

# HOUSE BILL No. 1277

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.

**Synopsis:** Taxation of retired and active members of USPHS. Establishes the definition of "qualified uniformed service income" for the purpose of determining a taxpayer's adjusted gross income. Adds a taxpayer who is a member of the United States public health service (USPHS) commissioned corps to the taxpayers who are eligible to receive an income tax deduction for military pay, retirement, or survivor benefits.

**Effective:** July 1, 2023.

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January 11, 2023, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

## HOUSE BILL No. 1277

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

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

- 1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.180-2022(ss),  
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2023]: Sec. 3.5. When used in this article, the term "adjusted  
4 gross income" shall mean the following:  
5 (a) In the case of all individuals, "adjusted gross income" (as  
6 defined in Section 62 of the Internal Revenue Code), modified as  
7 follows:  
8 (1) Subtract income that is exempt from taxation under this article  
9 by the Constitution and statutes of the United States.  
10 (2) Except as provided in subsection (c), add an amount equal to  
11 any deduction or deductions allowed or allowable pursuant to  
12 Section 62 of the Internal Revenue Code for taxes based on or  
13 measured by income and levied at the state level by any state of  
14 the United States.  
15 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
16 joint return filed by a husband and wife, subtract for each spouse  
17 one thousand dollars (\$1,000).



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



- 1 recovery of items previously deducted as an itemized deduction  
2 from adjusted gross income.
- 3 (7) Subtract any amounts included in federal adjusted gross  
4 income under the Internal Revenue Code which amounts were  
5 received by the individual as supplemental railroad retirement  
6 annuities under 45 U.S.C. 231 and which are not deductible under  
7 subdivision (1).
- 8 (8) Subtract an amount equal to the amount of federal Social  
9 Security and Railroad Retirement benefits included in a taxpayer's  
10 federal gross income by Section 86 of the Internal Revenue Code.
- 11 (9) In the case of a nonresident taxpayer or a resident taxpayer  
12 residing in Indiana for a period of less than the taxpayer's entire  
13 taxable year, the total amount of the deductions allowed pursuant  
14 to subdivisions (3), (4), and (5) shall be reduced to an amount  
15 which bears the same ratio to the total as the taxpayer's income  
16 taxable in Indiana bears to the taxpayer's total income.
- 17 (10) In the case of an individual who is a recipient of assistance  
18 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
19 subtract an amount equal to that portion of the individual's  
20 adjusted gross income with respect to which the individual is not  
21 allowed under federal law to retain an amount to pay state and  
22 local income taxes.
- 23 (11) In the case of an eligible individual, subtract the amount of  
24 a Holocaust victim's settlement payment included in the  
25 individual's federal adjusted gross income.
- 26 (12) Subtract an amount equal to the portion of any premiums  
27 paid during the taxable year by the taxpayer for a qualified long  
28 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
29 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse  
30 file a joint income tax return or the taxpayer is otherwise entitled  
31 to a deduction under this subdivision for the taxpayer's spouse, or  
32 both.
- 33 (13) Subtract an amount equal to the lesser of:  
34 (A) two thousand five hundred dollars (\$2,500), or one  
35 thousand two hundred fifty dollars (\$1,250) in the case of a  
36 married individual filing a separate return; or  
37 (B) the amount of property taxes that are paid during the  
38 taxable year in Indiana by the individual on the individual's  
39 principal place of residence.
- 40 (14) Subtract an amount equal to the amount of a September 11  
41 terrorist attack settlement payment included in the individual's  
42 federal adjusted gross income.



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



- 1 for federal income tax purposes under Section 112 of the Internal  
2 Revenue Code.
- 3 (19) Subtract income that is:
- 4 (A) exempt from taxation under IC 6-3-2-21.7 (certain income  
5 derived from patents); and
- 6 (B) included in the individual's federal adjusted gross income  
7 under the Internal Revenue Code.
- 8 (20) Add an amount equal to any income not included in gross  
9 income as a result of the deferral of income arising from business  
10 indebtedness discharged in connection with the reacquisition after  
11 December 31, 2008, and before January 1, 2011, of an applicable  
12 debt instrument, as provided in Section 108(i) of the Internal  
13 Revenue Code. Subtract the amount necessary from the adjusted  
14 gross income of any taxpayer that added an amount to adjusted  
15 gross income in a previous year to offset the amount included in  
16 federal gross income as a result of the deferral of income arising  
17 from business indebtedness discharged in connection with the  
18 reacquisition after December 31, 2008, and before January 1,  
19 2011, of an applicable debt instrument, as provided in Section  
20 108(i) of the Internal Revenue Code.
- 21 (21) 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 (22) Subtract an amount as described in Section 1341(a)(2) of the  
27 Internal Revenue Code to the extent, if any, that the amount was  
28 previously included in the taxpayer's adjusted gross income for a  
29 prior taxable year.
- 30 (23) For taxable years beginning after December 25, 2016, add an  
31 amount equal to the deduction for deferred foreign income that  
32 was claimed by the taxpayer for the taxable year under Section  
33 965(c) of the Internal Revenue Code.
- 34 (24) Subtract any interest expense paid or accrued in the current  
35 taxable year but not deducted as a result of the limitation imposed  
36 under Section 163(j)(1) of the Internal Revenue Code. Add any  
37 interest expense paid or accrued in a previous taxable year but  
38 allowed as a deduction under Section 163 of the Internal Revenue  
39 Code in the current taxable year. For purposes of this subdivision,  
40 an interest expense is considered paid or accrued only in the first  
41 taxable year the deduction would have been allowable under  
42 Section 163 of the Internal Revenue Code if the limitation under



