

HOUSE BILL No. 1017

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.

Synopsis: 529 college savings distributions. Provides a one time exclusion from Indiana adjusted gross income of an amount that was withdrawn by a taxpayer from an account owned by the taxpayer under an Indiana education savings program and that was never expended for purposes of an Indiana education savings program. Provides that the withdrawal is not subject to certain repayment or penalty provisions.

Effective: July 1, 2020.

Prescott

January 6, 2020, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 121st General Assembly (2020)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2019 Regular Session of the General Assembly.

HOUSE BILL No. 1017

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY THE TECHNICAL
2 CORRECTIONS BILL OF THE 2020 GENERAL ASSEMBLY, IS
3 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]:
4 Sec. 3.5. When used in this article, the term "adjusted gross income"
5 shall mean the following:
6 (a) In the case of all individuals, "adjusted gross income" (as
7 defined in Section 62 of the Internal Revenue Code), modified as
8 follows:
9 (1) Subtract income that is exempt from taxation under this article
10 by the Constitution and statutes of the United States.
11 (2) Except as provided in subsection (c), add an amount equal to
12 any deduction or deductions allowed or allowable pursuant to
13 Section 62 of the Internal Revenue Code for taxes based on or
14 measured by income and levied at the state level by any state of
15 the United States.
16 (3) Subtract one thousand dollars (\$1,000), or in the case of a
17 joint return filed by a husband and wife, subtract for each spouse



- 1 one thousand dollars (\$1,000).
 2 (4) Subtract one thousand dollars (\$1,000) for:
 3 (A) each of the exemptions provided by Section 151(c) of the
 4 Internal Revenue Code (as effective January 1, 2017);
 5 (B) each additional amount allowable under Section 63(f) of
 6 the Internal Revenue Code; and
 7 (C) the spouse of the taxpayer if a separate return is made by
 8 the taxpayer and if the spouse, for the calendar year in which
 9 the taxable year of the taxpayer begins, has no gross income
 10 and is not the dependent of another taxpayer.
 11 (5) Subtract:
 12 (A) one thousand five hundred dollars (\$1,500) for each of the
 13 exemptions allowed under Section 151(c)(1)(B) of the Internal
 14 Revenue Code (as effective January 1, 2004);
 15 (B) one thousand five hundred dollars (\$1,500) for each
 16 exemption allowed under Section 151(c) of the Internal
 17 Revenue Code (as effective January 1, 2017) for an individual:
 18 (i) who is less than nineteen (19) years of age or is a
 19 full-time student who is less than twenty-four (24) years of
 20 age;
 21 (ii) for whom the taxpayer is the legal guardian; and
 22 (iii) for whom the taxpayer does not claim an exemption
 23 under clause (A); and
 24 (C) five hundred dollars (\$500) for each additional amount
 25 allowable under Section 63(f)(1) of the Internal Revenue Code
 26 if the adjusted gross income of the taxpayer, or the taxpayer
 27 and the taxpayer's spouse in the case of a joint return, is less
 28 than forty thousand dollars (\$40,000).
 29 This amount is in addition to the amount subtracted under
 30 subdivision (4).
 31 (6) Subtract any amounts included in federal adjusted gross
 32 income under Section 111 of the Internal Revenue Code as a
 33 recovery of items previously deducted as an itemized deduction
 34 from adjusted gross income.
 35 (7) Subtract any amounts included in federal adjusted gross
 36 income under the Internal Revenue Code which amounts were
 37 received by the individual as supplemental railroad retirement
 38 annuities under 45 U.S.C. 231 and which are not deductible under
 39 subdivision (1).
 40 (8) Subtract an amount equal to the amount of federal Social
 41 Security and Railroad Retirement benefits included in a taxpayer's
 42 federal gross income by Section 86 of the Internal Revenue Code.



- 1 (9) In the case of a nonresident taxpayer or a resident taxpayer
2 residing in Indiana for a period of less than the taxpayer's entire
3 taxable year, the total amount of the deductions allowed pursuant
4 to subdivisions (3), (4), and (5) shall be reduced to an amount
5 which bears the same ratio to the total as the taxpayer's income
6 taxable in Indiana bears to the taxpayer's total income.
- 7 (10) In the case of an individual who is a recipient of assistance
8 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
9 subtract an amount equal to that portion of the individual's
10 adjusted gross income with respect to which the individual is not
11 allowed under federal law to retain an amount to pay state and
12 local income taxes.
- 13 (11) In the case of an eligible individual, subtract the amount of
14 a Holocaust victim's settlement payment included in the
15 individual's federal adjusted gross income.
- 16 (12) Subtract an amount equal to the portion of any premiums
17 paid during the taxable year by the taxpayer for a qualified long
18 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
19 or the taxpayer's spouse, or both.
- 20 (13) Subtract an amount equal to the lesser of:
21 (A) two thousand five hundred dollars (\$2,500); or
22 (B) the amount of property taxes that are paid during the
23 taxable year in Indiana by the individual on the individual's
24 principal place of residence.
- 25 (14) Subtract an amount equal to the amount of a September 11
26 terrorist attack settlement payment included in the individual's
27 federal adjusted gross income.
- 28 (15) Add or subtract the amount necessary to make the adjusted
29 gross income of any taxpayer that owns property for which bonus
30 depreciation was allowed in the current taxable year or in an
31 earlier taxable year equal to the amount of adjusted gross income
32 that would have been computed had an election not been made
33 under Section 168(k) of the Internal Revenue Code to apply bonus
34 depreciation to the property in the year that it was placed in
35 service.
- 36 (16) Add an amount equal to any deduction allowed under
37 Section 172 of the Internal Revenue Code (concerning net
38 operating losses).
- 39 (17) Add or subtract the amount necessary to make the adjusted
40 gross income of any taxpayer that placed Section 179 property (as
41 defined in Section 179 of the Internal Revenue Code) in service
42 in the current taxable year or in an earlier taxable year equal to



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

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

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

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

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

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

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

25 (18) Subtract an amount equal to the amount of the taxpayer's
 26 qualified military income that was not excluded from the
 27 taxpayer's gross income for federal income tax purposes under
 28 Section 112 of the Internal Revenue Code.

