SENATE BILL No. 422

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.3; IC 6-2.5-6-13; IC 6-3; IC 6-3.1-18-8; IC 6-5.5-2-7; P.L.192-2002(ss), SECTION 196; P.L.192-2002(ss), SECTION 197.

Synopsis: Tax provisions. Corrects internal references. Separates the provisions related to the making of estimated payments for adjusted gross income tax from the provisions related to the making of estimated payments for the payment of utility receipts tax. Exempts any part of a lottery prize won before July 1, 2002, but paid after July 1, 2002, from adjusted gross income tax. Adjusts the method of calculating the utility receipts tax for a taxpayer with a taxable year that is not a calendar year. Requires a taxpayer with a taxable year that is not a calendar year to file a final return for the taxpayer's liability under the supplemental net income tax by the fifteenth day of the fourth month after the close of the taxpayer's regular taxable year. Changes the method of calculating the tax due. Specifies that a credit against adjusted gross income tax for gross income tax paid for the year 2002 applies to adjusted gross income tax returns filed for any part of a taxable year that includes the year 2002.

Effective: July 1, 2002 (retroactive); January 1, 2003 (retroactive).

Borst

January 21, 2003, read first time and referred to Committee on Finance.

Introduced

First Regular Session 113th General Assembly (2003)

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 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 422

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

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

SECTION 1. IC 6-2.3-1-12, AS ADDED BY P.L.192-2002(ss), SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 12."Taxpayer" means any:

(1) assignee;
(2) receiver;
(3) commissioner;
(4) fiduciary;
(5) trustee;
(6) institution;
(7) consignee;
(8) firm;
(9) partnership;
(10) limited liability partnership;
(11) joint venture;
(12) pool;
(13) syndicate;

(14) bureau;
(15) association;
(16) cooperative association;
(17) corporation;
(18) political subdivision (as defined in ~~IC 36-2-1-13)~~ **IC 36-1-2-13)** or the state of Indiana, to the extent engaged in private or proprietary activities or business;
(19) trust;
(20) limited liability company; or
(21) other group or combination acting as a unit;

regardless of whether the entity is exempt for state adjusted gross income tax purposes under IC 6-3 or for federal income tax purposes under the Internal Revenue Code.

SECTION 2. IC 6-2.3-6-1, AS ADDED BY P.L.192-2002(ss), SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 1. (a) Except as provided in subsections (c) through (e), a taxpayer shall file utility receipts tax returns with, and pay the taxpayer's utility receipts tax liability to, the department by the due date of the estimated return. A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated utility receipts tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year which does not end on December 31, the due dates for filing estimated utility receipts tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year.

(b) With each return filed, with each payment by cashier's check, certified check, or money order delivered in person or by overnight courier, and with each electronic funds transfer made, a taxpayer shall pay to the department twenty-five percent (25%) of the estimated or the exact amount of utility receipts tax that is due.

(c) If a taxpayer's estimated annual utility receipts tax liability does not exceed one thousand dollars ($1,000), the taxpayer is not required to file an estimated utility receipts tax return.

(d) If the department determines that a taxpayer's:
(1) estimated quarterly utility receipts tax liability for the current year; or
(2) average estimated quarterly utility receipts tax liability for the preceding year;

exceeds ten thousand dollars ($10,000), the taxpayer shall pay the estimated utility receipts taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(e) If a taxpayer's utility receipts tax payment is made by electronic funds transfer, the taxpayer is not required to file an estimated utility receipts tax return.

(f) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on taxpayers failing to make payments as required in subsection (b) or (d). However, a penalty may not be assessed as to any estimated payments of utility receipts tax that equal or exceed:

(1) twenty percent (20%) of the final tax liability for the taxable year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall be assessed only on the difference between the actual amount paid by the taxpayer on the estimated return and twenty-five percent (25%) of the taxpayers's final utility receipts tax liability for the taxable year.

SECTION 3. IC 6-2.5-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 13. A person is entitled to a refund from the department if:

(1) a retail merchant erroneously or illegally collects state gross retail or use taxes under this article from the person;

(2) the retail merchant remits the taxes to the department;

(3) the retail merchant does not refund the taxes to the person; and

(4) the person properly applies for the refund under the refund provisions of the gross income tax law contained in ~~IC 6-2.1.~~ **IC 6-8.1-9.**

SECTION 4. IC 6-3-2-14.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002 (RETROACTIVE)]: **Sec. 14.1. Notwithstanding section 14.5 of this chapter and IC 6-3-4-8.2, a payment made after June 30, 2002, on prize money received from a winning lottery ticket purchased under IC 4-30 for a lottery held before July 1, 2002, is exempt from the adjusted gross income tax and supplemental net income tax (repealed) imposed by this article.**

SECTION 5. IC 6-3-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 5. (a) At the election of the taxpayer, there shall be allowed, as a credit against the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of charitable contributions made by such taxpayer during such year to institutions of higher education located within Indiana, to any corporation or foundation organized and operated solely for the benefit of any such institution of higher education, or to the associated colleges of Indiana.