- 1 Section 163(j)(1) of the Internal Revenue Code did not exist.  
2 (25) Subtract the amount that would have been excluded from  
3 gross income but for the enactment of Section 118(b)(2) of the  
4 Internal Revenue Code for taxable years ending after December  
5 22, 2017.  
6 (26) For taxable years beginning after December 31, 2019, and  
7 before January 1, 2021, add an amount of the deduction claimed  
8 under Section 62(a)(22) of the Internal Revenue Code.  
9 (27) For taxable years beginning after December 31, 2019, for  
10 payments made by an employer under an education assistance  
11 program after March 27, 2020:  
12 (A) add the amount of payments by an employer that are  
13 excluded from the taxpayer's federal gross income under  
14 Section 127(c)(1)(B) of the Internal Revenue Code; and  
15 (B) deduct the interest allowable under Section 221 of the  
16 Internal Revenue Code, if the disallowance under Section  
17 221(e)(1) of the Internal Revenue Code did not apply to the  
18 payments described in clause (A). For purposes of applying  
19 Section 221(b) of the Internal Revenue Code to the amount  
20 allowable under this clause, the amount under clause (A) shall  
21 not be added to adjusted gross income.  
22 (28) Add an amount equal to the remainder of:  
23 (A) the amount allowable as a deduction under Section 274(n)  
24 of the Internal Revenue Code; minus  
25 (B) the amount otherwise allowable as a deduction under  
26 Section 274(n) of the Internal Revenue Code, if Section  
27 274(n)(2)(D) of the Internal Revenue Code was not in effect  
28 for amounts paid or incurred after December 31, 2020.  
29 (29) For taxable years beginning after December 31, 2017, and  
30 before January 1, 2021, add an amount equal to the excess  
31 business loss of the taxpayer as defined in Section 461(l)(3) of the  
32 Internal Revenue Code. In addition:  
33 (A) If a taxpayer has an excess business loss under this  
34 subdivision and also has modifications under subdivisions (15)  
35 and (17) for property placed in service during the taxable year,  
36 the taxpayer shall treat a portion of the taxable year  
37 modifications for that property as occurring in the taxable year  
38 the property is placed in service and a portion of the  
39 modifications as occurring in the immediately following  
40 taxable year.  
41 (B) The portion of the modifications under subdivisions (15)  
42 and (17) for property placed in service during the taxable year



- 1 treated as occurring in the taxable year in which the property  
 2 is placed in service equals:
- 3 (i) the modification for the property otherwise determined  
 4 under this section; minus
- 5 (ii) the excess business loss disallowed under this  
 6 subdivision;
- 7 but not less than zero (0).
- 8 (C) The portion of the modifications under subdivisions (15)  
 9 and (17) for property placed in service during the taxable year  
 10 treated as occurring in the taxable year immediately following  
 11 the taxable year in which the property is placed in service  
 12 equals the modification for the property otherwise determined  
 13 under this section minus the amount in clause (B).
- 14 (D) Any reallocation of modifications between taxable years  
 15 under clauses (B) and (C) shall be first allocated to the  
 16 modification under subdivision (15), then to the modification  
 17 under subdivision (17).
- 18 (30) Add an amount equal to the amount excluded from federal  
 19 gross income under Section 108(f)(5) of the Internal Revenue  
 20 Code. For purposes of this subdivision:
- 21 (A) if an amount excluded under Section 108(f)(5) of the  
 22 Internal Revenue Code would be excludible under Section  
 23 108(a)(1)(B) of the Internal Revenue Code, the exclusion  
 24 under Section 108(a)(1)(B) of the Internal Revenue Code shall  
 25 take precedence; and
- 26 (B) if an amount would have been excludible under Section  
 27 108(f)(5) of the Internal Revenue Code as in effect on January  
 28 1, 2020, the amount is not required to be added back under this  
 29 subdivision.
- 30 (31) For taxable years ending after March 12, 2020, subtract an  
 31 amount equal to the deduction disallowed pursuant to:
- 32 (A) Section 2301(e) of the CARES Act (Public Law 116-136),  
 33 as modified by Sections 206 and 207 of the Taxpayer Certainty  
 34 and Disaster Relief Tax Act (Division EE of Public Law  
 35 116-260); and
- 36 (B) Section 3134(e) of the Internal Revenue Code.
- 37 (32) Subtract the amount of an annual grant amount distributed to  
 38 a taxpayer's Indiana education scholarship account under  
 39 IC 20-51.4-4-2 that is used for a qualified expense (as defined in  
 40 IC 20-51.4-2-9) or to an Indiana enrichment scholarship account  
 41 under IC 20-52 that is used for qualified expenses (as defined in  
 42 IC 20-52-2-6), to the extent the distribution used for the qualified





1 expense is included in the taxpayer's federal adjusted gross  
2 income under the Internal Revenue Code.