29 (19) Subtract income that is:

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

32 (B) included in the individual's federal adjusted gross income
 33 under the Internal Revenue Code.

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



- 1 from business indebtedness discharged in connection with the
 2 reacquisition after December 31, 2008, and before January 1,
 3 2011, of an applicable debt instrument, as provided in Section
 4 108(i) of the Internal Revenue Code.
- 5 (21) Add the amount excluded from federal gross income under
 6 Section 103 of the Internal Revenue Code for interest received on
 7 an obligation of a state other than Indiana, or a political
 8 subdivision of such a state, that is acquired by the taxpayer after
 9 December 31, 2011.
- 10 (22) Subtract an amount as described in Section 1341(a)(2) of the
 11 Internal Revenue Code to the extent, if any, that the amount was
 12 previously included in the taxpayer's adjusted gross income for a
 13 prior taxable year.
- 14 (23) For taxable years beginning after December 25, 2016, add an
 15 amount equal to the deduction for deferred foreign income that
 16 was claimed by the taxpayer for the taxable year under Section
 17 965(c) of the Internal Revenue Code.
- 18 (24) Subtract any interest expense paid or accrued in the current
 19 taxable year but not deducted as a result of the limitation imposed
 20 under Section 163(j)(1) of the Internal Revenue Code. Add any
 21 interest expense paid or accrued in a previous taxable year but
 22 allowed as a deduction under Section 163 of the Internal Revenue
 23 Code in the current taxable year. For purposes of this subdivision,
 24 an interest expense is considered paid or accrued only in the first
 25 taxable year the deduction would have been allowable under
 26 Section 163 of the Internal Revenue Code if the limitation under
 27 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 28 (25) Subtract the amount that would have been excluded from
 29 gross income but for the enactment of Section 118(b)(2) of the
 30 Internal Revenue Code for taxable years ending after December
 31 22, 2017.
- 32 **(26) Subtract the part of any amount that was withdrawn by**
 33 **the taxpayer from an account owned by the taxpayer under**
 34 **the Indiana education savings program established under**
 35 **IC 21-9 and that was includible in federal adjusted gross**
 36 **income if:**
- 37 **(A) the amount was never expended for purposes of an**
 38 **Indiana education savings program established under**
 39 **IC 21-9;**
- 40 **(B) the account was established at least ten (10) years**
 41 **before the withdrawal;**
- 42 **(C) the beneficiary of the account owned by the taxpayer**



1 **under the Indiana education savings program established**
 2 **under IC 21-9 was at least twenty-five (25) years of age at**
 3 **the time of the withdrawal; and**

4 **(D) the amount was transferred to a qualified retirement**
 5 **account.**

6 **Under this subdivision, the taxpayer is limited to one (1)**
 7 **withdrawal per account under the Indiana education savings**
 8 **program. The one (1) time withdrawal described in this**
 9 **subdivision is not subject to the repayment provision**
 10 **described in IC 6-3-3-12(q), the penalties described in**
 11 **IC 21-9-7-1(2), or the penalty described in IC 21-9-7-9.**

12 ~~(26)~~ (27) Subtract any other amounts the taxpayer is entitled to
 13 deduct under IC 6-3-2.

14 (b) In the case of corporations, the same as "taxable income" (as
 15 defined in Section 63 of the Internal Revenue Code) adjusted as
 16 follows:

17 (1) Subtract income that is exempt from taxation under this article
 18 by the Constitution and statutes of the United States.

19 (2) Add an amount equal to any deduction or deductions allowed
 20 or allowable pursuant to Section 170 of the Internal Revenue
 21 Code (concerning charitable contributions).

22 (3) Except as provided in subsection (c), add an amount equal to
 23 any deduction or deductions allowed or allowable pursuant to
 24 Section 63 of the Internal Revenue Code for taxes based on or
 25 measured by income and levied at the state level by any state of
 26 the United States.

27 (4) Subtract an amount equal to the amount included in the
 28 corporation's taxable income under Section 78 of the Internal
 29 Revenue Code (concerning foreign tax credits).

30 (5) Add or subtract the amount necessary to make the adjusted
 31 gross income of any taxpayer that owns property for which bonus
 32 depreciation was allowed in the current taxable year or in an
 33 earlier taxable year equal to the amount of adjusted gross income
 34 that would have been computed had an election not been made
 35 under Section 168(k) of the Internal Revenue Code to apply bonus
 36 depreciation to the property in the year that it was placed in
 37 service.

38 (6) Add an amount equal to any deduction allowed under Section
 39 172 of the Internal Revenue Code (concerning net operating
 40 losses).

41 (7) Add or subtract the amount necessary to make the adjusted
 42 gross income of any taxpayer that placed Section 179 property (as



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

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

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

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

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

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

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

27 (8) Add to the extent required by IC 6-3-2-20:

28 (A) the amount of intangible expenses (as defined in
 29 IC 6-3-2-20) for the taxable year that reduced the corporation's
 30 taxable income (as defined in Section 63 of the Internal
 31 Revenue Code) for federal income tax purposes; and

32 (B) any directly related interest expenses (as defined in
 33 IC 6-3-2-20) that reduced the corporation's adjusted gross
 34 income (determined without regard to this subdivision).