(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed one hundred dollars ($100) in the case of a single return or two hundred dollars ($200) in the case of a joint return.

(c) In the case of a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed:

(1) ten percent (10%) of such corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for such year (as determined without regard to any credits against that tax); or

(2) one thousand dollars ($1,000);

whichever is less.

(d) For purposes of this section, the term "institution of higher education" means any educational institution located within Indiana:

(1) which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on;

(2) which regularly offers education at a level above the twelfth grade;

(3) which regularly awards either associate, bachelors, masters, or doctoral degrees, or any combination thereof; and

(4) which is duly accredited by the North Central Association of Colleges and Schools, the Indiana state board of education, or the American Association of Theological Schools.

(e) The credit allowed by this section shall not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

~~(f) Any taxpayer subject to an income tax under the provisions of IC 6-2.1 as well as under the provisions of IC 6-3-1 through IC 6-3-7 may elect to claim the credit allowed by this section against the income tax imposed by IC 6-2.1, but in no event shall a credit be claimed against both such taxes.~~

SECTION 6. IC 6-3-3-5.1 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 5.1. (a) At the election of the taxpayer, a credit against the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, is permitted in an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of contributions made by the taxpayer during the taxable year to the twenty-first century scholars program support fund established under IC 20-12-70.1-5.

(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year may not exceed:

(1) one hundred dollars ($100) in the case of a single return; or

(2) two hundred dollars ($200) in the case of a joint return.

(c) In the case of a taxpayer that is a corporation, the amount allowable as a credit under this section for any taxable year may not exceed the lesser of the following amounts:

(1) Ten percent (10%) of the corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for the taxable year (as determined without regard to any credits against that tax).

(2) One thousand dollars ($1,000).

(d) The credit permitted under this section may not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

~~(e) Any taxpayer subject to an income tax under IC 6-2.1 as well as under IC 6-3-1 through IC 6-3-7 may elect to claim the credit allowed by this section against the income tax imposed by IC 6-2.1, but may not claim a credit against both of these taxes.~~

SECTION 7. IC 6-3-3-10, AS AMENDED BY P.L.14-2000, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 10. (a) As used in this section:

"Base period wages" means the following:

(1) In the case of a taxpayer other than a pass through entity, wages paid or payable by a taxpayer to its employees during the year that ends on the last day of the month that immediately precedes the month in which an enterprise zone is established, to the extent that the wages would have been qualified wages if the enterprise zone had been in effect for that year. If the taxpayer did not engage in an active trade or business during that year in the area that is later designated as an enterprise zone, then the base

period wages equal zero (0). If the taxpayer engaged in an active trade or business during only part of that year in an area that is later designated as an enterprise zone, then the department shall determine the amount of base period wages.

(2) In the case of a taxpayer that is a pass through entity, base period wages equal zero (0).

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"Enterprise zone adjusted gross income" means adjusted gross income of a taxpayer that is derived from sources within an enterprise zone. Sources of adjusted gross income shall be determined with respect to an enterprise zone, to the extent possible, in the same manner that sources of adjusted gross income are determined with respect to the state of Indiana under IC 6-3-2-2.

"Enterprise zone gross income" means gross income of a taxpayer that is derived from sources within an enterprise zone.

"Enterprise zone insurance premiums" means insurance premiums derived from sources within an enterprise zone.

"Monthly base period wages" means base period wages divided by twelve (12).

"Pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

"Qualified employee" means an individual who is employed by a taxpayer and who:

(1) has his principal place of residence in the enterprise zone in which he is employed;

(2) performs services for the taxpayer, ninety percent (90%) of which are directly related to the conduct of the taxpayer's trade or business that is located in an enterprise zone;

(3) performs at least fifty percent (50%) of his services for the taxpayer during the taxable year in the enterprise zone; and

(4) in the case of an individual who is employed by a taxpayer that is a pass through entity, was first employed by the taxpayer after December 31, 1998.

"Qualified increased employment expenditures" means the following:

(1) For a taxpayer's taxable year other than his taxable year in

which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during the taxable year to qualified employees exceeds the taxpayer's base period wages.

(2) For the taxpayer's taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during all of the full calendar months in the taxpayer's taxable year that succeed the date on which the enterprise zone was established exceed the taxpayer's monthly base period wages multiplied by that same number of full calendar months.

