
HOUSE BILL No. 1419

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5.

Synopsis: Personal exemptions. Doubles the exemption amounts for the following: (1) The taxpayer, or the taxpayer and the taxpayer's spouse in the case of a married couple filing a joint return. (2) A taxpayer's dependents. (3) Taxpayers who are at least 65 years of age or blind. (4) The spouse of the taxpayer, if a separate return is made by the taxpayer, the spouse has no gross income, and the spouse is not the dependent of any other taxpayer. (5) Dependent children who are under the age of 19 or students under the age of 24. (6) Taxpayers who are at least 65 years of age and have adjusted gross income of less than \$40,000.

Effective: January 1, 2013 (retroactive).

Brown T

January 22, 2013, read first time and referred to Committee on Ways and Means.

C
o
p
y



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

HOUSE BILL No. 1419



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 6-3-1-3.5, AS AMENDED BY P.L.137-2012,
2 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2013 (RETROACTIVE)]: Sec. 3.5. When used in this
4 article, the term "adjusted gross income" shall mean the following:
5 (a) In the case of all individuals, "adjusted gross income" (as
6 defined in Section 62 of the Internal Revenue Code), modified as
7 follows:
8 (1) Subtract income that is exempt from taxation under this article
9 by the Constitution and statutes of the United States.
10 (2) Add an amount equal to any deduction or deductions allowed
11 or allowable pursuant to Section 62 of the Internal Revenue Code
12 for taxes based on or measured by income and levied at the state
13 level by any state of the United States.
14 (3) Subtract ~~one two~~ thousand dollars (~~\$1,000~~); **(\$2,000)** or in the
15 case of a joint return filed by a husband and wife, subtract for
16 each spouse ~~one two~~ thousand dollars (~~\$1,000~~); **(\$2,000)**.
17 (4) Subtract ~~one two~~ thousand dollars (~~\$1,000~~) **(\$2,000)** for:



- 1 (A) each of the exemptions provided by Section 151(c) of the
 2 Internal Revenue Code;
 3 (B) each additional amount allowable under Section 63(f) of
 4 the Internal Revenue Code; and
 5 (C) the spouse of the taxpayer if a separate return is made by
 6 the taxpayer and if the spouse, for the calendar year in which
 7 the taxable year of the taxpayer begins, has no gross income
 8 and is not the dependent of another taxpayer.
- 9 (5) Subtract:
- 10 (A) ~~one three thousand five hundred~~ dollars ~~(\$1,500)~~ **(\$3,000)**
 11 for each of the exemptions allowed under Section 151(c)(1)(B)
 12 of the Internal Revenue Code (as effective January 1, 2004);
 13 and
 14 (B) ~~five hundred one thousand~~ dollars ~~(\$500)~~ **(\$1,000)** for
 15 each additional amount allowable under Section 63(f)(1) of the
 16 Internal Revenue Code if the adjusted gross income of the
 17 taxpayer, or the taxpayer and the taxpayer's spouse in the case
 18 of a joint return, is less than forty thousand dollars (\$40,000).
 19 This amount is in addition to the amount subtracted under
 20 subdivision (4).
- 21 (6) Subtract an amount equal to the lesser of:
- 22 (A) that part of the individual's adjusted gross income (as
 23 defined in Section 62 of the Internal Revenue Code) for that
 24 taxable year that is subject to a tax that is imposed by a
 25 political subdivision of another state and that is imposed on or
 26 measured by income; or
 27 (B) two thousand dollars (\$2,000).
- 28 (7) Add an amount equal to the total capital gain portion of a
 29 lump sum distribution (as defined in Section 402(e)(4)(D) of the
 30 Internal Revenue Code) if the lump sum distribution is received
 31 by the individual during the taxable year and if the capital gain
 32 portion of the distribution is taxed in the manner provided in
 33 Section 402 of the Internal Revenue Code.
- 34 (8) Subtract any amounts included in federal adjusted gross
 35 income under Section 111 of the Internal Revenue Code as a
 36 recovery of items previously deducted as an itemized deduction
 37 from adjusted gross income.
- 38 (9) Subtract any amounts included in federal adjusted gross
 39 income under the Internal Revenue Code which amounts were
 40 received by the individual as supplemental railroad retirement
 41 annuities under 45 U.S.C. 231 and which are not deductible under
 42 subdivision (1).

C
o
p
y

- 1 (10) Subtract an amount equal to the amount of federal Social
2 Security and Railroad Retirement benefits included in a taxpayer's
3 federal gross income by Section 86 of the Internal Revenue Code.
4 (11) In the case of a nonresident taxpayer or a resident taxpayer
5 residing in Indiana for a period of less than the taxpayer's entire
6 taxable year, the total amount of the deductions allowed pursuant
7 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
8 which bears the same ratio to the total as the taxpayer's income
9 taxable in Indiana bears to the taxpayer's total income.
10 (12) In the case of an individual who is a recipient of assistance
11 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
12 subtract an amount equal to that portion of the individual's
13 adjusted gross income with respect to which the individual is not
14 allowed under federal law to retain an amount to pay state and
15 local income taxes.
16 (13) In the case of an eligible individual, subtract the amount of
17 a Holocaust victim's settlement payment included in the
18 individual's federal adjusted gross income.
19 (14) Subtract an amount equal to the portion of any premiums
20 paid during the taxable year by the taxpayer for a qualified long
21 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
22 or the taxpayer's spouse, or both.
23 (15) Subtract an amount equal to the lesser of:
24 (A) two thousand five hundred dollars (\$2,500); or
25 (B) the amount of property taxes that are paid during the
26 taxable year in Indiana by the individual on the individual's
27 principal place of residence.
28 (16) Subtract an amount equal to the amount of a September 11
29 terrorist attack settlement payment included in the individual's
30 federal adjusted gross income.
31 (17) Add or subtract the amount necessary to make the adjusted
32 gross income of any taxpayer that owns property for which bonus
33 depreciation was allowed in the current taxable year or in an
34 earlier taxable year equal to the amount of adjusted gross income
35 that would have been computed had an election not been made
36 under Section 168(k) of the Internal Revenue Code to apply bonus
37 depreciation to the property in the year that it was placed in
38 service.
39 (18) Add an amount equal to any deduction allowed under
40 Section 172 of the Internal Revenue Code.
41 (19) Add or subtract the amount necessary to make the adjusted
42 gross income of any taxpayer that placed Section 179 property (as

C
O
P
Y

1 defined in Section 179 of the Internal Revenue Code) in service
2 in the current taxable year or in an earlier taxable year equal to
3 the amount of adjusted gross income that would have been
4 computed had an election for federal income tax purposes not
5 been made for the year in which the property was placed in
6 service to take deductions under Section 179 of the Internal
7 Revenue Code in a total amount exceeding twenty-five thousand
8 dollars (\$25,000).