35 For purposes of this ~~subdivision~~, **clause**, any directly related
 36 interest expense that constitutes business interest within the
 37 meaning of Section 163(j) of the Internal Revenue Code shall
 38 be considered to have reduced the taxpayer's federal taxable
 39 income only in the first taxable year in which the deduction
 40 otherwise would have been allowable under Section 163 of the
 41 Internal Revenue Code if the limitation under Section
 42 163(j)(1) of the Internal Revenue Code did not exist.



- 1 (9) Add an amount equal to any deduction for dividends paid (as
2 defined in Section 561 of the Internal Revenue Code) to
3 shareholders of a captive real estate investment trust (as defined
4 in section 34.5 of this chapter).
- 5 (10) Subtract income that is:
- 6 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
7 derived from patents); and
- 8 (B) included in the corporation's taxable income under the
9 Internal Revenue Code.
- 10 (11) Add an amount equal to any income not included in gross
11 income as a result of the deferral of income arising from business
12 indebtedness discharged in connection with the reacquisition after
13 December 31, 2008, and before January 1, 2011, of an applicable
14 debt instrument, as provided in Section 108(i) of the Internal
15 Revenue Code. Subtract from the adjusted gross income of any
16 taxpayer that added an amount to adjusted gross income in a
17 previous year the amount necessary to offset the amount included
18 in federal gross income as a result of the deferral of income
19 arising from business indebtedness discharged in connection with
20 the reacquisition after December 31, 2008, and before January 1,
21 2011, of an applicable debt instrument, as provided in Section
22 108(i) of the Internal Revenue Code.
- 23 (12) Add the amount excluded from federal gross income under
24 Section 103 of the Internal Revenue Code for interest received on
25 an obligation of a state other than Indiana, or a political
26 subdivision of such a state, that is acquired by the taxpayer after
27 December 31, 2011.
- 28 (13) For taxable years beginning after December 25, 2016:
- 29 (A) for a corporation other than a real estate investment trust,
30 add:
- 31 (i) an amount equal to the amount reported by the taxpayer
32 on IRC 965 Transition Tax Statement, line 1; or
- 33 (ii) if the taxpayer deducted an amount under Section 965(c)
34 of the Internal Revenue Code in determining the taxpayer's
35 taxable income for purposes of the federal income tax, the
36 amount deducted under Section 965(c) of the Internal
37 Revenue Code; and
- 38 (B) for a real estate investment trust, add an amount equal to
39 the deduction for deferred foreign income that was claimed by
40 the taxpayer for the taxable year under Section 965(c) of the
41 Internal Revenue Code, but only to the extent that the taxpayer
42 included income pursuant to Section 965 of the Internal



- 1 Revenue Code in its taxable income for federal income tax
 2 purposes or is required to add back dividends paid under
 3 subdivision (9).
- 4 (14) Add an amount equal to the deduction that was claimed by
 5 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 6 Internal Revenue Code (attributable to global intangible
 7 low-taxed income). The taxpayer shall separately specify the
 8 amount of the reduction under Section 250(a)(1)(B)(i) of the
 9 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 10 Internal Revenue Code.
- 11 (15) Subtract any interest expense paid or accrued in the current
 12 taxable year but not deducted as a result of the limitation imposed
 13 under Section 163(j)(1) of the Internal Revenue Code. Add any
 14 interest expense paid or accrued in a previous taxable year but
 15 allowed as a deduction under Section 163 of the Internal Revenue
 16 Code in the current taxable year. For purposes of this subdivision,
 17 an interest expense is considered paid or accrued only in the first
 18 taxable year the deduction would have been allowable under
 19 Section 163 of the Internal Revenue Code if the limitation under
 20 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 21 (16) Subtract the amount that would have been excluded from
 22 gross income but for the enactment of Section 118(b)(2) of the
 23 Internal Revenue Code for taxable years ending after December
 24 22, 2017.
- 25 (17) Add or subtract any other amounts the taxpayer is:
 26 (A) required to add or subtract; or
 27 (B) entitled to deduct;
 28 under IC 6-3-2.
- 29 (c) The following apply to taxable years beginning after December
 30 31, 2018, for purposes of the add back of any deduction allowed on the
 31 taxpayer's federal income tax return for wagering taxes, as provided in
 32 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
 33 the taxpayer is a corporation:
- 34 (1) For taxable years beginning after December 31, 2018, and
 35 before January 1, 2020, a taxpayer is required to add back under
 36 this section eighty-seven and five-tenths percent (87.5%) of any
 37 deduction allowed on the taxpayer's federal income tax return for
 38 wagering taxes.
- 39 (2) For taxable years beginning after December 31, 2019, and
 40 before January 1, 2021, a taxpayer is required to add back under
 41 this section seventy-five percent (75%) of any deduction allowed
 42 on the taxpayer's federal income tax return for wagering taxes.