3 (33) For taxable years beginning after December 31, 2019, and  
4 before January 1, 2021, add an amount equal to the amount of  
5 unemployment compensation excluded from federal gross income  
6 under Section 85(c) of the Internal Revenue Code.

7 (34) For taxable years beginning after December 31, 2022,  
8 subtract an amount equal to the deduction disallowed under  
9 Section 280C(h) of the Internal Revenue Code.

10 (35) Subtract any other amounts the taxpayer is entitled to deduct  
11 under IC 6-3-2.

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

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

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

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

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

28 (5) 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 (6) Add an amount equal to any deduction allowed under Section  
37 172 of the Internal Revenue Code (concerning net operating  
38 losses).

39 (7) 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 (8) Add to the extent required by IC 6-3-2-20:

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

30 (B) any directly related interest expenses (as defined in  
 31 IC 6-3-2-20) that reduced the corporation's adjusted gross  
 32 income (determined without regard to this subdivision). For  
 33 purposes of this clause, any directly related interest expense  
 34 that constitutes business interest within the meaning of Section  
 35 163(j) of the Internal Revenue Code shall be considered to  
 36 have reduced the taxpayer's federal taxable income only in the  
 37 first taxable year in which the deduction otherwise would have  
 38 been allowable under Section 163 of the Internal Revenue  
 39 Code if the limitation under Section 163(j)(1) of the Internal  
 40 Revenue Code did not exist.

41 (9) Add an amount equal to any deduction for dividends paid (as  
 42 defined in Section 561 of the Internal Revenue Code) to



1 shareholders of a captive real estate investment trust (as defined  
2 in section 34.5 of this chapter).

3 (10) Subtract income that is:

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

6 (B) included in the corporation's taxable income under the  
7 Internal Revenue Code.

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

21 (12) 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 (13) For taxable years beginning after December 25, 2016:

27 (A) for a corporation other than a real estate investment trust,  
28 add:

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

31 (ii) if the taxpayer deducted an amount under Section 965(c)  
32 of the Internal Revenue Code in determining the taxpayer's  
33 taxable income for purposes of the federal income tax, the  
34 amount deducted under Section 965(c) of the Internal  
35 Revenue Code; and

36 (B) for a real estate investment trust, add an amount equal to  
37 the deduction for deferred foreign income that was claimed by  
38 the taxpayer for the taxable year under Section 965(c) of the  
39 Internal Revenue Code, but only to the extent that the taxpayer  
40 included income pursuant to Section 965 of the Internal  
41 Revenue Code in its taxable income for federal income tax  
42 purposes or is required to add back dividends paid under



- 1 subdivision (9).
- 2 (14) Add an amount equal to the deduction that was claimed by  
3 the taxpayer for the taxable year under Section 250(a)(1)(B) of the  
4 Internal Revenue Code (attributable to global intangible  
5 low-taxed income). The taxpayer shall separately specify the  
6 amount of the reduction under Section 250(a)(1)(B)(i) of the  
7 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the  
8 Internal Revenue Code.
- 9 (15) Subtract any interest expense paid or accrued in the current  
10 taxable year but not deducted as a result of the limitation imposed  
11 under Section 163(j)(1) of the Internal Revenue Code. Add any  
12 interest expense paid or accrued in a previous taxable year but  
13 allowed as a deduction under Section 163 of the Internal Revenue  
14 Code in the current taxable year. For purposes of this subdivision,  
15 an interest expense is considered paid or accrued only in the first  
16 taxable year the deduction would have been allowable under  
17 Section 163 of the Internal Revenue Code if the limitation under  
18 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 19 (16) Subtract the amount that would have been excluded from  
20 gross income but for the enactment of Section 118(b)(2) of the  
21 Internal Revenue Code for taxable years ending after December  
22 22, 2017.
- 23 (17) Add an amount equal to the remainder of:  
24 (A) the amount allowable as a deduction under Section 274(n)  
25 of the Internal Revenue Code; minus  
26 (B) the amount otherwise allowable as a deduction under  
27 Section 274(n) of the Internal Revenue Code, if Section  
28 274(n)(2)(D) of the Internal Revenue Code was not in effect  
29 for amounts paid or incurred after December 31, 2020.
- 30 (18) For taxable years ending after March 12, 2020, subtract an  
31 amount equal to the deduction disallowed pursuant to:  
32 (A) Section 2301(e) of the CARES Act (Public Law 116-136),  
33 as modified by Sections 206 and 207 of the Taxpayer Certainty  
34 and Disaster Relief Tax Act (Division EE of Public Law  
35 116-260); and  
36 (B) Section 3134(e) of the Internal Revenue Code.
- 37 (19) For taxable years beginning after December 31, 2022,  
38 subtract an amount equal to the deduction disallowed under  
39 Section 280C(h) of the Internal Revenue Code.
- 40 (20) Add or subtract any other amounts the taxpayer is:  
41 (A) required to add or subtract; or  
42 (B) entitled to deduct;



1 under IC 6-3-2.