9 (20) Add an amount equal to the amount that a taxpayer claimed
10 as a deduction for domestic production activities for the taxable
11 year under Section 199 of the Internal Revenue Code for federal
12 income tax purposes.

13 (21) Subtract an amount equal to the amount of the taxpayer's
14 qualified military income that was not excluded from the
15 taxpayer's gross income for federal income tax purposes under
16 Section 112 of the Internal Revenue Code.

17 (22) Subtract income that is:

18 (A) exempt from taxation under IC 6-3-2-21.7; and

19 (B) included in the individual's federal adjusted gross income
20 under the Internal Revenue Code.

21 (23) Subtract any amount of a credit (including an advance refund
22 of the credit) that is provided to an individual under 26 U.S.C.
23 6428 (federal Economic Stimulus Act of 2008) and included in
24 the individual's federal adjusted gross income.

25 (24) Add any amount of unemployment compensation excluded
26 from federal gross income, as defined in Section 61 of the Internal
27 Revenue Code, under Section 85(c) of the Internal Revenue Code.

28 (25) Add the amount excluded from gross income under Section
29 108(a)(1)(e) of the Internal Revenue Code for the discharge of
30 debt on a qualified principal residence.

31 (26) Add an amount equal to any income not included in gross
32 income as a result of the deferral of income arising from business
33 indebtedness discharged in connection with the reacquisition after
34 December 31, 2008, and before January 1, 2011, of an applicable
35 debt instrument, as provided in Section 108(i) of the Internal
36 Revenue Code. Subtract the amount necessary from the adjusted
37 gross income of any taxpayer that added an amount to adjusted
38 gross income in a previous year to offset the amount included in
39 federal gross income as a result of the deferral of income arising
40 from business indebtedness discharged in connection with the
41 reacquisition after December 31, 2008, and before January 1,
42 2011, of an applicable debt instrument, as provided in Section

C
o
p
y



- 1 108(i) of the Internal Revenue Code.
- 2 (27) Add the amount necessary to make the adjusted gross income
- 3 of any taxpayer that placed qualified restaurant property in service
- 4 during the taxable year and that was classified as 15-year property
- 5 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
- 6 to the amount of adjusted gross income that would have been
- 7 computed had the classification not applied to the property in the
- 8 year that it was placed in service.
- 9 (28) Add the amount necessary to make the adjusted gross income
- 10 of any taxpayer that placed qualified retail improvement property
- 11 in service during the taxable year and that was classified as
- 12 15-year property under Section 168(e)(3)(E)(ix) of the Internal
- 13 Revenue Code equal to the amount of adjusted gross income that
- 14 would have been computed had the classification not applied to
- 15 the property in the year that it was placed in service.
- 16 (29) Add or subtract the amount necessary to make the adjusted
- 17 gross income of any taxpayer that claimed the special allowance
- 18 for qualified disaster assistance property under Section 168(n) of
- 19 the Internal Revenue Code equal to the amount of adjusted gross
- 20 income that would have been computed had the special allowance
- 21 not been claimed for the property.
- 22 (30) Add or subtract the amount necessary to make the adjusted
- 23 gross income of any taxpayer that made an election under Section
- 24 179C of the Internal Revenue Code to expense costs for qualified
- 25 refinery property equal to the amount of adjusted gross income
- 26 that would have been computed had an election for federal
- 27 income tax purposes not been made for the year.
- 28 (31) Add or subtract the amount necessary to make the adjusted
- 29 gross income of any taxpayer that made an election under Section
- 30 181 of the Internal Revenue Code to expense costs for a qualified
- 31 film or television production equal to the amount of adjusted
- 32 gross income that would have been computed had an election for
- 33 federal income tax purposes not been made for the year.
- 34 (32) Add or subtract the amount necessary to make the adjusted
- 35 gross income of any taxpayer that treated a loss from the sale or
- 36 exchange of preferred stock in:
- 37 (A) the Federal National Mortgage Association, established
- 38 under the Federal National Mortgage Association Charter Act
- 39 (12 U.S.C. 1716 et seq.); or
- 40 (B) the Federal Home Loan Mortgage Corporation, established
- 41 under the Federal Home Loan Mortgage Corporation Act (12
- 42 U.S.C. 1451 et seq.);

