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# SENATE BILL No. 13

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 22-4-17-2.5.

**Synopsis:** Income tax withholding. Provides that beginning in 2012, an individual may elect to have state income tax and local income tax withheld from unemployment compensation received by the individual.

**Effective:** July 1, 2011.

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### Boots

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January 5, 2011, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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## SENATE BILL No. 13



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 22-4-17-2.5, AS AMENDED BY P.L.3-2008,  
 2 SECTION 159, IS AMENDED TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 2011]: Sec. 2.5. (a) When an individual files an  
 4 initial claim, the individual shall be advised of the following:

5 (1) Unemployment compensation is subject to federal, state, and  
 6 local income taxes.

7 (2) Requirements exist concerning estimated tax payments.

8 (3) ~~After December 31, 1996,~~ The individual may elect to have  
 9 income taxes withheld from the individual's payment of  
 10 unemployment compensation. If an election is made, the  
 11 department shall withhold federal income tax at the applicable  
 12 rate provided in the Internal Revenue Code.

13 (4) **After December 31, 2011, the individual may elect to have**  
 14 **state adjusted income tax imposed under IC 6-3 deducted and**  
 15 **withheld from the individual's payment of unemployment**  
 16 **compensation at the rate of three and four-tenths percent**  
 17 **(3.4%). If an election is made, the department shall withhold**



1 state adjusted gross income tax at the rate of three and  
 2 four-tenths percent (3.4%).  
 3 **(5) After December 31, 2011, the individual may elect to have**  
 4 **local income tax imposed under IC 6-3.5 deducted and**  
 5 **withheld from the individual's payment of unemployment**  
 6 **compensation at the rate of six-tenths percent (0.6%). If an**  
 7 **election is made, the department shall withhold local income**  
 8 **taxes imposed under IC 6-3.5 at the rate of six-tenths percent**  
 9 **(0.6%).**  
 10 ~~(4)~~ **(6)** An individual is allowed to change an election made under  
 11 this section.  
 12 (b) Money withheld from unemployment compensation under this  
 13 section shall remain in the unemployment fund until transferred to the  
 14 federal taxing authority for payment of income taxes.  
 15 (c) The commissioner shall follow all procedures of the United  
 16 States Department of Labor and the Internal Revenue Service  
 17 concerning the withholding of income taxes.  
 18 (d) Money shall be deducted and withheld in accordance with the  
 19 priorities established in regulations developed by the commissioner.

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