- 1 (3) For taxable years beginning after December 31, 2020, and
 2 before January 1, 2022, a taxpayer is required to add back under
 3 this section sixty-two and five-tenths percent (62.5%) of any
 4 deduction allowed on the taxpayer's federal income tax return for
 5 wagering taxes.
- 6 (4) For taxable years beginning after December 31, 2021, and
 7 before January 1, 2023, a taxpayer is required to add back under
 8 this section fifty percent (50%) of any deduction allowed on the
 9 taxpayer's federal income tax return for wagering taxes.
- 10 (5) For taxable years beginning after December 31, 2022, and
 11 before January 1, 2024, a taxpayer is required to add back under
 12 this section thirty-seven and five-tenths percent (37.5%) of any
 13 deduction allowed on the taxpayer's federal income tax return for
 14 wagering taxes.
- 15 (6) For taxable years beginning after December 31, 2023, and
 16 before January 1, 2025, a taxpayer is required to add back under
 17 this section twenty-five percent (25%) of any deduction allowed
 18 on the taxpayer's federal income tax return for wagering taxes.
- 19 (7) For taxable years beginning after December 31, 2024, and
 20 before January 1, 2026, a taxpayer is required to add back under
 21 this section twelve and five-tenths percent (12.5%) of any
 22 deduction allowed on the taxpayer's federal income tax return for
 23 wagering taxes.
- 24 (8) For taxable years beginning after December 31, 2025, a
 25 taxpayer is not required to add back under this section any amount
 26 of a deduction allowed on the taxpayer's federal income tax return
 27 for wagering taxes.
- 28 (d) In the case of life insurance companies (as defined in Section
 29 816(a) of the Internal Revenue Code) that are organized under Indiana
 30 law, the same as "life insurance company taxable income" (as defined
 31 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 32 (1) Subtract income that is exempt from taxation under this article
 33 by the Constitution and statutes of the United States.
- 34 (2) Add an amount equal to any deduction allowed or allowable
 35 under Section 170 of the Internal Revenue Code (concerning
 36 charitable contributions).
- 37 (3) Add an amount equal to a deduction allowed or allowable
 38 under Section 805 or Section 832(c) of the Internal Revenue Code
 39 for taxes based on or measured by income and levied at the state
 40 level by any state.
- 41 (4) Subtract an amount equal to the amount included in the
 42 company's taxable income under Section 78 of the Internal



- 1 Revenue Code (concerning foreign tax credits).
- 2 (5) Add or subtract the amount necessary to make the adjusted
- 3 gross income of any taxpayer that owns property for which bonus
- 4 depreciation was allowed in the current taxable year or in an
- 5 earlier taxable year equal to the amount of adjusted gross income
- 6 that would have been computed had an election not been made
- 7 under Section 168(k) of the Internal Revenue Code to apply bonus
- 8 depreciation to the property in the year that it was placed in
- 9 service.
- 10 (6) Add an amount equal to any deduction allowed under Section
- 11 172 of the Internal Revenue Code (concerning net operating
- 12 losses).
- 13 (7) Add or subtract the amount necessary to make the adjusted
- 14 gross income of any taxpayer that placed Section 179 property (as
- 15 defined in Section 179 of the Internal Revenue Code) in service
- 16 in the current taxable year or in an earlier taxable year equal to
- 17 the amount of adjusted gross income that would have been
- 18 computed had an election for federal income tax purposes not
- 19 been made for the year in which the property was placed in
- 20 service to take deductions under Section 179 of the Internal
- 21 Revenue Code in a total amount exceeding the sum of:
- 22 (A) twenty-five thousand dollars (\$25,000) to the extent
- 23 deductions under Section 179 of the Internal Revenue Code
- 24 were not elected as provided in clause (B); and
- 25 (B) for taxable years beginning after December 31, 2017, the
- 26 deductions elected under Section 179 of the Internal Revenue
- 27 Code on property acquired in an exchange if:
- 28 (i) the exchange would have been eligible for
- 29 nonrecognition of gain or loss under Section 1031 of the
- 30 Internal Revenue Code in effect on January 1, 2017;
- 31 (ii) the exchange is not eligible for nonrecognition of gain or
- 32 loss under Section 1031 of the Internal Revenue Code; and
- 33 (iii) the taxpayer made an election to take deductions under
- 34 Section 179 of the Internal Revenue Code with regard to the
- 35 acquired property in the year that the property was placed
- 36 into service.
- 37 The amount of deductions allowable for an item of property
- 38 under this clause may not exceed the amount of adjusted gross
- 39 income realized on the property that would have been deferred
- 40 under the Internal Revenue Code in effect on January 1, 2017.
- 41 (8) Subtract income that is:
- 42 (A) exempt from taxation under IC 6-3-2-21.7 (certain income



- 1 derived from patents); and
 2 (B) included in the insurance company's taxable income under
 3 the Internal Revenue Code.
- 4 (9) Add an amount equal to any income not included in gross
 5 income as a result of the deferral of income arising from business
 6 indebtedness discharged in connection with the reacquisition after
 7 December 31, 2008, and before January 1, 2011, of an applicable
 8 debt instrument, as provided in Section 108(i) of the Internal
 9 Revenue Code. Subtract from the adjusted gross income of any
 10 taxpayer that added an amount to adjusted gross income in a
 11 previous year the amount necessary to offset the amount included
 12 in federal gross income as a result of the deferral of income
 13 arising from business indebtedness discharged in connection with
 14 the reacquisition after December 31, 2008, and before January 1,
 15 2011, of an applicable debt instrument, as provided in Section
 16 108(i) of the Internal Revenue Code.
- 17 (10) Add an amount equal to any exempt insurance income under
 18 Section 953(e) of the Internal Revenue Code that is active
 19 financing income under Subpart F of Subtitle A, Chapter 1,
 20 Subchapter N of the Internal Revenue Code.
- 21 (11) Add the amount excluded from federal gross income under
 22 Section 103 of the Internal Revenue Code for interest received on
 23 an obligation of a state other than Indiana, or a political
 24 subdivision of such a state, that is acquired by the taxpayer after
 25 December 31, 2011.
- 26 (12) For taxable years beginning after December 25, 2016, add:
 27 (A) an amount equal to the amount reported by the taxpayer on
 28 IRC 965 Transition Tax Statement, line 1; or
 29 (B) if the taxpayer deducted an amount under Section 965(c)
 30 of the Internal Revenue Code in determining the taxpayer's
 31 taxable income for purposes of the federal income tax, the
 32 amount deducted under Section 965(c) of the Internal Revenue
 33 Code.
- 34 (13) Add an amount equal to the deduction that was claimed by
 35 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 36 Internal Revenue Code (attributable to global intangible
 37 low-taxed income). The taxpayer shall separately specify the
 38 amount of the reduction under Section 250(a)(1)(B)(i) of the
 39 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 40 Internal Revenue Code.
- 41 (14) Subtract any interest expense paid or accrued in the current
 42 taxable year but not deducted as a result of the limitation imposed