C
O
P
Y

- 1 as an ordinary loss under Section 301 of the Emergency
2 Economic Stabilization Act of 2008 in the current taxable year or
3 in an earlier taxable year equal to the amount of adjusted gross
4 income that would have been computed had the loss not been
5 treated as an ordinary loss.
- 6 (33) Add the amount excluded from federal gross income under
7 Section 103 of the Internal Revenue Code for interest received on
8 an obligation of a state other than Indiana, or a political
9 subdivision of such a state, that is acquired by the taxpayer after
10 December 31, 2011.
- 11 (34) Add the amount deducted from gross income under Section
12 198 of the Internal Revenue Code for the expensing of
13 environmental remediation costs.
- 14 (35) Add the amount excluded from gross income under Section
15 408(d)(8) of the Internal Revenue Code for a charitable
16 distribution from an individual retirement plan.
- 17 (36) Add the amount deducted from gross income under Section
18 222 of the Internal Revenue Code for qualified tuition and related
19 expenses.
- 20 (37) Add the amount deducted from gross income under Section
21 62(a)(2)(D) of the Internal Revenue Code for certain expenses of
22 elementary and secondary school teachers.
- 23 (38) Add the amount excluded from gross income under Section
24 127 of the Internal Revenue Code as annual employer provided
25 education expenses.
- 26 (39) Add the amount deducted from gross income under Section
27 179E of the Internal Revenue Code for any qualified advanced
28 mine safety equipment property.
- 29 (40) Add the monthly amount excluded from gross income under
30 Section 132(f)(1)(A) and 132(f)(1)(B) of the Internal Revenue
31 Code that exceeds one hundred dollars (\$100) a month for a
32 qualified transportation fringe.
- 33 (41) Add the amount deducted from gross income under Section
34 221 of the Internal Revenue Code that exceeds the amount the
35 taxpayer could deduct under Section 221 of the Internal Revenue
36 Code before it was amended by the Tax Relief, Unemployment
37 Insurance Reauthorization, and Job Creation Act of 2010 (P.L.
38 111-312).
- 39 (42) Add the amount necessary to make the adjusted gross income
40 of any taxpayer that placed any qualified leasehold improvement
41 property in service during the taxable year and that was classified
42 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal

C
O
P
Y

1 Revenue Code equal to the amount of adjusted gross income that
 2 would have been computed had the classification not applied to
 3 the property in the year that it was placed into service.

4 (43) Add the amount necessary to make the adjusted gross income
 5 of any taxpayer that placed a motorsports entertainment complex
 6 in service during the taxable year and that was classified as 7-year
 7 property under Section 168(e)(3)(C)(ii) of the Internal Revenue
 8 Code equal to the amount of adjusted gross income that would
 9 have been computed had the classification not applied to the
 10 property in the year that it was placed into service.

11 (44) Add the amount deducted under Section 195 of the Internal
 12 Revenue Code for start-up expenditures that exceeds the amount
 13 the taxpayer could deduct under Section 195 of the Internal
 14 Revenue Code before it was amended by the Small Business Jobs
 15 Act of 2010 (P.L. 111-240).

16 (45) Add the amount necessary to make the adjusted gross income
 17 of any taxpayer for which tax was not imposed on the net
 18 recognized built-in gain of an S corporation under Section
 19 1374(d)(7) of the Internal Revenue Code as amended by the
 20 Small Business Jobs Act of 2010 (P.L. 111-240) equal to the
 21 amount of adjusted gross income that would have been computed
 22 before Section 1374(d)(7) of the Internal Revenue Code as
 23 amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

24 (46) This subdivision does not apply to payments made for
 25 services provided to a business that was enrolled and participated
 26 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 27 time the taxpayer conducted business in Indiana in the taxable
 28 year. For a taxable year beginning after June 30, 2011, add the
 29 amount of any trade or business deduction allowed under the
 30 Internal Revenue Code for wages, reimbursements, or other
 31 payments made for services provided in Indiana by an individual
 32 for services as an employee, if the individual was, during the
 33 period of service, prohibited from being hired as an employee
 34 under 8 U.S.C. 1324a.

35 (b) In the case of corporations, the same as "taxable income" (as
 36 defined in Section 63 of the Internal Revenue Code) adjusted as
 37 follows:

38 (1) Subtract income that is exempt from taxation under this article
 39 by the Constitution and statutes of the United States.

40 (2) Add an amount equal to any deduction or deductions allowed
 41 or allowable pursuant to Section 170 of the Internal Revenue
 42 Code.

C
o
p
y



- 1 (3) Add an amount equal to any deduction or deductions allowed
2 or allowable pursuant to Section 63 of the Internal Revenue Code
3 for taxes based on or measured by income and levied at the state
4 level by any state of the United States.
- 5 (4) Subtract an amount equal to the amount included in the
6 corporation's taxable income under Section 78 of the Internal
7 Revenue Code.
- 8 (5) Add or subtract the amount necessary to make the adjusted
9 gross income of any taxpayer that owns property for which bonus
10 depreciation was allowed in the current taxable year or in an
11 earlier taxable year equal to the amount of adjusted gross income
12 that would have been computed had an election not been made
13 under Section 168(k) of the Internal Revenue Code to apply bonus
14 depreciation to the property in the year that it was placed in
15 service.
- 16 (6) Add an amount equal to any deduction allowed under Section
17 172 of the Internal Revenue Code.
- 18 (7) Add or subtract the amount necessary to make the adjusted
19 gross income of any taxpayer that placed Section 179 property (as
20 defined in Section 179 of the Internal Revenue Code) in service
21 in the current taxable year or in an earlier taxable year equal to
22 the amount of adjusted gross income that would have been
23 computed had an election for federal income tax purposes not
24 been made for the year in which the property was placed in
25 service to take deductions under Section 179 of the Internal
26 Revenue Code in a total amount exceeding twenty-five thousand
27 dollars (\$25,000).
- 28 (8) Add an amount equal to the amount that a taxpayer claimed as
29 a deduction for domestic production activities for the taxable year
30 under Section 199 of the Internal Revenue Code for federal
31 income tax purposes.
- 32 (9) Add to the extent required by IC 6-3-2-20 the amount of
33 intangible expenses (as defined in IC 6-3-2-20) and any directly
34 related intangible interest expenses (as defined in IC 6-3-2-20) for
35 the taxable year that reduced the corporation's taxable income (as
36 defined in Section 63 of the Internal Revenue Code) for federal
37 income tax purposes.
- 38 (10) Add an amount equal to any deduction for dividends paid (as
39 defined in Section 561 of the Internal Revenue Code) to
40 shareholders of a captive real estate investment trust (as defined
41 in section 34.5 of this chapter).
- 42 (11) Subtract income that is:

C
O
P
Y

- 1 (A) exempt from taxation under IC 6-3-2-21.7; and
- 2 (B) included in the corporation's taxable income under the
- 3 Internal Revenue Code.
- 4 (12) Add an amount equal to any income not included in gross
- 5 income as a result of the deferral of income arising from business
- 6 indebtedness discharged in connection with the reacquisition after
- 7 December 31, 2008, and before January 1, 2011, of an applicable
- 8 debt instrument, as provided in Section 108(i) of the Internal
- 9 Revenue Code. Subtract from the adjusted gross income of any
- 10 taxpayer that added an amount to adjusted gross income in a
- 11 previous year the amount necessary to offset the amount included
- 12 in federal gross income as a result of the deferral of income
- 13 arising from business indebtedness discharged in connection with
- 14 the reacquisition after December 31, 2008, and before January 1,
- 15 2011, of an applicable debt instrument, as provided in Section
- 16 108(i) of the Internal Revenue Code.
- 17 (13) Add the amount necessary to make the adjusted gross income
- 18 of any taxpayer that placed qualified restaurant property in service
- 19 during the taxable year and that was classified as 15-year property
- 20 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
- 21 to the amount of adjusted gross income that would have been
- 22 computed had the classification not applied to the property in the
- 23 year that it was placed in service.
- 24 (14) Add the amount necessary to make the adjusted gross income
- 25 of any taxpayer that placed qualified retail improvement property
- 26 in service during the taxable year and that was classified as
- 27 15-year property under Section 168(e)(3)(E)(ix) of the Internal
- 28 Revenue Code equal to the amount of adjusted gross income that
- 29 would have been computed had the classification not applied to
- 30 the property in the year that it was placed in service.
- 31 (15) Add or subtract the amount necessary to make the adjusted
- 32 gross income of any taxpayer that claimed the special allowance
- 33 for qualified disaster assistance property under Section 168(n) of
- 34 the Internal Revenue Code equal to the amount of adjusted gross
- 35 income that would have been computed had the special allowance
- 36 not been claimed for the property.
- 37 (16) Add or subtract the amount necessary to make the adjusted
- 38 gross income of any taxpayer that made an election under Section
- 39 179C of the Internal Revenue Code to expense costs for qualified
- 40 refinery property equal to the amount of adjusted gross income
- 41 that would have been computed had an election for federal
- 42 income tax purposes not been made for the year.

COPY



- 1 (17) Add or subtract the amount necessary to make the adjusted
- 2 gross income of any taxpayer that made an election under Section
- 3 181 of the Internal Revenue Code to expense costs for a qualified
- 4 film or television production equal to the amount of adjusted
- 5 gross income that would have been computed had an election for
- 6 federal income tax purposes not been made for the year.
- 7 (18) Add or subtract the amount necessary to make the adjusted
- 8 gross income of any taxpayer that treated a loss from the sale or
- 9 exchange of preferred stock in:
- 10 (A) the Federal National Mortgage Association, established
- 11 under the Federal National Mortgage Association Charter Act
- 12 (12 U.S.C. 1716 et seq.); or
- 13 (B) the Federal Home Loan Mortgage Corporation, established
- 14 under the Federal Home Loan Mortgage Corporation Act (12
- 15 U.S.C. 1451 et seq.);
- 16 as an ordinary loss under Section 301 of the Emergency
- 17 Economic Stabilization Act of 2008 in the current taxable year or
- 18 in an earlier taxable year equal to the amount of adjusted gross
- 19 income that would have been computed had the loss not been
- 20 treated as an ordinary loss.
- 21 (19) Add the amount deducted from gross income under Section
- 22 198 of the Internal Revenue Code for the expensing of
- 23 environmental remediation costs.
- 24 (20) Add the amount deducted from gross income under Section
- 25 179E of the Internal Revenue Code for any qualified advanced
- 26 mine safety equipment property.
- 27 (21) Add the amount necessary to make the adjusted gross income
- 28 of any taxpayer that placed any qualified leasehold improvement
- 29 property in service during the taxable year and that was classified
- 30 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal
- 31 Revenue Code equal to the amount of adjusted gross income that
- 32 would have been computed had the classification not applied to
- 33 the property in the year that it was placed into service.
- 34 (22) Add the amount necessary to make the adjusted gross income
- 35 of any taxpayer that placed a motorsports entertainment complex
- 36 in service during the taxable year and that was classified as 7-year
- 37 property under Section 168(e)(3)(C)(ii) of the Internal Revenue
- 38 Code equal to the amount of adjusted gross income that would
- 39 have been computed had the classification not applied to the
- 40 property in the year that it was placed into service.
- 41 (23) Add the amount deducted under Section 195 of the Internal
- 42 Revenue Code for start-up expenditures that exceeds the amount

COPY



1 the taxpayer could deduct under Section 195 of the Internal
 2 Revenue Code before it was amended by the Small Business Jobs
 3 Act of 2010 (P.L. 111-240).
 4 (24) This subdivision does not apply to payments made for
 5 services provided to a business that was enrolled and participated
 6 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 7 time the taxpayer conducted business in Indiana in the taxable
 8 year. For a taxable year beginning after June 30, 2011, add the
 9 amount of any trade or business deduction allowed under the
 10 Internal Revenue Code for wages, reimbursements, or other
 11 payments made for services provided in Indiana by an individual
 12 for services as an employee, if the individual was, during the
 13 period of service, prohibited from being hired as an employee
 14 under 8 U.S.C. 1324a.
 15 (25) Add the amount excluded from federal gross income under
 16 Section 103 of the Internal Revenue Code for interest received on
 17 an obligation of a state other than Indiana, or a political
 18 subdivision of such a state, that is acquired by the taxpayer after
 19 December 31, 2011.
 20 (c) In the case of life insurance companies (as defined in Section
 21 816(a) of the Internal Revenue Code) that are organized under Indiana
 22 law, the same as "life insurance company taxable income" (as defined
 23 in Section 801 of the Internal Revenue Code), adjusted as follows:
 24 (1) Subtract income that is exempt from taxation under this article
 25 by the Constitution and statutes of the United States.
 26 (2) Add an amount equal to any deduction allowed or allowable
 27 under Section 170 of the Internal Revenue Code.
 28 (3) Add an amount equal to a deduction allowed or allowable
 29 under Section 805 or Section 831(c) of the Internal Revenue Code
 30 for taxes based on or measured by income and levied at the state
 31 level by any state.
 32 (4) Subtract an amount equal to the amount included in the
 33 company's taxable income under Section 78 of the Internal
 34 Revenue Code.
 35 (5) Add or subtract the amount necessary to make the adjusted
 36 gross income of any taxpayer that owns property for which bonus
 37 depreciation was allowed in the current taxable year or in an
 38 earlier taxable year equal to the amount of adjusted gross income
 39 that would have been computed had an election not been made
 40 under Section 168(k) of the Internal Revenue Code to apply bonus
 41 depreciation to the property in the year that it was placed in
 42 service.

