

# HOUSE BILL No. 1868

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** P.L.192-2002(ss).

**Synopsis:** Transitional tax provisions. Allows 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 and gross income tax by the fifteenth day of the fourth month after the close of the taxpayer's taxable year. Changes the method of calculating the tax due.

**Effective:** July 1, 2002 (retroactive).

---

---

## Koch, Heim, Reske

---

---

January 23, 2003, read first time and referred to Committee on Ways and Means.

---

---

C  
O  
P  
Y



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.

C  
o  
p  
y

## HOUSE BILL No. 1868



A BILL FOR AN ACT concerning taxation.

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

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

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

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

9 (b) ~~A taxpayer shall file~~ **Notwithstanding the repeal of IC 6-3-8-5**  
10 **by P.L.192-2002(ss), the provisions of IC 6-3-8-5 (repealed) apply**  
11 **to the imposition, collection, payment, and administration of the**  
12 **supplemental net income tax imposed under this SECTION,**  
13 **including the requirement related to filing the taxpayer's estimated**  
14 **supplemental net income tax return and pay paying the taxpayer's**  
15 **estimated supplemental net income tax liability to the department of**  
16 **state revenue. as provided by law for due dates that occur before**  
17 **January 1, 2003. The taxpayer shall file a final supplemental net**  
18 **income tax return, in the manner prescribed by the department of**



1 state revenue, before the fifteenth day of the fourth month  
 2 following the close of the taxpayer's taxable year, determined as if  
 3 IC 6-3-8 had not been repealed by P.L.192-2002(ss).

4 (c) Not later than April 15, 2003, a taxpayer shall file a final  
 5 supplemental net income tax return with the department of state  
 6 revenue on a form and in the manner prescribed by the department of  
 7 state revenue. At the time of filing the final supplemental net income  
 8 tax return, a taxpayer shall pay to the department of state revenue an  
 9 amount equal to the remainder of:

10 (1) the total supplemental net income tax liability incurred by the  
 11 taxpayer for the part of the taxpayer's taxable year that occurred  
 12 in calendar year 2002; minus

13 (2) the sum of:

14 (A) the total amount of supplemental net income taxes that  
 15 was previously paid by the taxpayer to the department of state  
 16 revenue for any quarter of that same part of the taxpayer's  
 17 taxable year; plus

18 (B) any supplemental net income taxes that were withheld  
 19 from the taxpayer for that same part of the taxpayer's taxable  
 20 year.

21 (c) The rate of the supplemental net income tax imposed under  
 22 IC 6-3-8 (repealed) for that taxable year is a rate equal to four and  
 23 five-tenths percent (4.5%) multiplied by a fraction, the numerator  
 24 of which is the number of days in the taxpayer's taxable year that  
 25 occurred before January 1, 2003, and the denominator of which is  
 26 the total number of days in the taxable year.

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

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

38 SECTION 2. P.L.192-2002(ss), SECTION 199, IS AMENDED TO  
 39 READ AS FOLLOWS [EFFECTIVE JULY 1, 2002  
 40 (RETROACTIVE)]: SECTION 199. (a) This SECTION applies to a  
 41 taxpayer that:

42 (1) was subject to the gross income tax under IC 6-2.1 before

C  
O  
P  
Y



1 January 1, 2003; ~~and~~

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

4 **(3) is not subject to the adjusted gross income tax under**  
5 **IC 6-3 in the taxpayer's taxable year.**

6 (b) A taxpayer shall file the taxpayer's estimated gross income tax  
7 return and pay the taxpayer's estimated gross income tax liability to the  
8 department of state revenue as provided in IC 6-2.1-5-1.1 for due dates  
9 that occur before January 1, 2003.

10 (c) Not later than April 15, 2003, a taxpayer shall file a final gross  
11 income tax return with the department of state revenue on a form and  
12 in the manner prescribed by the department of state revenue. At the  
13 time of filing the final gross income tax return, a taxpayer shall pay to  
14 the department of state revenue an amount equal to the remainder of:

15 (1) the total gross income tax liability incurred by the taxpayer for  
16 the part of the taxpayer's taxable year that occurred in calendar  
17 year 2002; minus

18 (2) the sum of:

19 (A) the total amount of gross income taxes that was previously  
20 paid by the taxpayer to the department of state revenue for any  
21 quarter of that same part of the taxpayer's taxable year; plus

22 (B) any gross income taxes that were withheld from the  
23 taxpayer for that same part of the taxpayer's taxable year under  
24 IC 6-2.1-6.