2 (c) The following apply to taxable years beginning after December  
3 31, 2018, for purposes of the add back of any deduction allowed on the  
4 taxpayer's federal income tax return for wagering taxes, as provided in  
5 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if  
6 the taxpayer is a corporation:

7 (1) For taxable years beginning after December 31, 2018, and  
8 before January 1, 2020, a taxpayer is required to add back under  
9 this section eighty-seven and five-tenths percent (87.5%) of any  
10 deduction allowed on the taxpayer's federal income tax return for  
11 wagering taxes.

12 (2) For taxable years beginning after December 31, 2019, and  
13 before January 1, 2021, a taxpayer is required to add back under  
14 this section seventy-five percent (75%) of any deduction allowed  
15 on the taxpayer's federal income tax return for wagering taxes.

16 (3) For taxable years beginning after December 31, 2020, and  
17 before January 1, 2022, a taxpayer is required to add back under  
18 this section sixty-two and five-tenths percent (62.5%) of any  
19 deduction allowed on the taxpayer's federal income tax return for  
20 wagering taxes.

21 (4) For taxable years beginning after December 31, 2021, and  
22 before January 1, 2023, a taxpayer is required to add back under  
23 this section fifty percent (50%) of any deduction allowed on the  
24 taxpayer's federal income tax return for wagering taxes.

25 (5) For taxable years beginning after December 31, 2022, and  
26 before January 1, 2024, a taxpayer is required to add back under  
27 this section thirty-seven and five-tenths percent (37.5%) of any  
28 deduction allowed on the taxpayer's federal income tax return for  
29 wagering taxes.

30 (6) For taxable years beginning after December 31, 2023, and  
31 before January 1, 2025, a taxpayer is required to add back under  
32 this section twenty-five percent (25%) of any deduction allowed  
33 on the taxpayer's federal income tax return for wagering taxes.

34 (7) For taxable years beginning after December 31, 2024, and  
35 before January 1, 2026, a taxpayer is required to add back under  
36 this section twelve and five-tenths percent (12.5%) of any  
37 deduction allowed on the taxpayer's federal income tax return for  
38 wagering taxes.

39 (8) For taxable years beginning after December 31, 2025, a  
40 taxpayer is not required to add back under this section any amount  
41 of a deduction allowed on the taxpayer's federal income tax return  
42 for wagering taxes.



1 (d) In the case of life insurance companies (as defined in Section  
 2 816(a) of the Internal Revenue Code) that are organized under Indiana  
 3 law, the same as "life insurance company taxable income" (as defined  
 4 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

7 (2) Add an amount equal to any deduction allowed or allowable  
 8 under Section 170 of the Internal Revenue Code (concerning  
 9 charitable contributions).

10 (3) Add an amount equal to a deduction allowed or allowable  
 11 under Section 805 or Section 832(c) of the Internal Revenue Code  
 12 for taxes based on or measured by income and levied at the state  
 13 level by any state.

14 (4) Subtract an amount equal to the amount included in the  
 15 company's taxable income under Section 78 of the Internal  
 16 Revenue Code (concerning foreign tax credits).

17 (5) Add or subtract the amount necessary to make the adjusted  
 18 gross income of any taxpayer that owns property for which bonus  
 19 depreciation was allowed in the current taxable year or in an  
 20 earlier taxable year equal to the amount of adjusted gross income  
 21 that would have been computed had an election not been made  
 22 under Section 168(k) of the Internal Revenue Code to apply bonus  
 23 depreciation to the property in the year that it was placed in  
 24 service.

25 (6) Add an amount equal to any deduction allowed under Section  
 26 172 of the Internal Revenue Code (concerning net operating  
 27 losses).

28 (7) Add or subtract the amount necessary to make the adjusted  
 29 gross income of any taxpayer that placed Section 179 property (as  
 30 defined in Section 179 of the Internal Revenue Code) in service  
 31 in the current taxable year or in an earlier taxable year equal to  
 32 the amount of adjusted gross income that would have been  
 33 computed had an election for federal income tax purposes not  
 34 been made for the year in which the property was placed in  
 35 service to take deductions under Section 179 of the Internal  
 36 Revenue Code in a total amount exceeding the sum of:

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

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



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

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

14 (8) Subtract income that is:

- 15 (A) exempt from taxation under IC 6-3-2-21.7 (certain income  
 16 derived from patents); and  
 17 (B) included in the insurance company's taxable income under  
 18 the Internal Revenue Code.

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

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

36 (11) Add the amount excluded from federal gross income under  
 37 Section 103 of the Internal Revenue Code for interest received on  
 38 an obligation of a state other than Indiana, or a political  
 39 subdivision of such a state, that is acquired by the taxpayer after  
 40 December 31, 2011.