"Qualified state tax liability" means a taxpayer's total income tax liability incurred under:

~~(1) IC 6-2.1 (gross income tax) with respect to enterprise zone gross income;~~

~~(2)~~ **(1)** IC 6-3-1 through IC 6-3-7 (adjusted gross income tax) with respect to enterprise zone adjusted gross income;

~~(3)~~ **(2)** IC 27-1-18-2 (insurance premiums tax) with respect to enterprise zone insurance premiums; and

~~(4)~~ **(3)** IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this section.

"Qualified wages" means the wages paid or payable to qualified employees during a taxable year.

"Taxpayer" includes a pass through entity.

(b) A taxpayer is entitled to a credit against the taxpayer's qualified state tax liability for a taxable year in the amount of the lesser of:

(1) the product of ten percent (10%) multiplied by the qualified increased employment expenditures of the taxpayer for the taxable year; or

(2) one thousand five hundred dollars ($1,500) multiplied by the number of qualified employees employed by the taxpayer during the taxable year.

(c) The amount of the credit provided by this section that a taxpayer uses during a particular taxable year may not exceed the taxpayer's qualified state tax liability for the taxable year. If the credit provided by this section exceeds the amount of that tax liability for the taxable year it is first claimed, then the excess may be carried back to preceding taxable years or carried over to succeeding taxable years and used as a credit against the taxpayer's qualified state tax liability for those taxable years. Each time that the credit is carried back to a preceding taxable year or carried over to a succeeding taxable year, the amount of the carryover is reduced by the amount used as a credit for that taxable year. Except as provided in subsection (e), the credit provided by this section may be carried forward and applied in the ten (10) taxable years that succeed the taxable year in which the credit accrues. The credit provided by this section may be carried back and applied in the three (3) taxable years that precede the taxable year in which the credit accrues.

(d) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's qualified state tax liability for that taxable year before any credit carryover or carryback is applied against that liability under subsection (c).

(e) Notwithstanding subsection (c), if a credit under this section results from wages paid in a particular enterprise zone, and if that enterprise zone terminates in a taxable year that succeeds the last taxable year in which a taxpayer is entitled to use the credit carryover that results from those wages under subsection (c), then the taxpayer may use the credit carryover for any taxable year up to and including the taxable year in which the enterprise zone terminates.

(f) A taxpayer is not entitled to a refund of any unused credit.

(g) A taxpayer that:

(1) does not own, rent, or lease real property outside of an enterprise zone that is an integral part of its trade or business; and

(2) is not owned or controlled directly or indirectly by a taxpayer that owns, rents, or leases real property outside of an enterprise zone;

is exempt from the allocation and apportionment provisions of this section.

(h) If a pass through entity is entitled to a credit under subsection (b) but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, beneficiary, or member of a pass through entity is entitled. However, a pass through entity and an individual who is a shareholder, partner, beneficiary, or member of a pass through entity may not claim more than one (1) credit for the qualified expenditure.

SECTION 8. IC 6-3-4-4.1, AS AMENDED BY P.L.192-2002(ss), SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 4.1.(a) This section applies to taxable years beginning after December 31, 1993.

(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(c) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars ($400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by IC 6-3 shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year. A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax ~~plus utility~~

~~receipts tax~~ which equal or exceed:

(1) twenty percent (20%) of the final tax liability for such taxable year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2, shall exceed one thousand dollars ($1,000) for its taxable year.

(g) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds, before January 1, 1998, twenty thousand dollars ($20,000), and, after December 31, 1997, ten thousand dollars ($10,000), after the credit allowed by IC 6-3-3-2, the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

SECTION 9. IC 6-3.1-18-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 8. The credit provided under section 7 of this chapter is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under ~~IC 6-2.1,~~ IC 6-3, this article, or IC 6-5.5. However, a pass through entity and a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same qualified expenditure.

SECTION 10. IC 6-5.5-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 7. Notwithstanding any other provision of this article, there is no tax imposed on the adjusted gross income or apportioned income of the following:

(1) Insurance companies subject to the tax under IC 27-1-18-2 or ~~IC 6-2.1.~~ **IC 6-3.**

(2) International banking facilities (as defined in Regulation D of the Board of Governors of the Federal Reserve System).

(3) Any corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code.

(4) Any corporation exempt from federal income taxation under the Internal Revenue Code, except for the corporation's unrelated business income. However, this exemption does not apply to a corporation exempt from federal income taxation under Section 501(c)(14) of the Internal Revenue Code.

SECTION 11. P.L.192-2002(ss), SECTION 196 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: SECTION 196. (a) The definitions in IC 6-2.3-1, as added by this act, apply throughout this SECTION.