COPY



- 1 (6) Add an amount equal to any deduction allowed under Section
2 172 or Section 810 of the Internal Revenue Code.
- 3 (7) Add or subtract the amount necessary to make the adjusted
4 gross income of any taxpayer that placed Section 179 property (as
5 defined in Section 179 of the Internal Revenue Code) in service
6 in the current taxable year or in an earlier taxable year equal to
7 the amount of adjusted gross income that would have been
8 computed had an election for federal income tax purposes not
9 been made for the year in which the property was placed in
10 service to take deductions under Section 179 of the Internal
11 Revenue Code in a total amount exceeding twenty-five thousand
12 dollars (\$25,000).
- 13 (8) Add an amount equal to the amount that a taxpayer claimed as
14 a deduction for domestic production activities for the taxable year
15 under Section 199 of the Internal Revenue Code for federal
16 income tax purposes.
- 17 (9) Subtract income that is:
- 18 (A) exempt from taxation under IC 6-3-2-21.7; and
- 19 (B) included in the insurance company's taxable income under
20 the Internal Revenue Code.
- 21 (10) Add an amount equal to any income not included in gross
22 income as a result of the deferral of income arising from business
23 indebtedness discharged in connection with the reacquisition after
24 December 31, 2008, and before January 1, 2011, of an applicable
25 debt instrument, as provided in Section 108(i) of the Internal
26 Revenue Code. Subtract from the adjusted gross income of any
27 taxpayer that added an amount to adjusted gross income in a
28 previous year the amount necessary to offset the amount included
29 in federal gross income as a result of the deferral of income
30 arising from business indebtedness discharged in connection with
31 the reacquisition after December 31, 2008, and before January 1,
32 2011, of an applicable debt instrument, as provided in Section
33 108(i) of the Internal Revenue Code.
- 34 (11) Add the amount necessary to make the adjusted gross income
35 of any taxpayer that placed qualified restaurant property in service
36 during the taxable year and that was classified as 15-year property
37 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
38 to the amount of adjusted gross income that would have been
39 computed had the classification not applied to the property in the
40 year that it was placed in service.
- 41 (12) Add the amount necessary to make the adjusted gross income
42 of any taxpayer that placed qualified retail improvement property

C
O
P
Y

1 in service during the taxable year and that was classified as
 2 15-year property under Section 168(e)(3)(E)(ix) of the Internal
 3 Revenue Code equal to the amount of adjusted gross income that
 4 would have been computed had the classification not applied to
 5 the property in the year that it was placed in service.
 6 (13) Add or subtract the amount necessary to make the adjusted
 7 gross income of any taxpayer that claimed the special allowance
 8 for qualified disaster assistance property under Section 168(n) of
 9 the Internal Revenue Code equal to the amount of adjusted gross
 10 income that would have been computed had the special allowance
 11 not been claimed for the property.
 12 (14) Add or subtract the amount necessary to make the adjusted
 13 gross income of any taxpayer that made an election under Section
 14 179C of the Internal Revenue Code to expense costs for qualified
 15 refinery property equal to the amount of adjusted gross income
 16 that would have been computed had an election for federal
 17 income tax purposes not been made for the year.
 18 (15) Add or subtract the amount necessary to make the adjusted
 19 gross income of any taxpayer that made an election under Section
 20 181 of the Internal Revenue Code to expense costs for a qualified
 21 film or television production equal to the amount of adjusted
 22 gross income that would have been computed had an election for
 23 federal income tax purposes not been made for the year.
 24 (16) Add or subtract the amount necessary to make the adjusted
 25 gross income of any taxpayer that treated a loss from the sale or
 26 exchange of preferred stock in:
 27 (A) the Federal National Mortgage Association, established
 28 under the Federal National Mortgage Association Charter Act
 29 (12 U.S.C. 1716 et seq.); or
 30 (B) the Federal Home Loan Mortgage Corporation, established
 31 under the Federal Home Loan Mortgage Corporation Act (12
 32 U.S.C. 1451 et seq.);
 33 as an ordinary loss under Section 301 of the Emergency
 34 Economic Stabilization Act of 2008 in the current taxable year or
 35 in an earlier taxable year equal to the amount of adjusted gross
 36 income that would have been computed had the loss not been
 37 treated as an ordinary loss.
 38 (17) Add an amount equal to any exempt insurance income under
 39 Section 953(e) of the Internal Revenue Code that is active
 40 financing income under Subpart F of Subtitle A, Chapter 1,
 41 Subchapter N of the Internal Revenue Code.
 42 (18) Add the amount necessary to make the adjusted gross income

