
HOUSE BILL No. 1161

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-4.

Synopsis: Tax withholding. Requires adjusted gross income tax and local option income tax withholding from pari-mutuel horse racing purse money, purse supplements, and breed development awards paid in amounts exceeding \$1,200 to a nonresident taxpayer. Specifies filing and refund procedures with respect to taxes withheld from winnings, horse racing payments, gambling winnings, charity gaming prizes, and lottery prizes.

Effective: July 1, 2011.

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January 10, 2011, read first time and referred to Committee on Public 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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HOUSE BILL No. 1161



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 6-3-4-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2011]: **Sec. 0.5. As used in section 8.2 of this chapter, "qualified
4 prize" means any of the following:**
5 (1) Winnings subject to withholding under the Internal
6 Revenue Code and section 8.2(a) of this chapter.
7 (2) Gambling winnings subject to withholding under section
8 8.2(b) of this chapter.
9 (3) Lottery prizes subject to withholding under section 8.2(c)
10 of this chapter.
11 (4) Charity gaming prizes subject to withholding under
12 section 8.2(d) of this chapter.
13 (5) Pari-mutuel horse racing purse money, purse supplements,
14 and breed development awards subject to withholding under
15 section 8.2(e) of this chapter.
16 SECTION 2. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss),
17 SECTION 200, IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2011]: Sec. 8.2. (a) Each person in Indiana who
 2 is required under the Internal Revenue Code to withhold federal tax
 3 from winnings shall deduct and retain adjusted gross income tax at the
 4 time and in the amount described in withholding instructions issued by
 5 the department.

6 (b) In addition to amounts withheld under subsection (a), every
 7 person engaged in a gambling operation (as defined in IC 4-33-2-10)
 8 or a gambling game (as defined in IC 4-35-2-5) and making a payment
 9 in the course of the gambling operation (as defined in IC 4-33-2-10) or
 10 a gambling game (as defined in IC 4-35-2-5) of:

11 (1) winnings (not reduced by the wager) valued at one thousand
 12 two hundred dollars (\$1,200) or more from slot machine play; or

13 (2) winnings (reduced by the wager) valued at one thousand five
 14 hundred dollars (\$1,500) or more from a keno game;

15 shall deduct and retain adjusted gross income tax at the time and in the
 16 amount described in withholding instructions issued by the department.
 17 The department's instructions must provide that amounts withheld shall
 18 be paid to the department before the close of the business day following
 19 the day the winnings are paid, actually or constructively. Slot machine
 20 and keno winnings from a gambling operation (as defined in
 21 IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) that are
 22 reportable for federal income tax purposes shall be treated as subject
 23 to withholding under this section, even if federal tax withholding is not
 24 required.

25 (c) The adjusted gross income tax due on prize money or prizes:

26 (1) received from a winning lottery ticket purchased under
 27 IC 4-30; and

28 (2) exceeding one thousand two hundred dollars (\$1,200) in
 29 value;

30 shall be deducted and retained at the time and in the amount described
 31 in withholding instructions issued by the department, even if federal
 32 **tax** withholding is not required.

33 (d) In addition to the amounts withheld under subsection (a), a
 34 qualified organization (as defined in IC 4-32.2-2-24(a)) that awards a
 35 prize under IC 4-32.2 exceeding one thousand two hundred dollars
 36 (\$1,200) in value shall deduct and retain adjusted gross income tax at
 37 the time and in the amount described in withholding instructions issued
 38 by the department. The department's instructions must provide that
 39 amounts withheld shall be paid to the department before the close of
 40 the business day following the day the winnings are paid, actually or
 41 constructively.

42 (e) **This subsection applies to any part of the purse money, purse**

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1 supplements, or breed development awards paid to an owner,
 2 trainer, jockey, or driver with respect to a pari-mutuel horse race
 3 conducted after June 30, 2011. The adjusted gross income tax and
 4 any local income taxes imposed under IC 6-3.5 that are due on any
 5 part of the purse money, purse supplements, or breed development
 6 awards paid to a nonresident taxpayer in an amount exceeding one
 7 thousand two hundred dollars (\$1,200) shall be deducted and
 8 retained at the time and in the amount described in withholding
 9 instructions issued by the department, even if federal tax
 10 withholding is not required.

11 (f) Amounts deducted from a qualified prize paid to a person
 12 during any calendar year under this section shall be considered to
 13 be in part payment of the tax imposed on that person for the
 14 person's taxable year that begins in that calendar year. A properly
 15 filed withholding tax statement filed by the person distributing the
 16 qualified prize shall be accepted by the department as evidence in
 17 favor of the taxpayer of the amount so deducted from the qualified
 18 prize. If the total amount deducted exceeds the amount of tax on
 19 the taxpayer as computed under this article and IC 6-3.5, the
 20 department shall, after examining the statement or statements filed
 21 in accordance with this article and IC 6-3.5 by the person
 22 distributing the qualified prize, refund the amount of the excess
 23 deduction. However, under rules adopted by the department, the
 24 excess or any part of the excess may be applied to any taxes or
 25 other claim due from the taxpayer to the state of Indiana or any
 26 subdivision of the state. A refund may not be made to a recipient
 27 of a qualified prize who fails to file a return or returns as required
 28 under this article and IC 6-3.5 within two (2) years from the due
 29 date of the return or returns. If the excess tax deducted is less than
 30 one dollar (\$1), a refund may not be made.

31 (g) This section does not relieve any taxpayer from the
 32 taxpayer's obligation of filing a return or returns at the time
 33 required under this article and IC 6-3.5. If the amount withheld
 34 under this section is insufficient to pay the total tax of a taxpayer,
 35 the unpaid tax shall be paid at the time prescribed by section 5 of
 36 this chapter.

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