(b) The department of state revenue shall adopt the initial rules and prescribe the initial forms to implement IC 6-2.3 (utility receipts tax), as added by this act, before December 1, 2002. The department of state revenue may adopt the initial rules required under this SECTION in the same manner that emergency rules are adopted under IC 4-22-2-37.1. A rule adopted under this SECTION expires on the earlier of the following:

(1) The date that the rule is superseded, amended, or repealed by a permanent rule adopted under IC 4-22-2 or another rule adopted under this SECTION.

(2) July 1, 2004.

(c) IC 6-2.3, as added by this act, applies to taxable years beginning after December 31, 2002, and to short taxable years described in subsection (d).

(d) This subsection applies to a taxpayer that was doing business in Indiana during a taxable year determined under the Internal Revenue Code for federal income tax purposes that:

(1) begins before January 1, 2003; and

(2) ends after December 31, 2002.

The initial taxable year for a taxpayer under IC 6-2.3, as added by this act, is a short taxable year. Notwithstanding IC 6-2.3-1-11, as added by this act, the initial taxable year of a taxpayer under IC 6-2.3, as added by this act, begins January 1, 2003. The initial taxable year of the taxpayer ends on the day immediately preceding the day that the taxpayer's next taxable year under the Internal Revenue Code begins.

(e) The **one thousand dollar ($1,000) basic deduction (IC 6-2.3-5-1) and the resource recovery system depreciation deduction (IC 6-2.3-5-3) for the** tax imposed under IC 6-2.3, as added by this act, for the initial taxable year of the taxpayer is equal to the ~~tax~~ **deduction** computed under ~~IC 6-2.3-2, as added by this act,~~ **IC 6-2.3** for the taxpayer's full taxable year under the Internal Revenue Code multiplied by a fraction. The numerator of the fraction is the number of days remaining in the taxpayer's taxable year after December 31, 2002, and the denominator is the total number of days in the taxable year under the Internal Revenue Code for the purposes of federal income taxation.

SECTION 12. P.L.192-2002(ss), SECTION 197 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: SECTION 197. (a) This SECTION applies to a taxpayer that:

(1) was subject to the supplemental net income tax under IC 6-3-8 before January 1, 2003; and

(2) has a taxable year that begins before January 1, 2003, and ends after December 31, 2002.

(b) ~~A taxpayer shall file~~ **Notwithstanding the repeal of IC 6-3-8-5 by P.L.192-2002(ss), the provisions of IC 6-3-8-5 (repealed) apply to the imposition, collection, payment, and administration of the supplemental net income tax imposed under this SECTION, including** the **requirement related to filing the** taxpayer's estimated supplemental net income tax return and ~~pay~~ **paying** the taxpayer's estimated supplemental net income tax liability to the department of state revenue. ~~as provided by law for due dates that occur before January 1, 2003.~~ **The taxpayer shall file a final supplemental net income tax return, in the manner prescribed by the department of state revenue, before the fifteenth day of the fourth month following the close of the taxpayer's regular taxable year, determined as if IC 6-3-8 had not been repealed by P.L.192-2002(ss).**

~~(c) Not later than April 15, 2003, a taxpayer shall file a final supplemental net income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final supplemental net income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of: (1) the total supplemental net income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2002; minus (2) the sum of: (A) the total amount of supplemental net income taxes that~~

~~was previously paid by the taxpayer to the department of state revenue for any quarter of that same part of the taxpayer's taxable year; plus (B) any supplemental net income taxes that were withheld from the taxpayer for that same part of the taxpayer's taxable year.~~

(c) The supplemental net income tax imposed under IC 6-3-8 (repealed) for that taxable year is equal to the result determine under STEP TWO of the following formula:

STEP ONE: Determine the product of the taxpayer's net income for the taxpayer's regular taxable year multiplied by a tax rate equal to four and five-tenths percent (4.5%).

STEP TWO: Multiply the STEP ONE result by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred before January 1, 2003, and the denominator of which is the total number of days in the taxable year.

(d) However, the rate determined under this SECTION shall be rounded to the nearest one-hundredth of one percent (0.01%).

(e) The department of state revenue may prescribe forms and procedures for reconciling the returns and tax due under P.L.192-2002(ss), SECTION 197 before the enactment of this amendment and the returns and tax due under P.L.192-2002(ss), SECTION 197, as amended by this SECTION. The procedures may include procedures for granting an automatic extension for the filing of some or all returns due before April 16, 2003, under P.L.192-2002(ss), SECTION 197 before the enactment of this amendment.

SECTION 13. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)] **Notwithstanding the repeal of IC 6-3-3-2 by P.L.192-2002(ss), a taxpayer that has adjusted gross income tax liability under IC 6-3 for a taxable year that included any part of the year 2002 may apply the credit granted by IC 6-3-3-2 (repealed) for gross income taxes (IC 6-2.1 (repealed)) paid by the taxpayer during the taxable year.**

SECTION 14. **An emergency is declared for this act.**