

HOUSE BILL No. 1267

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2.

Synopsis: Deduction for military retirement pension income. Phases in a deduction for military retirement pension income from the adjusted gross income tax. Provides that an individual who claims a deduction for military retirement pension income may not claim the income tax deduction generally allowed for military income.

Effective: January 1, 2014.

McNamara

January 14, 2013, read first time and referred to Committee on Ways and Means.

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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.

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HOUSE BILL No. 1267



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

15 (b) An individual whose qualified military income is subtracted
16 from the individual's federal adjusted gross income under
17 IC 6-3-1-3.5(a)(21) for Indiana individual income tax purposes is not,



1 for that taxable year, entitled to a deduction under this section for the
2 individual's qualified military income.

3 **(c) An individual who claims a deduction for the individual's**
4 **military retirement pension income under section 4.5 of this**
5 **chapter is not, for that taxable year, entitled to a deduction under**
6 **this section for the individual's military retirement pension income.**

7 SECTION 2. IC 6-3-2-4.5 IS ADDED TO THE INDIANA CODE
8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
9 JANUARY 1, 2014]: **Sec. 4.5. (a) Each taxable year, an individual**
10 **who receives a retirement pension for service in a branch or a**
11 **reserve component of the United States military may claim a**
12 **deduction under this section. The amount of the deduction is equal**
13 **to the product of:**

14 **(1) that part of a retirement pension received for service in a**
15 **branch or a reserve component of the United States military**
16 **that is included in the taxpayer's federal adjusted gross**
17 **income; multiplied by**

18 **(2) the applicable percentage as follows:**

19 **(A) Twenty percent (20%) for a taxable year beginning**
20 **after December 31, 2013, and ending before January 1,**
21 **2015.**

22 **(B) Forty percent (40%) for a taxable year beginning after**
23 **December 31, 2014, and ending before January 1, 2016.**

24 **(C) Sixty percent (60%) for a taxable year beginning after**
25 **December 31, 2015, and ending before January 1, 2017.**

26 **(D) Eighty percent (80%) for a taxable year beginning**
27 **after December 31, 2016, and ending before January 1,**
28 **2018.**

29 **(E) One hundred percent (100%) for a taxable year**
30 **beginning after December 31, 2017.**

31 **(b) An individual who claims a deduction for the individual's**
32 **military retirement pension income under section 4 of this chapter**
33 **is not, for that taxable year, entitled to a deduction under this**
34 **section for the individual's military retirement pension income.**

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

38 **(b) IC 6-3-2-4.5, as added by this act, applies only to taxable**
39 **years beginning after December 31, 2013.**

40 **(c) This SECTION expires January 1, 2016.**

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