COPY



1 of any taxpayer that placed any qualified leasehold improvement
 2 property in service during the taxable year and that was classified
 3 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal
 4 Revenue Code equal to the amount of adjusted gross income that
 5 would have been computed had the classification not applied to
 6 the property in the year that it was placed into service.
 7 (19) Add the amount necessary to make the adjusted gross income
 8 of any taxpayer that placed a motorsports entertainment complex
 9 in service during the taxable year and that was classified as 7-year
 10 property under Section 168(e)(3)(C)(ii) of the Internal Revenue
 11 Code equal to the amount of adjusted gross income that would
 12 have been computed had the classification not applied to the
 13 property in the year that it was placed into service.
 14 (20) Add the amount deducted under Section 195 of the Internal
 15 Revenue Code for start-up expenditures that exceeds the amount
 16 the taxpayer could deduct under Section 195 of the Internal
 17 Revenue Code before it was amended by the Small Business Jobs
 18 Act of 2010 (P.L. 111-240).
 19 (21) Add the amount deducted from gross income under Section
 20 198 of the Internal Revenue Code for the expensing of
 21 environmental remediation costs.
 22 (22) Add the amount deducted from gross income under Section
 23 179E of the Internal Revenue Code for any qualified advanced
 24 mine safety equipment property.
 25 (23) This subdivision does not apply to payments made for
 26 services provided to a business that was enrolled and participated
 27 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 28 time the taxpayer conducted business in Indiana in the taxable
 29 year. For a taxable year beginning after June 30, 2011, add the
 30 amount of any trade or business deduction allowed under the
 31 Internal Revenue Code for wages, reimbursements, or other
 32 payments made for services provided in Indiana by an individual
 33 for services as an employee, if the individual was, during the
 34 period of service, prohibited from being hired as an employee
 35 under 8 U.S.C. 1324a.
 36 (24) Add the amount excluded from federal gross income under
 37 Section 103 of the Internal Revenue Code for interest received on
 38 an obligation of a state other than Indiana, or a political
 39 subdivision of such a state, that is acquired by the taxpayer after
 40 December 31, 2011.
 41 (d) In the case of insurance companies subject to tax under Section
 42 831 of the Internal Revenue Code and organized under Indiana law, the

C
o
p
y



1 same as "taxable income" (as defined in Section 832 of the Internal
2 Revenue Code), adjusted as follows:

3 (1) Subtract income that is exempt from taxation under this article
4 by the Constitution and statutes of the United States.

5 (2) Add an amount equal to any deduction allowed or allowable
6 under Section 170 of the Internal Revenue Code.

7 (3) Add an amount equal to a deduction allowed or allowable
8 under Section 805 or Section 831(c) of the Internal Revenue Code
9 for taxes based on or measured by income and levied at the state
10 level by any state.

11 (4) Subtract an amount equal to the amount included in the
12 company's taxable income under Section 78 of the Internal
13 Revenue Code.

14 (5) Add or subtract the amount necessary to make the adjusted
15 gross income of any taxpayer that owns property for which bonus
16 depreciation was allowed in the current taxable year or in an
17 earlier taxable year equal to the amount of adjusted gross income
18 that would have been computed had an election not been made
19 under Section 168(k) of the Internal Revenue Code to apply bonus
20 depreciation to the property in the year that it was placed in
21 service.

22 (6) Add an amount equal to any deduction allowed under Section
23 172 of the Internal Revenue Code.

24 (7) Add or subtract the amount necessary to make the adjusted
25 gross income of any taxpayer that placed Section 179 property (as
26 defined in Section 179 of the Internal Revenue Code) in service
27 in the current taxable year or in an earlier taxable year equal to
28 the amount of adjusted gross income that would have been
29 computed had an election for federal income tax purposes not
30 been made for the year in which the property was placed in
31 service to take deductions under Section 179 of the Internal
32 Revenue Code in a total amount exceeding twenty-five thousand
33 dollars (\$25,000).

34 (8) Add an amount equal to the amount that a taxpayer claimed as
35 a deduction for domestic production activities for the taxable year
36 under Section 199 of the Internal Revenue Code for federal
37 income tax purposes.

38 (9) Subtract income that is:

39 (A) exempt from taxation under IC 6-3-2-21.7; and

40 (B) included in the insurance company's taxable income under
41 the Internal Revenue Code.

42 (10) Add an amount equal to any income not included in gross

C
o
p
y



1 income as a result of the deferral of income arising from business
2 indebtedness discharged in connection with the reacquisition after
3 December 31, 2008, and before January 1, 2011, of an applicable
4 debt instrument, as provided in Section 108(i) of the Internal
5 Revenue Code. Subtract from the adjusted gross income of any
6 taxpayer that added an amount to adjusted gross income in a
7 previous year the amount necessary to offset the amount included
8 in federal gross income as a result of the deferral of income
9 arising from business indebtedness discharged in connection with
10 the reacquisition after December 31, 2008, and before January 1,
11 2011, of an applicable debt instrument, as provided in Section
12 108(i) of the Internal Revenue Code.

13 (11) Add the amount necessary to make the adjusted gross income
14 of any taxpayer that placed qualified restaurant property in service
15 during the taxable year and that was classified as 15-year property
16 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
17 to the amount of adjusted gross income that would have been
18 computed had the classification not applied to the property in the
19 year that it was placed in service.

20 (12) Add the amount necessary to make the adjusted gross income
21 of any taxpayer that placed qualified retail improvement property
22 in service during the taxable year and that was classified as
23 15-year property under Section 168(e)(3)(E)(ix) of the Internal
24 Revenue Code equal to the amount of adjusted gross income that
25 would have been computed had the classification not applied to
26 the property in the year that it was placed in service.

27 (13) Add or subtract the amount necessary to make the adjusted
28 gross income of any taxpayer that claimed the special allowance
29 for qualified disaster assistance property under Section 168(n) of
30 the Internal Revenue Code equal to the amount of adjusted gross
31 income that would have been computed had the special allowance
32 not been claimed for the property.

33 (14) Add or subtract the amount necessary to make the adjusted
34 gross income of any taxpayer that made an election under Section
35 179C of the Internal Revenue Code to expense costs for qualified
36 refinery property equal to the amount of adjusted gross income
37 that would have been computed had an election for federal
38 income tax purposes not been made for the year.