- 1 under Section 163(j)(1) of the Internal Revenue Code. Add any
 2 interest expense paid or accrued in a previous taxable year but
 3 allowed as a deduction under Section 163 of the Internal Revenue
 4 Code in the current taxable year. For purposes of this subdivision,
 5 an interest expense is considered paid or accrued only in the first
 6 taxable year the deduction would have been allowable under
 7 Section 163 of the Internal Revenue Code if the limitation under
 8 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 9 (15) Subtract the amount that would have been excluded from
 10 gross income but for the enactment of Section 118(b)(2) of the
 11 Internal Revenue Code for taxable years ending after December
 12 22, 2017.
- 13 (16) Add or subtract any other amounts the taxpayer is:
 14 (A) required to add or subtract; or
 15 (B) entitled to deduct;
 16 under IC 6-3-2.
- 17 (e) In the case of insurance companies subject to tax under Section
 18 831 of the Internal Revenue Code and organized under Indiana law, the
 19 same as "taxable income" (as defined in Section 832 of the Internal
 20 Revenue Code), adjusted as follows:
- 21 (1) Subtract income that is exempt from taxation under this article
 22 by the Constitution and statutes of the United States.
- 23 (2) Add an amount equal to any deduction allowed or allowable
 24 under Section 170 of the Internal Revenue Code (concerning
 25 charitable contributions).
- 26 (3) Add an amount equal to a deduction allowed or allowable
 27 under Section 805 or Section 832(c) of the Internal Revenue Code
 28 for taxes based on or measured by income and levied at the state
 29 level by any state.
- 30 (4) Subtract an amount equal to the amount included in the
 31 company's taxable income under Section 78 of the Internal
 32 Revenue Code (concerning foreign tax credits).
- 33 (5) Add or subtract the amount necessary to make the adjusted
 34 gross income of any taxpayer that owns property for which bonus
 35 depreciation was allowed in the current taxable year or in an
 36 earlier taxable year equal to the amount of adjusted gross income
 37 that would have been computed had an election not been made
 38 under Section 168(k) of the Internal Revenue Code to apply bonus
 39 depreciation to the property in the year that it was placed in
 40 service.
- 41 (6) Add an amount equal to any deduction allowed under Section
 42 172 of the Internal Revenue Code (concerning net operating



- 1 losses).
- 2 (7) Add or subtract the amount necessary to make the adjusted
- 3 gross income of any taxpayer that placed Section 179 property (as
- 4 defined in Section 179 of the Internal Revenue Code) in service
- 5 in the current taxable year or in an earlier taxable year equal to
- 6 the amount of adjusted gross income that would have been
- 7 computed had an election for federal income tax purposes not
- 8 been made for the year in which the property was placed in
- 9 service to take deductions under Section 179 of the Internal
- 10 Revenue Code in a total amount exceeding the sum of:
- 11 (A) twenty-five thousand dollars (\$25,000) to the extent
- 12 deductions under Section 179 of the Internal Revenue Code
- 13 were not elected as provided in clause (B); and
- 14 (B) for taxable years beginning after December 31, 2017, the
- 15 deductions elected under Section 179 of the Internal Revenue
- 16 Code on property acquired in an exchange if:
- 17 (i) the exchange would have been eligible for
- 18 nonrecognition of gain or loss under Section 1031 of the
- 19 Internal Revenue Code in effect on January 1, 2017;
- 20 (ii) the exchange is not eligible for nonrecognition of gain or
- 21 loss under Section 1031 of the Internal Revenue Code; and
- 22 (iii) the taxpayer made an election to take deductions under
- 23 Section 179 of the Internal Revenue Code with regard to the
- 24 acquired property in the year that the property was placed
- 25 into service.
- 26 The amount of deductions allowable for an item of property
- 27 under this clause may not exceed the amount of adjusted gross
- 28 income realized on the property that would have been deferred
- 29 under the Internal Revenue Code in effect on January 1, 2017.
- 30 (8) Subtract income that is:
- 31 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
- 32 derived from patents); and
- 33 (B) included in the insurance company's taxable income under
- 34 the Internal Revenue Code.
- 35 (9) Add an amount equal to any income not included in gross
- 36 income as a result of the deferral of income arising from business
- 37 indebtedness discharged in connection with the reacquisition after
- 38 December 31, 2008, and before January 1, 2011, of an applicable
- 39 debt instrument, as provided in Section 108(i) of the Internal
- 40 Revenue Code. Subtract from the adjusted gross income of any
- 41 taxpayer that added an amount to adjusted gross income in a
- 42 previous year the amount necessary to offset the amount included