25 SECTION 3. P.L.192-2002(ss), SECTION 200, IS AMENDED TO  
26 READ AS FOLLOWS [EFFECTIVE JULY 1, 2002  
27 (RETROACTIVE)]: SECTION 200. (a) This SECTION applies to a  
28 corporate taxpayer that:

29 (1) pays adjusted gross income tax under IC 6-3-1 through  
30 IC 6-3-7; and

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

33 **(b) This subsection applies to a corporate taxpayer that was not**  
34 **subject to the gross income tax under IC 6-2.1 (repealed) before**  
35 **January 1, 2003.** The rate of the adjusted gross income tax imposed  
36 under IC 6-3-2-1 for that taxable year is a rate equal to the sum of:

37 (1) three and four-tenths percent (3.4%) multiplied by a fraction,  
38 the numerator of which is the number of days in the taxpayer's  
39 taxable year that occurred before January 1, 2003, and the  
40 denominator of which is the total number of days in the taxable  
41 year; and

42 (2) eight and five-tenths percent (8.5%) multiplied by a fraction,

C  
o  
p  
y



1 the numerator of which is the number of days in the taxpayer's  
 2 taxable year that occurred after December 31, 2002, and the  
 3 denominator of which is the total number of days in the taxable  
 4 year.

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

7 (d) **This subsection applies to a taxpayer that was also subject**  
 8 **to the gross income tax under IC 6-2.1 (repealed) before January**  
 9 **1, 2003. The total tax liability of the taxpayer under IC 6-2.1**  
 10 **(repealed) and IC 6-3-1 through IC 6-3-7 for the taxable year is the**  
 11 **amount determined in STEP EIGHT of the following formula:**

12 **STEP ONE: Determine, under IC 6-3, an amount equal to the**  
 13 **product of the adjusted gross income derived from sources**  
 14 **within Indiana of the corporation multiplied by an adjusted**  
 15 **gross income tax rate of three and four-tenths percent (3.4%).**

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

21 **STEP THREE: Determine the amount of gross income tax**  
 22 **that would be payable under IC 6-2.1-2-2 in the taxable year**  
 23 **if 6-2.1-2-2 had not been repealed by P.L.192-2002(ss).**

24 **STEP FOUR: Multiply the STEP THREE amount by a**  
 25 **fraction, the numerator of which is the number of days in the**  
 26 **taxpayer's taxable year that occurred before January 1, 2003,**  
 27 **and the denominator of which is the total number of days in**  
 28 **the taxable year.**

29 **STEP FIVE: Determine the greater of the STEP TWO**  
 30 **amount or the STEP FOUR amount.**

31 **STEP SIX: Determine, under IC 6-3, an amount equal to the**  
 32 **product of the adjusted gross income derived from sources**  
 33 **within Indiana of the corporation multiplied by an adjusted**  
 34 **gross income tax rate of eight and five-tenths percent (8.5%).**

35 **STEP SEVEN: Multiply the STEP SIX amount by a fraction,**  
 36 **the numerator of which is the number of days in the**  
 37 **taxpayer's taxable year that occurred after December 31,**  
 38 **2002, and the denominator of which is the total number of**  
 39 **days in the taxable year.**

40 **STEP EIGHT: Determine the sum of the STEP FIVE amount**  
 41 **and the STEP SEVEN amount.**

42 (e) The department of state revenue may prescribe forms and

C  
o  
p  
y



1     **procedures for reconciling the returns and tax due under**  
2     **P.L.192-2002(ss), SECTION 200 before the enactment of this**  
3     **amendment and the returns and tax due under P.L.192-2002(ss),**  
4     **SECTION 200, as amended by this SECTION. The procedures**  
5     **may include procedures for granting an automatic extension for**  
6     **filing some or all returns due before April 16, 2003, under**  
7     **P.L.192-2002(ss), SECTION 200 before the enactment of this**  
8     **amendment.**

9         **SECTION 4. An emergency is declared for this act.**

C  
o  
p  
y