41 (12) For taxable years beginning after December 25, 2016, add:  
 42 (A) an amount equal to the amount reported by the taxpayer on



- 1 IRC 965 Transition Tax Statement, line 1; or  
 2 (B) if the taxpayer deducted an amount under Section 965(c)  
 3 of the Internal Revenue Code in determining the taxpayer's  
 4 taxable income for purposes of the federal income tax, the  
 5 amount deducted under Section 965(c) of the Internal Revenue  
 6 Code.
- 7 (13) Add an amount equal to the deduction that was claimed by  
 8 the taxpayer for the taxable year under Section 250(a)(1)(B) of the  
 9 Internal Revenue Code (attributable to global intangible  
 10 low-taxed income). The taxpayer shall separately specify the  
 11 amount of the reduction under Section 250(a)(1)(B)(i) of the  
 12 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the  
 13 Internal Revenue Code.
- 14 (14) Subtract any interest expense paid or accrued in the current  
 15 taxable year but not deducted as a result of the limitation imposed  
 16 under Section 163(j)(1) of the Internal Revenue Code. Add any  
 17 interest expense paid or accrued in a previous taxable year but  
 18 allowed as a deduction under Section 163 of the Internal Revenue  
 19 Code in the current taxable year. For purposes of this subdivision,  
 20 an interest expense is considered paid or accrued only in the first  
 21 taxable year the deduction would have been allowable under  
 22 Section 163 of the Internal Revenue Code if the limitation under  
 23 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 24 (15) Subtract the amount that would have been excluded from  
 25 gross income but for the enactment of Section 118(b)(2) of the  
 26 Internal Revenue Code for taxable years ending after December  
 27 22, 2017.
- 28 (16) Add an amount equal to the remainder of:  
 29 (A) the amount allowable as a deduction under Section 274(n)  
 30 of the Internal Revenue Code; minus  
 31 (B) the amount otherwise allowable as a deduction under  
 32 Section 274(n) of the Internal Revenue Code, if Section  
 33 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 34 for amounts paid or incurred after December 31, 2020.
- 35 (17) For taxable years ending after March 12, 2020, subtract an  
 36 amount equal to the deduction disallowed pursuant to:  
 37 (A) Section 2301(e) of the CARES Act (Public Law 116-136),  
 38 as modified by Sections 206 and 207 of the Taxpayer Certainty  
 39 and Disaster Relief Tax Act (Division EE of Public Law  
 40 116-260); and  
 41 (B) Section 3134(e) of the Internal Revenue Code.
- 42 (18) For taxable years beginning after December 31, 2022,





- 1 subtract an amount equal to the deduction disallowed under  
 2 Section 280C(h) of the Internal Revenue Code.
- 3 (19) Add or subtract any other amounts the taxpayer is:  
 4 (A) required to add or subtract; or  
 5 (B) entitled to deduct;  
 6 under IC 6-3-2.
- 7 (e) In the case of insurance companies subject to tax under Section  
 8 831 of the Internal Revenue Code and organized under Indiana law, the  
 9 same as "taxable income" (as defined in Section 832 of the Internal  
 10 Revenue Code), adjusted as follows:
- 11 (1) Subtract income that is exempt from taxation under this article  
 12 by the Constitution and statutes of the United States.
- 13 (2) Add an amount equal to any deduction allowed or allowable  
 14 under Section 170 of the Internal Revenue Code (concerning  
 15 charitable contributions).
- 16 (3) Add an amount equal to a deduction allowed or allowable  
 17 under Section 805 or Section 832(c) of the Internal Revenue Code  
 18 for taxes based on or measured by income and levied at the state  
 19 level by any state.
- 20 (4) Subtract an amount equal to the amount included in the  
 21 company's taxable income under Section 78 of the Internal  
 22 Revenue Code (concerning foreign tax credits).
- 23 (5) Add or subtract the amount necessary to make the adjusted  
 24 gross income of any taxpayer that owns property for which bonus  
 25 depreciation was allowed in the current taxable year or in an  
 26 earlier taxable year equal to the amount of adjusted gross income  
 27 that would have been computed had an election not been made  
 28 under Section 168(k) of the Internal Revenue Code to apply bonus  
 29 depreciation to the property in the year that it was placed in  
 30 service.
- 31 (6) Add an amount equal to any deduction allowed under Section  
 32 172 of the Internal Revenue Code (concerning net operating  
 33 losses).
- 34 (7) Add or subtract the amount necessary to make the adjusted  
 35 gross income of any taxpayer that placed Section 179 property (as  
 36 defined in Section 179 of the Internal Revenue Code) in service  
 37 in the current taxable year or in an earlier taxable year equal to  
 38 the amount of adjusted gross income that would have been  
 39 computed had an election for federal income tax purposes not  
 40 been made for the year in which the property was placed in  
 41 service to take deductions under Section 179 of the Internal  
 42 Revenue Code in a total amount exceeding the sum of:



