

# HOUSE BILL No. 1765

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-2.5-6-9.

**Synopsis:** Sales tax refunds. Allows a deduction from sales taxes due for receivables of an entity that is a member of the same brother-sister controlled group as the retail merchant.

**Effective:** January 1, 1999 (retroactive).

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**Harris**

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January 26, 1999, read first time and referred to Committee on Ways and Means.

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First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

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## HOUSE BILL No. 1765



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 6-2.5-6-9 IS AMENDED TO READ AS
- 2 FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:
- 3 Sec. 9. (a) In determining the amount of state gross retail and use taxes
- 4 which ~~he a retail merchant~~ must remit under section 7 of this chapter,
- 5 ~~a the~~ retail merchant shall deduct, from ~~his the merchant's~~ gross retail
- 6 income from retail transactions made during a particular reporting
- 7 period, an amount equal to ~~his~~ receivables **of the retail merchant or**
- 8 **a related entity** which:
- 9 (1) resulted from retail transactions in which the retail merchant
- 10 did not collect the state gross retail or use tax from the purchaser;
- 11 (2) resulted from retail transactions on which the retail merchant
- 12 has previously paid the state gross retail or use tax liability to the
- 13 department; and
- 14 (3) were written off as an uncollectible debt for federal tax
- 15 purposes during the particular reporting period **by the retail**
- 16 **merchant or a related entity.**
- 17 (b) If a retail merchant deducts a receivable under subsection (a)



1 and **the retail merchant or a related entity** subsequently collects that  
2 receivable, then the retail merchant shall include the amount collected  
3 as part of **his retail merchant's** gross retail income from retail  
4 transactions for the particular reporting period in which ~~he~~ **the retail**  
5 **merchant or a related entity** makes the collection.

6 (c) **For purposes of this section, a corporation is a related entity**  
7 **to a retail merchant only if the corporation and the retail merchant**  
8 **are members of the same brother-sister controlled group of**  
9 **corporations within the meaning of Section 1563(a)(2) of the**  
10 **Internal Revenue Code except, for purposes of determining**  
11 **whether a person is a related entity under this section, more than**  
12 **fifty percent (50%) shall be substituted for at least eighty percent**  
13 **(80%) wherever at least eighty percent (80%) appears in Section**  
14 **1563(a)(2) of the Internal Revenue Code.**

15 SECTION 2. **An emergency is declared for this act.**

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