- 1 in federal gross income as a result of the deferral of income
 2 arising from business indebtedness discharged in connection with
 3 the reacquisition after December 31, 2008, and before January 1,
 4 2011, of an applicable debt instrument, as provided in Section
 5 108(i) of the Internal Revenue Code.
- 6 (10) Add an amount equal to any exempt insurance income under
 7 Section 953(e) of the Internal Revenue Code that is active
 8 financing income under Subpart F of Subtitle A, Chapter 1,
 9 Subchapter N of the Internal Revenue Code.
- 10 (11) Add the amount excluded from federal gross income under
 11 Section 103 of the Internal Revenue Code for interest received on
 12 an obligation of a state other than Indiana, or a political
 13 subdivision of such a state, that is acquired by the taxpayer after
 14 December 31, 2011.
- 15 (12) For taxable years beginning after December 25, 2016, add:
 16 (A) an amount equal to the amount reported by the taxpayer on
 17 IRC 965 Transition Tax Statement, line 1; or
 18 (B) if the taxpayer deducted an amount under Section 965(c)
 19 of the Internal Revenue Code in determining the taxpayer's
 20 taxable income for purposes of the federal income tax, the
 21 amount deducted under Section 965(c) of the Internal Revenue
 22 Code.
- 23 (13) Add an amount equal to the deduction that was claimed by
 24 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 25 Internal Revenue Code (attributable to global intangible
 26 low-taxed income). The taxpayer shall separately specify the
 27 amount of the reduction under Section 250(a)(1)(B)(i) of the
 28 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 29 Internal Revenue Code.
- 30 (14) Subtract any interest expense paid or accrued in the current
 31 taxable year but not deducted as a result of the limitation imposed
 32 under Section 163(j)(1) of the Internal Revenue Code. Add any
 33 interest expense paid or accrued in a previous taxable year but
 34 allowed as a deduction under Section 163 of the Internal Revenue
 35 Code in the current taxable year. For purposes of this subdivision,
 36 an interest expense is considered paid or accrued only in the first
 37 taxable year the deduction would have been allowable under
 38 Section 163 of the Internal Revenue Code if the limitation under
 39 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 40 (15) Subtract the amount that would have been excluded from
 41 gross income but for the enactment of Section 118(b)(2) of the
 42 Internal Revenue Code for taxable years ending after December



- 1 22, 2017.
- 2 (16) Add or subtract any other amounts the taxpayer is:
- 3 (A) required to add or subtract; or
- 4 (B) entitled to deduct;
- 5 under IC 6-3-2.
- 6 (f) In the case of trusts and estates, "taxable income" (as defined for
- 7 trusts and estates in Section 641(b) of the Internal Revenue Code)
- 8 adjusted as follows:
- 9 (1) Subtract income that is exempt from taxation under this article
- 10 by the Constitution and statutes of the United States.
- 11 (2) Subtract an amount equal to the amount of a September 11
- 12 terrorist attack settlement payment included in the federal
- 13 adjusted gross income of the estate of a victim of the September
- 14 11 terrorist attack or a trust to the extent the trust benefits a victim
- 15 of the September 11 terrorist attack.
- 16 (3) Add or subtract the amount necessary to make the adjusted
- 17 gross income of any taxpayer that owns property for which bonus
- 18 depreciation was allowed in the current taxable year or in an
- 19 earlier taxable year equal to the amount of adjusted gross income
- 20 that would have been computed had an election not been made
- 21 under Section 168(k) of the Internal Revenue Code to apply bonus
- 22 depreciation to the property in the year that it was placed in
- 23 service.
- 24 (4) Add an amount equal to any deduction allowed under Section
- 25 172 of the Internal Revenue Code (concerning net operating
- 26 losses).
- 27 (5) Add or subtract the amount necessary to make the adjusted
- 28 gross income of any taxpayer that placed Section 179 property (as
- 29 defined in Section 179 of the Internal Revenue Code) in service
- 30 in the current taxable year or in an earlier taxable year equal to
- 31 the amount of adjusted gross income that would have been
- 32 computed had an election for federal income tax purposes not
- 33 been made for the year in which the property was placed in
- 34 service to take deductions under Section 179 of the Internal
- 35 Revenue Code in a total amount exceeding the sum of:
- 36 (A) twenty-five thousand dollars (\$25,000) to the extent
- 37 deductions under Section 179 of the Internal Revenue Code
- 38 were not elected as provided in clause (B); and
- 39 (B) for taxable years beginning after December 31, 2017, the
- 40 deductions elected under Section 179 of the Internal Revenue
- 41 Code on property acquired in an exchange if:
- 42 (i) the exchange would have been eligible for



1 nonrecognition of gain or loss under Section 1031 of the
 2 Internal Revenue Code in effect on January 1, 2017;
 3 (ii) the exchange is not eligible for nonrecognition of gain or
 4 loss under Section 1031 of the Internal Revenue Code; and
 5 (iii) the taxpayer made an election to take deductions under
 6 Section 179 of the Internal Revenue Code with regard to the
 7 acquired property in the year that the property was placed
 8 into service.

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

13 (6) Subtract income that is:

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

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

18 (7) Add an amount equal to any income not included in gross
 19 income as a result of the deferral of income arising from business
 20 indebtedness discharged in connection with the reacquisition after
 21 December 31, 2008, and before January 1, 2011, of an applicable
 22 debt instrument, as provided in Section 108(i) of the Internal
 23 Revenue Code. Subtract from the adjusted gross income of any
 24 taxpayer that added an amount to adjusted gross income in a
 25 previous year the amount necessary to offset the amount included
 26 in federal gross income as a result of the deferral of income
 27 arising from business indebtedness discharged in connection with
 28 the reacquisition after December 31, 2008, and before January 1,
 29 2011, of an applicable debt instrument, as provided in Section
 30 108(i) of the Internal Revenue Code.

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

36 (9) For taxable years beginning after December 25, 2016, add an
 37 amount equal to:

38 (A) the amount reported by the taxpayer on IRC 965
 39 Transition Tax Statement, line 1;

40 (B) if the taxpayer deducted an amount under Section 965(c)
 41 of the Internal Revenue Code in determining the taxpayer's
 42 taxable income for purposes of the federal income tax, the