39 (15) Add or subtract the amount necessary to make the adjusted
40 gross income of any taxpayer that made an election under Section
41 181 of the Internal Revenue Code to expense costs for a qualified
42 film or television production equal to the amount of adjusted

C
o
p
y



- 1 gross income that would have been computed had an election for
- 2 federal income tax purposes not been made for the year.
- 3 (16) Add or subtract the amount necessary to make the adjusted
- 4 gross income of any taxpayer that treated a loss from the sale or
- 5 exchange of preferred stock in:
- 6 (A) the Federal National Mortgage Association, established
- 7 under the Federal National Mortgage Association Charter Act
- 8 (12 U.S.C. 1716 et seq.); or
- 9 (B) the Federal Home Loan Mortgage Corporation, established
- 10 under the Federal Home Loan Mortgage Corporation Act (12
- 11 U.S.C. 1451 et seq.);
- 12 as an ordinary loss under Section 301 of the Emergency
- 13 Economic Stabilization Act of 2008 in the current taxable year or
- 14 in an earlier taxable year equal to the amount of adjusted gross
- 15 income that would have been computed had the loss not been
- 16 treated as an ordinary loss.
- 17 (17) Add an amount equal to any exempt insurance income under
- 18 Section 953(e) of the Internal Revenue Code that is active
- 19 financing income under Subpart F of Subtitle A, Chapter 1,
- 20 Subchapter N of the Internal Revenue Code.
- 21 (18) Add the amount necessary to make the adjusted gross income
- 22 of any taxpayer that placed any qualified leasehold improvement
- 23 property in service during the taxable year and that was classified
- 24 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal
- 25 Revenue Code equal to the amount of adjusted gross income that
- 26 would have been computed had the classification not applied to
- 27 the property in the year that it was placed into service.
- 28 (19) Add the amount necessary to make the adjusted gross income
- 29 of any taxpayer that placed a motorsports entertainment complex
- 30 in service during the taxable year and that was classified as 7-year
- 31 property under Section 168(e)(3)(C)(ii) of the Internal Revenue
- 32 Code equal to the amount of adjusted gross income that would
- 33 have been computed had the classification not applied to the
- 34 property in the year that it was placed into service.
- 35 (20) Add the amount deducted under Section 195 of the Internal
- 36 Revenue Code for start-up expenditures that exceeds the amount
- 37 the taxpayer could deduct under Section 195 of the Internal
- 38 Revenue Code before it was amended by the Small Business Jobs
- 39 Act of 2010 (P.L. 111-240).
- 40 (21) Add the amount deducted from gross income under Section
- 41 198 of the Internal Revenue Code for the expensing of
- 42 environmental remediation costs.

COPY



- 1 (22) Add the amount deducted from gross income under Section
- 2 179E of the Internal Revenue Code for any qualified advanced
- 3 mine safety equipment property.
- 4 (23) This subdivision does not apply to payments made for
- 5 services provided to a business that was enrolled and participated
- 6 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
- 7 time the taxpayer conducted business in Indiana in the taxable
- 8 year. For a taxable year beginning after June 30, 2011, add the
- 9 amount of any trade or business deduction allowed under the
- 10 Internal Revenue Code for wages, reimbursements, or other
- 11 payments made for services provided in Indiana by an individual
- 12 for services as an employee, if the individual was, during the
- 13 period of service, prohibited from being hired as an employee
- 14 under 8 U.S.C. 1324a.
- 15 (24) Add the amount excluded from federal gross income under
- 16 Section 103 of the Internal Revenue Code for interest received on
- 17 an obligation of a state other than Indiana, or a political
- 18 subdivision of such a state, that is acquired by the taxpayer after
- 19 December 31, 2011.
- 20 (e) In the case of trusts and estates, "taxable income" (as defined for
- 21 trusts and estates in Section 641(b) of the Internal Revenue Code)
- 22 adjusted as follows:
- 23 (1) Subtract income that is exempt from taxation under this article
- 24 by the Constitution and statutes of the United States.
- 25 (2) Subtract an amount equal to the amount of a September 11
- 26 terrorist attack settlement payment included in the federal
- 27 adjusted gross income of the estate of a victim of the September
- 28 11 terrorist attack or a trust to the extent the trust benefits a victim
- 29 of the September 11 terrorist attack.
- 30 (3) Add or subtract the amount necessary to make the adjusted
- 31 gross income of any taxpayer that owns property for which bonus
- 32 depreciation was allowed in the current taxable year or in an
- 33 earlier taxable year equal to the amount of adjusted gross income
- 34 that would have been computed had an election not been made
- 35 under Section 168(k) of the Internal Revenue Code to apply bonus
- 36 depreciation to the property in the year that it was placed in
- 37 service.
- 38 (4) Add an amount equal to any deduction allowed under Section
- 39 172 of the Internal Revenue Code.
- 40 (5) Add or subtract the amount necessary to make the adjusted
- 41 gross income of any taxpayer that placed Section 179 property (as
- 42 defined in Section 179 of the Internal Revenue Code) in service

COPY



- 1 in the current taxable year or in an earlier taxable year equal to
- 2 the amount of adjusted gross income that would have been
- 3 computed had an election for federal income tax purposes not
- 4 been made for the year in which the property was placed in
- 5 service to take deductions under Section 179 of the Internal
- 6 Revenue Code in a total amount exceeding twenty-five thousand
- 7 dollars (\$25,000).
- 8 (6) Add an amount equal to the amount that a taxpayer claimed as
- 9 a deduction for domestic production activities for the taxable year
- 10 under Section 199 of the Internal Revenue Code for federal
- 11 income tax purposes.
- 12 (7) Subtract income that is:
- 13 (A) exempt from taxation under IC 6-3-2-21.7; and
- 14 (B) included in the taxpayer's taxable income under the
- 15 Internal Revenue Code.
- 16 (8) Add an amount equal to any income not included in gross
- 17 income as a result of the deferral of income arising from business
- 18 indebtedness discharged in connection with the reacquisition after
- 19 December 31, 2008, and before January 1, 2011, of an applicable
- 20 debt instrument, as provided in Section 108(i) of the Internal
- 21 Revenue Code. Subtract from the adjusted gross income of any
- 22 taxpayer that added an amount to adjusted gross income in a
- 23 previous year the amount necessary to offset the amount included
- 24 in federal gross income as a result of the deferral of income
- 25 arising from business indebtedness discharged in connection with
- 26 the reacquisition after December 31, 2008, and before January 1,
- 27 2011, of an applicable debt instrument, as provided in Section
- 28 108(i) of the Internal Revenue Code.
- 29 (9) Add the amount necessary to make the adjusted gross income
- 30 of any taxpayer that placed qualified restaurant property in service
- 31 during the taxable year and that was classified as 15-year property
- 32 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
- 33 to the amount of adjusted gross income that would have been
- 34 computed had the classification not applied to the property in the
- 35 year that it was placed in service.
- 36 (10) Add the amount necessary to make the adjusted gross income
- 37 of any taxpayer that placed qualified retail improvement property
- 38 in service during the taxable year and that was classified as
- 39 15-year property under Section 168(e)(3)(E)(ix) of the Internal
- 40 Revenue Code equal to the amount of adjusted gross income that
- 41 would have been computed had the classification not applied to
- 42 the property in the year that it was placed in service.

