

SENATE BILL No. 426

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.

Synopsis: Trusts. Provides that an "excluded trust" is not a resident trust and is not required to file an adjusted gross income tax return. Defines "excluded trust" as a trust that satisfies all of the following conditions: (1) The trust is an irrevocable trust consisting of property transferred to the trust by a person who is not a resident of Indiana at the time of the transfer. (2) None of the trustees of the trust are: (A) Indiana residents; or (B) partners or corporations domiciled in Indiana. (3) The entire corpus of the trust is located outside Indiana. (4) The trust is governed by Indiana law. (5) The situs and administration of the trust is in Indiana. (6) All income and gains of the trust are derived from or connected with sources outside of the state of Indiana, determined as if the situs and administration of the trust were not in Indiana. (A trust that comes within the definition of an "excluded trust" would be considered a resident trust under current law based on the fact that it is administered in Indiana.)

Effective: January 1, 2020.

Head

January 14, 2019, read first time and referred to Committee on Judiciary.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 426

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 6-3-1-12 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2020]: Sec. 12. The term "resident"
3 includes (a) any individual who was domiciled in this state during the
4 taxable year, or (b) any individual who maintains a permanent place of
5 residence in this state and spends more than one hundred eighty-three
6 (183) days of the taxable year within this state, or (c) any estate of a
7 deceased person defined in (a) or (b), or (d) any trust, **other than an**
8 **excluded trust**, which has a situs within this state.

9 SECTION 2. IC 6-3-1-37 IS ADDED TO THE INDIANA CODE
10 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2020]: **Sec. 37. The term "excluded trust" means a**
12 **trust that satisfies all of the following conditions:**

13 (1) **The trust is an irrevocable trust consisting of property**
14 **transferred to the trust by a person, or by the will of a person,**
15 **who is not a resident of Indiana at the time of the transfer.**

16 (2) **None of the trustees of the trust are:**
17 (A) **Indiana residents under section 12 of this chapter; or**



- 1 **(B) partners or corporations domiciled in Indiana.**
 2 **(3) The entire corpus of the trust, including real and tangible**
 3 **property, is located outside Indiana.**
 4 **(4) The trust is governed by Indiana law.**
 5 **(5) The situs and administration of the trust is in Indiana.**
 6 **(6) All income and gains of the trust are derived from or**
 7 **connected with sources outside of the state of Indiana,**
 8 **determined as if the situs and administration of the trust were**
 9 **not in Indiana.**
- 10 SECTION 3. IC 6-3-4-1, AS AMENDED BY P.L.137-2012,
 11 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2020]: Sec. 1. **(a) Except as provided in subsection (b),**
 13 returns with respect to taxes imposed by this act shall be made by the
 14 following:
- 15 (1) Every resident individual having for the taxable year gross
 16 income in an amount greater than the modifications provided
 17 under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4).
 18 (2) Every nonresident individual having for the taxable year any
 19 gross income from sources within the state of Indiana, except for
 20 a team member (as defined in IC 6-3-2-2.7) who is covered by a
 21 composite return filed under IC 6-3-2-2.7.
 22 (3) Every corporation having for the taxable year any gross
 23 income from sources within the state of Indiana.
 24 (4) For taxable years beginning after December 31, 2012, every
 25 resident estate having for the taxable year any gross income from
 26 sources within the state of Indiana exceeding the amount provided
 27 in Section 6012(a)(3) of the Internal Revenue Code.
 28 (5) For taxable years beginning after December 31, 2012, every
 29 resident trust having for the taxable year any gross income from
 30 sources within the state of Indiana exceeding the amount provided
 31 in Section 6012(a)(4) of the Internal Revenue Code.
 32 (6) For taxable years beginning after December 31, 2012, every
 33 nonresident estate having for the taxable year any gross income
 34 from sources within the state of Indiana exceeding the amount
 35 provided in Section 6012(a)(3) of the Internal Revenue Code.
 36 (7) For taxable years beginning after December 31, 2012, every
 37 nonresident trust having for the taxable year any gross income
 38 from sources within the state of Indiana exceeding the amount
 39 provided in Section 6012(a)(4) of the Internal Revenue Code.
 40 **(b) The return requirement under this section does not apply to**
 41 **an excluded trust (as defined in IC 6-3-1-37).**