- 1 amount deducted under Section 965(c) of the Internal Revenue
 2 Code; and
 3 (C) with regard to any amounts of income under Section 965
 4 of the Internal Revenue Code distributed by the taxpayer, the
 5 deduction under Section 965(c) of the Internal Revenue Code
 6 attributable to such distributed amounts and not reported to the
 7 beneficiary.
- 8 For purposes of this article, the amount required to be added back
 9 under clause (B) is not considered to be distributed or
 10 distributable to a beneficiary of the estate or trust for purposes of
 11 Sections 651 and 661 of the Internal Revenue Code.
- 12 (10) Subtract any interest expense paid or accrued in the current
 13 taxable year but not deducted as a result of the limitation imposed
 14 under Section 163(j)(1) of the Internal Revenue Code. Add any
 15 interest expense paid or accrued in a previous taxable year but
 16 allowed as a deduction under Section 163 of the Internal Revenue
 17 Code in the current taxable year. For purposes of this subdivision,
 18 an interest expense is considered paid or accrued only in the first
 19 taxable year the deduction would have been allowable under
 20 Section 163 of the Internal Revenue Code if the limitation under
 21 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 22 (11) Add an amount equal to the deduction for qualified business
 23 income that was claimed by the taxpayer for the taxable year
 24 under Section 199A of the Internal Revenue Code.
- 25 (12) Subtract the amount that would have been excluded from
 26 gross income but for the enactment of Section 118(b)(2) of the
 27 Internal Revenue Code for taxable years ending after December
 28 22, 2017.
- 29 (13) Add or subtract any other amounts the taxpayer is:
 30 (A) required to add or subtract; or
 31 (B) entitled to deduct;
 32 under IC 6-3-2.
- 33 (g) Subsections ~~(a)(26)~~; **(a)(27)**, (b)(17), (d)(16), (e)(16), or (f)(13)
 34 may not be construed to require an add back or allow a deduction or
 35 exemption more than once for a particular add back, deduction, or
 36 exemption.
- 37 (h) For taxable years beginning after December 25, 2016, if:
 38 (1) a taxpayer is a shareholder, either directly or indirectly, in a
 39 corporation that is an E&P deficit foreign corporation as defined
 40 in Section 965(b)(3)(B) of the Internal Revenue Code, and the
 41 earnings and profit deficit, or a portion of the earnings and profit
 42 deficit, of the E&P deficit foreign corporation is permitted to



1 reduce the federal adjusted gross income or federal taxable
 2 income of the taxpayer, the deficit, or the portion of the deficit,
 3 shall also reduce the amount taxable under this section to the
 4 extent permitted under the Internal Revenue Code, however, in no
 5 case shall this permit a reduction in the amount taxable under
 6 Section 965 of the Internal Revenue Code for purposes of this
 7 section to be less than zero (0); and

8 (2) the Internal Revenue Service issues guidance that such an
 9 income or deduction is not reported directly on a federal tax
 10 return or is to be reported in a manner different than specified in
 11 this section, this section shall be construed as if federal adjusted
 12 gross income or federal taxable income included the income or
 13 deduction.

14 SECTION 2. IC 6-3-2-2.5, AS AMENDED BY P.L.234-2019,
 15 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2020]: Sec. 2.5. (a) This section applies to a resident person.

17 (b) Resident persons are entitled to a net operating loss deduction.
 18 The amount of the deduction taken in a taxable year may not exceed
 19 the taxpayer's unused Indiana net operating losses carried over to that
 20 year. A taxpayer is not entitled to carryback any net operating losses
 21 after December 31, 2011.

22 (c) An Indiana net operating loss equals:

23 (1) the taxpayer's federal net operating loss for a taxable year as
 24 calculated under Section 172 of the Internal Revenue Code,
 25 adjusted for certain modifications required by IC 6-3-1-3.5 as set
 26 forth in subsection (d)(1); plus

27 (2) for taxable years beginning after December 31, 2017, a loss
 28 for a taxable year disallowed because of Section 461(l) of the
 29 Internal Revenue Code, without any modifications under
 30 subsection (d).

31 (d) The following provisions apply for purposes of subsection (c):

32 (1) The modifications that are to be applied are those
 33 modifications required under IC 6-3-1-3.5 for the same taxable
 34 year in which each net operating loss was incurred, except that the
 35 modifications do not include the modifications required under:

36 (A) IC 6-3-1-3.5(a)(3);

37 (B) IC 6-3-1-3.5(a)(4);

38 (C) IC 6-3-1-3.5(a)(5);

39 (D) ~~IC 6-3-1-3.5(a)(26)~~; **IC 6-3-1-3.5(a)(27)**;

40 (E) IC 6-3-1-3.5(f)(11); and

41 (F) IC 6-3-1-3.5(f)(13).

42 (2) An Indiana net operating loss includes a net operating loss that



1 arises when the applicable modifications required by IC 6-3-1-3.5
 2 as set forth in subdivision (1) exceed the taxpayer's federal
 3 adjusted gross income (as defined in Section 62 of the Internal
 4 Revenue Code) for the taxable year in which the Indiana net
 5 operating loss is determined.

6 (e) Subject to the limitations contained in subsection (g), an Indiana
 7 net operating loss carryover shall be available as a deduction from the
 8 taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the
 9 carryover year provided in subsection (f).

10 (f) Carryovers shall be determined under this subsection as follows:

11 (1) An Indiana net operating loss shall be an Indiana net operating
 12 loss carryover to each of the carryover years following the taxable
 13 year of the loss.

14 (2) An Indiana net operating loss may not be carried over for
 15 more than twenty (20) taxable years after the taxable year of the
 16 loss.

17 (g) The entire amount of the Indiana net operating loss for any
 18 taxable year shall be carried to the earliest of the taxable years to which
 19 (as determined under subsection (f)) the loss may be carried. The
 20 amount of the Indiana net operating loss remaining after the deduction
 21 is taken under this section in a taxable year may be carried over as
 22 provided in subsection (f). The amount of the Indiana net operating loss
 23 carried over from year to year shall be reduced to the extent that the
 24 Indiana net operating loss carryover is used by the taxpayer to obtain
 25 a deduction in a taxable year until the occurrence of the earlier of the
 26 following:

27 (1) The entire amount of the Indiana net operating loss has been
 28 used as a deduction.