COPY



- 1 (11) Add or subtract the amount necessary to make the adjusted
 2 gross income of any taxpayer that claimed the special allowance
 3 for qualified disaster assistance property under Section 168(n) of
 4 the Internal Revenue Code equal to the amount of adjusted gross
 5 income that would have been computed had the special allowance
 6 not been claimed for the property.
- 7 (12) Add or subtract the amount necessary to make the adjusted
 8 gross income of any taxpayer that made an election under Section
 9 179C of the Internal Revenue Code to expense costs for qualified
 10 refinery property equal to the amount of adjusted gross income
 11 that would have been computed had an election for federal
 12 income tax purposes not been made for the year.
- 13 (13) Add or subtract the amount necessary to make the adjusted
 14 gross income of any taxpayer that made an election under Section
 15 181 of the Internal Revenue Code to expense costs for a qualified
 16 film or television production equal to the amount of adjusted
 17 gross income that would have been computed had an election for
 18 federal income tax purposes not been made for the year.
- 19 (14) Add or subtract the amount necessary to make the adjusted
 20 gross income of any taxpayer that treated a loss from the sale or
 21 exchange of preferred stock in:
- 22 (A) the Federal National Mortgage Association, established
 23 under the Federal National Mortgage Association Charter Act
 24 (12 U.S.C. 1716 et seq.); or
- 25 (B) the Federal Home Loan Mortgage Corporation, established
 26 under the Federal Home Loan Mortgage Corporation Act (12
 27 U.S.C. 1451 et seq.);
- 28 as an ordinary loss under Section 301 of the Emergency
 29 Economic Stabilization Act of 2008 in the current taxable year or
 30 in an earlier taxable year equal to the amount of adjusted gross
 31 income that would have been computed had the loss not been
 32 treated as an ordinary loss.
- 33 (15) Add the amount excluded from gross income under Section
 34 108(a)(1)(e) of the Internal Revenue Code for the discharge of
 35 debt on a qualified principal residence.
- 36 (16) Add the amount necessary to make the adjusted gross income
 37 of any taxpayer that placed any qualified leasehold improvement
 38 property in service during the taxable year and that was classified
 39 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal
 40 Revenue Code equal to the amount of adjusted gross income that
 41 would have been computed had the classification not applied to
 42 the property in the year that it was placed into service.

C
o
p
y

- 1 (17) Add the amount necessary to make the adjusted gross income
 2 of any taxpayer that placed a motorsports entertainment complex
 3 in service during the taxable year and that was classified as 7-year
 4 property under Section 168(e)(3)(C)(ii) of the Internal Revenue
 5 Code equal to the amount of adjusted gross income that would
 6 have been computed had the classification not applied to the
 7 property in the year that it was placed into service.
- 8 (18) Add the amount deducted under Section 195 of the Internal
 9 Revenue Code for start-up expenditures that exceeds the amount
 10 the taxpayer could deduct under Section 195 of the Internal
 11 Revenue Code before it was amended by the Small Business Jobs
 12 Act of 2010 (P.L. 111-240).
- 13 (19) Add the amount deducted from gross income under Section
 14 198 of the Internal Revenue Code for the expensing of
 15 environmental remediation costs.
- 16 (20) Add the amount deducted from gross income under Section
 17 179E of the Internal Revenue Code for any qualified advanced
 18 mine safety equipment property.
- 19 (21) Add the amount necessary to make the adjusted gross income
 20 of any taxpayer for which tax was not imposed on the net
 21 recognized built-in gain of an S corporation under Section
 22 1374(d)(7) of the Internal Revenue Code as amended by the
 23 Small Business Jobs Act of 2010 (P.L. 111-240) equal to the
 24 amount of adjusted gross income that would have been computed
 25 before Section 1374(d)(7) of the Internal Revenue Code as
 26 amended by the Small Business Jobs Act of 2010 (P.L. 111-240).
- 27 (22) This subdivision does not apply to payments made for
 28 services provided to a business that was enrolled and participated
 29 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 30 time the taxpayer conducted business in Indiana in the taxable
 31 year. For a taxable year beginning after June 30, 2011, add the
 32 amount of any trade or business deduction allowed under the
 33 Internal Revenue Code for wages, reimbursements, or other
 34 payments made for services provided in Indiana by an individual
 35 for services as an employee, if the individual was, during the
 36 period of service, prohibited from being hired as an employee
 37 under 8 U.S.C. 1324a.
- 38 (23) Add the amount excluded from federal gross income under
 39 Section 103 of the Internal Revenue Code for interest received on
 40 an obligation of a state other than Indiana, or a political
 41 subdivision of such a state, that is acquired by the taxpayer after
 42 December 31, 2011.

C
O
P
Y

1 SECTION 2. [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]
2 (a) IC 6-3-1-3.5, as amended by this act, applies to taxable years
3 beginning after December 31, 2012.
4 (b) This SECTION expires January 1, 2015.
5 SECTION 3. An emergency is declared for this act.

C
o
p
y