- 1 (A) twenty-five thousand dollars (\$25,000) to the extent  
 2 deductions under Section 179 of the Internal Revenue Code  
 3 were not elected as provided in clause (B); and  
 4 (B) for taxable years beginning after December 31, 2017, the  
 5 deductions elected under Section 179 of the Internal Revenue  
 6 Code on property acquired in an exchange if:  
 7 (i) the exchange would have been eligible for  
 8 nonrecognition of gain or loss under Section 1031 of the  
 9 Internal Revenue Code in effect on January 1, 2017;  
 10 (ii) the exchange is not eligible for nonrecognition of gain or  
 11 loss under Section 1031 of the Internal Revenue Code; and  
 12 (iii) the taxpayer made an election to take deductions under  
 13 Section 179 of the Internal Revenue Code with regard to the  
 14 acquired property in the year that the property was placed  
 15 into service.
- 16 The amount of deductions allowable for an item of property  
 17 under this clause may not exceed the amount of adjusted gross  
 18 income realized on the property that would have been deferred  
 19 under the Internal Revenue Code in effect on January 1, 2017.
- 20 (8) Subtract income that is:  
 21 (A) exempt from taxation under IC 6-3-2-21.7 (certain income  
 22 derived from patents); and  
 23 (B) included in the insurance company's taxable income under  
 24 the Internal Revenue Code.
- 25 (9) Add an amount equal to any income not included in gross  
 26 income as a result of the deferral of income arising from business  
 27 indebtedness discharged in connection with the reacquisition after  
 28 December 31, 2008, and before January 1, 2011, of an applicable  
 29 debt instrument, as provided in Section 108(i) of the Internal  
 30 Revenue Code. Subtract from the adjusted gross income of any  
 31 taxpayer that added an amount to adjusted gross income in a  
 32 previous year the amount necessary to offset the amount included  
 33 in federal gross income as a result of the deferral of income  
 34 arising from business indebtedness discharged in connection with  
 35 the reacquisition after December 31, 2008, and before January 1,  
 36 2011, of an applicable debt instrument, as provided in Section  
 37 108(i) of the Internal Revenue Code.
- 38 (10) Add an amount equal to any exempt insurance income under  
 39 Section 953(e) of the Internal Revenue Code that is active  
 40 financing income under Subpart F of Subtitle A, Chapter 1,  
 41 Subchapter N of the Internal Revenue Code.
- 42 (11) Add the amount excluded from federal gross income under



1 Section 103 of the Internal Revenue Code for interest received on  
 2 an obligation of a state other than Indiana, or a political  
 3 subdivision of such a state, that is acquired by the taxpayer after  
 4 December 31, 2011.

5 (12) For taxable years beginning after December 25, 2016, add:

6 (A) an amount equal to the amount reported by the taxpayer on  
 7 IRC 965 Transition Tax Statement, line 1; or

8 (B) if the taxpayer deducted an amount under Section 965(c)  
 9 of the Internal Revenue Code in determining the taxpayer's  
 10 taxable income for purposes of the federal income tax, the  
 11 amount deducted under Section 965(c) of the Internal Revenue  
 12 Code.

13 (13) Add an amount equal to the deduction that was claimed by  
 14 the taxpayer for the taxable year under Section 250(a)(1)(B) of the  
 15 Internal Revenue Code (attributable to global intangible  
 16 low-taxed income). The taxpayer shall separately specify the  
 17 amount of the reduction under Section 250(a)(1)(B)(i) of the  
 18 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the  
 19 Internal Revenue Code.

20 (14) Subtract any interest expense paid or accrued in the current  
 21 taxable year but not deducted as a result of the limitation imposed  
 22 under Section 163(j)(1) of the Internal Revenue Code. Add any  
 23 interest expense paid or accrued in a previous taxable year but  
 24 allowed as a deduction under Section 163 of the Internal Revenue  
 25 Code in the current taxable year. For purposes of this subdivision,  
 26 an interest expense is considered paid or accrued only in the first  
 27 taxable year the deduction would have been allowable under  
 28 Section 163 of the Internal Revenue Code if the limitation under  
 29 Section 163(j)(1) of the Internal Revenue Code did not exist.

30 (15) Subtract the amount that would have been excluded from  
 31 gross income but for the enactment of Section 118(b)(2) of the  
 32 Internal Revenue Code for taxable years ending after December  
 33 22, 2017.

34 (16) Add an amount equal to the remainder of:

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

37 (B) the amount otherwise allowable as a deduction under  
 38 Section 274(n) of the Internal Revenue Code, if Section  
 39 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 40 for amounts paid or incurred after December 31, 2020.

41 (17) For taxable years ending after March 12, 2020, subtract an  
 42 amount equal to the deduction disallowed pursuant to:



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



- 1 (A) twenty-five thousand dollars (\$25,000) to the extent  
 2 deductions under Section 179 of the Internal Revenue Code  
 3 were not elected as provided in clause (B); and  
 4 (B) for taxable years beginning after December 31, 2017, the  
 5 deductions elected under Section 179 of the Internal Revenue  
 6 Code on property acquired in an exchange if:  
 7 (i) the exchange would have been eligible for  
 8 nonrecognition of gain or loss under Section 1031 of the  
 9 Internal Revenue Code in effect on January 1, 2017;  
 10 (ii) the exchange is not eligible for nonrecognition of gain or  
 11 loss under Section 1031 of the Internal Revenue Code; and  
 12 (iii) the taxpayer made an election to take deductions under  
 13 Section 179 of the Internal Revenue Code with regard to the  
 14 acquired property in the year that the property was placed  
 15 into service.
- 16 The amount of deductions allowable for an item of property  
 17 under this clause may not exceed the amount of adjusted gross  
 18 income realized on the property that would have been deferred  
 19 under the Internal Revenue Code in effect on January 1, 2017.
- 20 (6) Subtract income that is:  
 21 (A) exempt from taxation under IC 6-3-2-21.7 (certain income  
 22 derived from patents); and  
 23 (B) included in the taxpayer's taxable income under the  
 24 Internal Revenue Code.
- 25 (7) Add an amount equal to any income not included in gross  
 26 income as a result of the deferral of income arising from business  
 27 indebtedness discharged in connection with the reacquisition after  
 28 December 31, 2008, and before January 1, 2011, of an applicable  
 29 debt instrument, as provided in Section 108(i) of the Internal  
 30 Revenue Code. Subtract from the adjusted gross income of any  
 31 taxpayer that added an amount to adjusted gross income in a  
 32 previous year the amount necessary to offset the amount included  
 33 in federal gross income as a result of the deferral of income  
 34 arising from business indebtedness discharged in connection with  
 35 the reacquisition after December 31, 2008, and before January 1,  
 36 2011, of an applicable debt instrument, as provided in Section  
 37 108(i) of the Internal Revenue Code.
- 38 (8) Add the amount excluded from federal gross income under  
 39 Section 103 of the Internal Revenue Code for interest received on  
 40 an obligation of a state other than Indiana, or a political  
 41 subdivision of such a state, that is acquired by the taxpayer after  
 42 December 31, 2011.



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

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

5 (B) if the taxpayer deducted an amount under Section 965(c)  
6 of the Internal Revenue Code in determining the taxpayer's  
7 taxable income for purposes of the federal income tax, the  
8 amount deducted under Section 965(c) of the Internal Revenue  
9 Code; and

10 (C) with regard to any amounts of income under Section 965  
11 of the Internal Revenue Code distributed by the taxpayer, the  
12 deduction under Section 965(c) of the Internal Revenue Code  
13 attributable to such distributed amounts and not reported to the  
14 beneficiary.

15 For purposes of this article, the amount required to be added back  
16 under clause (B) is not considered to be distributed or  
17 distributable to a beneficiary of the estate or trust for purposes of  
18 Sections 651 and 661 of the Internal Revenue Code.

19 (10) Subtract any interest expense paid or accrued in the current  
20 taxable year but not deducted as a result of the limitation imposed  
21 under Section 163(j)(1) of the Internal Revenue Code. Add any  
22 interest expense paid or accrued in a previous taxable year but  
23 allowed as a deduction under Section 163 of the Internal Revenue  
24 Code in the current taxable year. For purposes of this subdivision,  
25 an interest expense is considered paid or accrued only in the first  
26 taxable year the deduction would have been allowable under  
27 Section 163 of the Internal Revenue Code if the limitation under  
28 Section 163(j)(1) of the Internal Revenue Code did not exist.

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

32 (12) Subtract the amount that would have been excluded from  
33 gross income but for the enactment of Section 118(b)(2) of the  
34 Internal Revenue Code for taxable years ending after December  
35 22, 2017.

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

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

39 (B) the amount otherwise allowable as a deduction under  
40 Section 274(n) of the Internal Revenue Code, if Section  
41 274(n)(2)(D) of the Internal Revenue Code was not in effect  
42 for amounts paid or incurred after December 31, 2020.



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

5 (A) If a taxpayer has an excess business loss under this  
 6 subdivision and also has modifications under subdivisions (3)  
 7 and (5) for property placed in service during the taxable year,  
 8 the taxpayer shall treat a portion of the taxable year  
 9 modifications for that property as occurring in the taxable year  
 10 the property is placed in service and a portion of the  
 11 modifications as occurring in the immediately following  
 12 taxable year.

13 (B) The portion of the modifications under subdivisions (3)  
 14 and (5) for property placed in service during the taxable year  
 15 treated as occurring in the taxable year in which the property  
 16 is placed in service equals:

17 (i) the modification for the property otherwise determined  
 18 under this section; minus

19 (ii) the excess business loss disallowed under this  
 20 subdivision;

21 but not less than zero (0).

22 (C) The portion of the modifications under subdivisions (3)  
 23 and (5) for property placed in service during the taxable year  
 24 treated as occurring in the taxable year immediately following  
 25 the taxable year in which the property is placed in service  
 26 equals the modification for the property otherwise determined  
 27 under this section minus the amount in clause (B).

28 (D) Any reallocation of modifications between taxable years  
 29 under clauses (B) and (C) shall be first allocated to the  
 30 modification under subdivision (3), then to the modification  
 31 under subdivision (5).

32 (15) For taxable years ending after March 12, 2020, subtract an  
 33 amount equal to the deduction disallowed pursuant to:

34 (A) Section 2301(e) of the CARES Act (Public Law 116-136),  
 35 as modified by Sections 206 and 207 of the Taxpayer Certainty  
 36 and Disaster Relief Tax Act (Division EE of Public Law  
 37 116-260); and

38 (B) Section 3134(e) of the Internal Revenue Code.

39 (16) For taxable years beginning after December 31, 2022,  
 40 subtract an amount equal to the deduction disallowed under  
 41 Section 280C(h) of the Internal Revenue Code.