29 (2) The Indiana net operating loss has been carried over to each
 30 of the carryover years provided by subsection (f).

31 SECTION 3. IC 6-3-2-2.6, AS AMENDED BY P.L.234-2019,
 32 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2020]: Sec. 2.6. (a) This section applies to a corporation or a
 34 nonresident person.

35 (b) Corporations and nonresident persons are entitled to a net
 36 operating loss deduction. The amount of the deduction taken in a
 37 taxable year may not exceed the taxpayer's unused Indiana net
 38 operating losses carried over to that year. A taxpayer is not entitled to
 39 carryback any net operating losses after December 31, 2011.

40 (c) An Indiana net operating loss equals:

41 (1) the taxpayer's federal net operating loss for a taxable year as
 42 calculated under Section 172 of the Internal Revenue Code,



1 derived from sources within Indiana and adjusted for certain
 2 modifications required by IC 6-3-1-3.5 as set forth in subsection
 3 (d)(1); plus
 4 (2) for taxable years beginning after December 31, 2017, the
 5 portion of the loss for a taxable year disallowed because of
 6 Section 461(l) of the Internal Revenue Code and incurred from
 7 Indiana sources, without any modifications under subsection (d).
 8 Any net operating loss under this subdivision shall be computed
 9 in a manner consistent with the computation of adjusted gross
 10 income under IC 6-3.

11 (d) The following provisions apply for purposes of subsection (c):

12 (1) The modifications that are to be applied are those
 13 modifications required under IC 6-3-1-3.5 for the same taxable
 14 year in which each net operating loss was incurred, except that the
 15 modifications do not include the modifications required under:

- 16 (A) IC 6-3-1-3.5(a)(3);
- 17 (B) IC 6-3-1-3.5(a)(4);
- 18 (C) IC 6-3-1-3.5(a)(5);
- 19 (D) ~~IC 6-3-1-3.5(a)(26)~~; **IC 6-3-1-3.5(a)(27)**;
- 20 (E) IC 6-3-1-3.5(b)(14);
- 21 (F) IC 6-3-1-3.5(b)(17);
- 22 (G) IC 6-3-1-3.5(d)(13);
- 23 (H) IC 6-3-1-3.5(d)(16);
- 24 (I) IC 6-3-1-3.5(e)(13);
- 25 (J) IC 6-3-1-3.5(e)(16);
- 26 (K) IC 6-3-1-3.5(f)(11); and
- 27 (L) IC 6-3-1-3.5(f)(13).

28 (2) The amount of the taxpayer's net operating loss that is derived
 29 from sources within Indiana shall be determined in the same
 30 manner that the amount of the taxpayer's adjusted gross income
 31 derived from sources within Indiana is determined under section
 32 2 of this chapter for the same taxable year during which each loss
 33 was incurred.

34 (3) An Indiana net operating loss includes a net operating loss that
 35 arises when the applicable modifications required by IC 6-3-1-3.5
 36 as set forth in subdivision (1) exceed the taxpayer's federal
 37 taxable income (as defined in Section 63 of the Internal Revenue
 38 Code), if the taxpayer is a corporation, or when the applicable
 39 modifications required by IC 6-3-1-3.5 as set forth in subdivision
 40 (1) exceed the taxpayer's federal adjusted gross income (as
 41 defined by Section 62 of the Internal Revenue Code), if the
 42 taxpayer is a nonresident person, for the taxable year in which the



- 1 Indiana net operating loss is determined.
- 2 (e) Subject to the limitations contained in subsection (g), an Indiana
3 net operating loss carryover shall be available as a deduction from the
4 taxpayer's adjusted gross income derived from sources within Indiana
5 (as defined in section 2 of this chapter) in the carryover year provided
6 in subsection (f).
- 7 (f) Carryovers shall be determined under this subsection as follows:
- 8 (1) An Indiana net operating loss shall be an Indiana net operating
9 loss carryover to each of the carryover years following the taxable
10 year of the loss.
- 11 (2) An Indiana net operating loss may not be carried over for
12 more than twenty (20) taxable years after the taxable year of the
13 loss.
- 14 (g) The entire amount of the Indiana net operating loss for any
15 taxable year shall be carried to the earliest of the taxable years to which
16 (as determined under subsection (f)) the loss may be carried. The
17 amount of the Indiana net operating loss remaining after the deduction
18 is taken under this section in a taxable year may be carried over as
19 provided in subsection (f). The amount of the Indiana net operating loss
20 carried over from year to year shall be reduced to the extent that the
21 Indiana net operating loss carryover is used by the taxpayer to obtain
22 a deduction in a taxable year until the occurrence of the earlier of the
23 following:
- 24 (1) The entire amount of the Indiana net operating loss has been
25 used as a deduction.
- 26 (2) The Indiana net operating loss has been carried over to each
27 of the carryover years provided by subsection (f).
- 28 (h) An Indiana net operating loss deduction determined under this
29 section shall be allowed notwithstanding the fact that in the year the
30 taxpayer incurred the net operating loss the taxpayer was not subject to
31 the tax imposed under section 1 of this chapter because the taxpayer
32 was:
- 33 (1) a life insurance company (as defined in Section 816(a) of the
34 Internal Revenue Code); or
- 35 (2) an insurance company subject to tax under Section 831 of the
36 Internal Revenue Code.
- 37 (i) In the case of a life insurance company, this section shall be
38 applied by substituting life insurance company taxable income (as
39 defined in Section 801 the Internal Revenue Code) in place of
40 references to taxable income (as defined in Section 63 of the Internal
41 Revenue Code).
- 42 SECTION 4. [EFFECTIVE JULY 1, 2020] (a) IC 6-3-1-3.5, as



1 **amended by this act, applies to taxable years beginning after**
2 **December 31, 2020.**

3 **(b) This SECTION expires July 1, 2023.**

