SENATE BILL No. 354

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-4.

Synopsis: Tax exemption for military income. Provides a 100% income tax deduction for all military service income received by an individual or the individual's surviving spouse. Removes the minimum age requirement for an individual to deduct a military pension benefit.

Effective: January 1, 2014.

Delph

January 8, 2013, read first time and referred to Committee on Tax and Fiscal Policy.

C o p y

Introduced

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

C o p y

SENATE BILL No. 354

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 6-3-2-4, AS AMENDED BY P.L.6-2012, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 4. (a) ~~Each taxable year, an individual, or the individual's surviving spouse, is entitled to an adjusted gross income tax deduction for the first five thousand dollars ($5,000) of~~ **As used in this section, "military service income" means all** income, including retirement or survivor's benefits, received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. ~~However, a person who is less than sixty (60) years of age on the last day of the person's taxable year, is not, for that taxable year, entitled to a deduction under this section for retirement or survivor's benefits.~~

(b) Except as provided in subsection (c), an individual, or the individual's surviving spouse, is entitled to an adjusted gross

income tax deduction under this section for military service income received by the individual or the individual's surviving spouse during the taxable year and included in federal adjusted gross income under the Internal Revenue Code.

~~(b)~~ **(c)** An individual whose qualified military income is subtracted from the individual's federal adjusted gross income under IC 6-3-1-3.5(a)(21) for Indiana individual income tax purposes is not, for that taxable year, entitled to a deduction under this section for ~~the individual's~~ **that same** qualified military income **that is deducted under IC 6-3-1-3.5(a)(21).**

SECTION 2. [EFFECTIVE JANUARY 1, 2014] **(a) IC 6-3-2-4, as amended by this act, applies to taxable years beginning after December 31, 2013.**

(b) This SECTION expires January 1, 2017.

C o p y