42 (17) Add or subtract any other amounts the taxpayer is:



- 1 (A) required to add or subtract; or  
 2 (B) entitled to deduct;  
 3 under IC 6-3-2.  
 4 (g) Subsections (a)(35), (b)(20), (d)(19), (e)(19), or (f)(17) may not  
 5 be construed to require an add back or allow a deduction or exemption  
 6 more than once for a particular add back, deduction, or exemption.  
 7 (h) For taxable years beginning after December 25, 2016, if:  
 8 (1) a taxpayer is a shareholder, either directly or indirectly, in a  
 9 corporation that is an E&P deficit foreign corporation as defined  
 10 in Section 965(b)(3)(B) of the Internal Revenue Code, and the  
 11 earnings and profit deficit, or a portion of the earnings and profit  
 12 deficit, of the E&P deficit foreign corporation is permitted to  
 13 reduce the federal adjusted gross income or federal taxable  
 14 income of the taxpayer, the deficit, or the portion of the deficit,  
 15 shall also reduce the amount taxable under this section to the  
 16 extent permitted under the Internal Revenue Code, however, in no  
 17 case shall this permit a reduction in the amount taxable under  
 18 Section 965 of the Internal Revenue Code for purposes of this  
 19 section to be less than zero (0); and  
 20 (2) the Internal Revenue Service issues guidance that such an  
 21 income or deduction is not reported directly on a federal tax  
 22 return or is to be reported in a manner different than specified in  
 23 this section, this section shall be construed as if federal adjusted  
 24 gross income or federal taxable income included the income or  
 25 deduction.  
 26 (i) If a partner is required to include an item of income, a deduction,  
 27 or another tax attribute in the partner's adjusted gross income tax return  
 28 pursuant to IC 6-3-4.5, such item shall be considered to be includible  
 29 in the partner's federal adjusted gross income or federal taxable  
 30 income, regardless of whether such item is actually required to be  
 31 reported by the partner for federal income tax purposes. For purposes  
 32 of this subsection:  
 33 (1) items for which a valid election is made under IC 6-3-4.5-6,  
 34 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included  
 35 in the partner's adjusted gross income or taxable income; and  
 36 (2) items for which the partnership did not make an election under  
 37 IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the  
 38 partnership is required to remit tax pursuant to IC 6-3-4.5-18,  
 39 shall be included in the partner's adjusted gross income or taxable  
 40 income.  
 41 SECTION 2. IC 6-3-1-39 IS ADDED TO THE INDIANA CODE  
 42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY





1 1, 2023]: **Sec. 39. "Qualified uniformed service income" means**  
 2 **wages that are paid to an individual employed by the United States**  
 3 **public health service commissioned corps.**

4 SECTION 3. IC 6-3-2-4, AS AMENDED BY P.L.162-2019,  
 5 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JULY 1, 2023]: Sec. 4. (a) Each taxable year, an individual, or the  
 7 individual's surviving spouse, is entitled to the following:

8 (1) An adjusted gross income tax deduction for the first five  
 9 thousand dollars (\$5,000) of income, excluding adjusted gross  
 10 income described in subdivision (2), received during the taxable  
 11 year by the individual, or the individual's surviving spouse, for the  
 12 individual's service in:

13 (A) an active or reserve component of the armed forces of the  
 14 United States, including the army, navy, air force, coast guard,  
 15 marine corps, merchant marine, Indiana army national guard,  
 16 or Indiana air national guard; or

17 (B) **the United States public health service commissioned**  
 18 **corps.**

19 (2) An adjusted gross income tax deduction for income from  
 20 retirement or survivor's benefits received during the taxable year  
 21 by the individual, or the individual's surviving spouse, for the  
 22 individual's service in **the United States public health service**  
 23 **commissioned corps** or an active or reserve component of the  
 24 armed forces of the United States, including the army, navy, air  
 25 force, coast guard, marine corps, merchant marine, Indiana army  
 26 national guard, or Indiana air national guard. The amount of the  
 27 deduction is the lesser of:

28 (A) the benefits included in the adjusted gross income of the  
 29 individual or the individual's surviving spouse; or

30 (B) six thousand two hundred fifty dollars (\$6,250) plus the  
 31 following:

32 (i) For taxable years beginning in 2019, twenty-five percent  
 33 (25%) of the amount of the benefits in excess of six  
 34 thousand two hundred fifty dollars (\$6,250).

35 (ii) For taxable years beginning in 2020, fifty percent (50%)  
 36 of the amount of the benefits in excess of six thousand two  
 37 hundred fifty dollars (\$6,250).

38 (iii) For taxable years beginning in 2021, seventy-five  
 39 percent (75%) of the amount of the benefits in excess of six  
 40 thousand two hundred fifty dollars (\$6,250).

41 (iv) For taxable years beginning after 2021, one hundred  
 42 percent (100%) of the amount of the benefits in excess of six



1                   thousand two hundred fifty dollars (\$6,250).  
2           (b) An individual whose qualified military income **or qualified**  
3 **uniformed service income** is subtracted from the individual's federal  
4 adjusted gross income under IC 6-3-1-3.5(a)(18) for Indiana individual  
5 income tax purposes is not, for that taxable year, entitled to a deduction  
6 under this section for the same qualified military income **or qualified**  
7 **uniformed service income** that is deducted under IC 6-3-1-3.5(a)(18).

