code 621)**

Exempts all military pay for members of a reserve component of the armed forces of the United States or the National Guard from the income tax for taxable years beginning in 2023 and thereafter.

- **Direct Debit of Estimated Payments**

- DOR will begin accepting direct debit of estimated payments, with submission of a current year tax return.

- Limited to four (4) estimated payments.
- **Underpayment of Estimated Tax Penalty Change**
New line added to Form IT-40 and Form IT-40PNR for taxpayer to indicate if penalty calculation is from Schedule IT-2210 or Schedule IT-2210A.
- **2022 Additional Automatic Taxpayer Refund Change**
 - Can no longer be claimed beginning 2023 tax year.
 - Modified line to “Reserved for future use” on IT-40 and IT-40NPR.
 - Deleted line from SC-40.

Various IND Due Dates

2023 IND Tax Returns; 2023 IND Extension of Time to File; 2024 Estimated Tax Installment Payments; Safe Harbors

Date	Form Type/Payment/Filing Activity
1/16/24	Farmer/fisherman (² / ₃ rd rule): only one estimated payment due; IT-40ES/ES-40 2023 4 th estimated installment payment due
01/31/24	File 2023 IND return, pay all tax due, no 4 th installment payment due
03/01/24	Farmer/fisherman (² / ₃ rd rule): file 2023 IND return/pay by March 1, 2024, no est. tax due
04/15/24	Filing due date for: 2023 IT-40, IT-40PNR, IT-40RNR, SC-40, IT-9 (extension of time to file) IT-40ES/ ES-40 2024 1 st estimated tax installment payment due
06/17/24	IT-40ES/ ES-40 2024 2 nd estimated tax installment payment due
09/16/24	IT-40ES/ ES-40 2024 3 rd estimated tax installment payment due
11/15/24	IND return filing due date if filing under extension (federal Form 4868; state Form IT-9; online)
01/15/25	IT-40ES/ES-40 2024 4 th estimated tax installment payment due