

IC 6-3-4

Chapter 4. Returns and Remittances

IC 6-3-4-1

Who must make returns

Sec. 1. Returns with respect to taxes imposed by this act shall be made by the following:

- (1) Every resident individual having for the taxable year gross income in an amount greater than the modifications provided under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4).
- (2) Every nonresident individual having for the taxable year any gross income from sources within the state of Indiana, except for a team member (as defined in IC 6-3-2-2.7) who is covered by a composite return filed under IC 6-3-2-2.7.
- (3) Every corporation having for the taxable year any gross income from sources within the state of Indiana.
- (4) Every resident estate having for the taxable year any gross income from sources within the state of Indiana.
- (5) Every resident trust having for the taxable year any gross income from sources within the state of Indiana.
- (6) Every nonresident estate having for the taxable year any gross income from sources within the state of Indiana.
- (7) Every nonresident trust having for the taxable year any gross income from sources within the state of Indiana.

(Formerly: Acts 1963(ss), c.32, s.401; Acts 1965, c.233, s.16.) As amended by Acts 1981, P.L.25, SEC.7; P.L.63-1997, SEC.3.

IC 6-3-4-1.5

Returns filed by professional preparers

Sec. 1.5. (a) If a professional preparer files more than:

- (1) one hundred (100) returns in a calendar year before 2012;
- (2) fifty (50) returns in calendar year 2012; and
- (3) ten (10) returns in a calendar year after 2012;

for persons described in section 1(1) or 1(2) of this chapter, in the immediately following calendar year the professional preparer shall file returns for persons described in section 1(1) or 1(2) of this chapter in an electronic format specified by the department.

(b) A professional preparer described in subsection (a) is not required to file a return in an electronic format if the taxpayer requests in writing that the return not be filed in an electronic format. Returns filed by a professional preparer under this subsection shall not be used in determining the professional preparer's requirement to file returns in an electronic format.

(c) A professional preparer who does not comply with subsection (a) is subject to a penalty of fifty dollars (\$50) for each return not filed in an electronic format, with a maximum penalty of twenty-five thousand dollars (\$25,000) per calendar year.

As added by P.L.211-2007, SEC.23. Amended by P.L.131-2008, SEC.14; P.L.229-2011, SEC.86.

IC 6-3-4-2

Returns; fiduciaries; husband and wife

Sec. 2. (a) If an individual is deceased, the return of such individual shall be made by the individual's executor, administrator, or other person charged with the property of such decedent.

(b) If an individual is unable to make a return, the return of such individual shall be made by a duly authorized agent, the individual's committee, guardian, fiduciary, or other person charged with the care of the person or property of such individual.

(c) Returns of an estate or a trust shall be made by the fiduciary thereof.

(d) Where a joint return is made by husband and wife pursuant to the Internal Revenue Code, a joint return shall be made pursuant to this article. Where a joint return is filed by a husband and wife hereunder, one spouse shall have no liability for the tax imposed by this article upon the income of the other spouse.

(e) Where separate returns are made by husband and wife pursuant to the Internal Revenue Code, separate returns shall be made pursuant to this article.

(Formerly: Acts 1963(ss), c.32, s.402; Acts 1965, c.233, s.17.) As amended by Acts 1977(ss), P.L.4, SEC.9; P.L.3-1989, SEC.39.

IC 6-3-4-3 Version a

Filing date

Note: This version of section effective until 1-1-2012. See also following version of this section, effective 1-1-2012.

Sec. 3. Returns required to be made pursuant to section 1 of this chapter shall be filed with the department on or before the 15th day of the fourth month following the close of the taxable year.

(Formerly: Acts 1963(ss), c.32, s.403.) As amended by Acts 1980, P.L.61, SEC.4.

IC 6-3-4-3 Version b

Filing date

Note: This version of section effective 1-1-2012. See also preceding version of this section, effective until 1-1-2012.

Sec. 3. Returns required to be made pursuant to section 1 of this chapter shall be filed with the department on or before the later of the following:

(1) The 15th day of the fourth month following the close of the taxable year.

(2) For a corporation whose federal tax return is due on or after the date set forth in subdivision (1), as determined without regard to any extensions, weekends, or holidays, the 15th day of the month following the due date of the federal tax return.

(Formerly: Acts 1963(ss), c.32, s.403.) As amended by Acts 1980, P.L.61, SEC.4; P.L.172-2011, SEC.58.

IC 6-3-4-4

Repealed

(Repealed by P.L.260-1997(ss), SEC.95.)

IC 6-3-4-4.1

Estimated payments; declaration of estimated tax; electronic funds transfer

Sec. 4.1. (a) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, the following apply to estimated tax returns filed and payments made under this subsection:

(1) In applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(2) Estimated tax for a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) must be computed by applying not more than one (1) exclusion under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4), regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year.

(b) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than one thousand dollars (\$1,000). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(c) Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to the lesser of:

(1) twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year; or

(2) the annualized income installment calculated in the manner provided by Section 6655(e) of the Internal Revenue Code as applied to the corporation's liability for adjusted gross income tax.

A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and

twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(d) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (c) or (f). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

(1) the annualized income installment calculated under subsection (c); or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(e) The provisions of subsection (c) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed two thousand five hundred dollars (\$2,500) for its taxable year.

(f) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds five thousand dollars (\$5,000), after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(g) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

(h) An individual filing an estimated tax return and making an estimated tax payment under this section must designate:

(1) the portion of the estimated tax payment that represents estimated state adjusted gross income tax liability; and

(2) the portion of the estimated tax payment that represents estimated local income tax liability under IC 6-3.5.

The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by this subsection.

As added by P.L.278-1993(ss), SEC.23. Amended by P.L.18-1994, SEC.9; P.L.19-1994, SEC.8; P.L.85-1995, SEC.10; P.L.8-1996, SEC.5; P.L.260-1997(ss), SEC.51; P.L.28-1997, SEC.14; P.L.2-1998, SEC.32; P.L.192-2002(ss), SEC.80; P.L.1-2003,

SEC.36; P.L.269-2003, SEC.9; P.L.211-2007, SEC.24; P.L.131-2008, SEC.15; P.L.146-2008, SEC.319; P.L.1-2009, SEC.50.

IC 6-3-4-5

Payment of tax

Sec. 5. When a return of tax is required pursuant to sections 1 and 3 of this chapter, the taxpayer required to make such return shall, without assessment or notice and demand from the department, pay such tax to the department at the time fixed for filing the return without regard to any extension of time for filing the return. In making a return and paying tax for any taxable year, a taxpayer shall take credit for any tax previously paid by him for such taxable year. *(Formerly: Acts 1963(ss), c.32, s.405.) As amended by P.L.2-1988, SEC.11.*

IC 6-3-4-6

Furnishing federal return to department; notice of modification; amended returns

Sec. 6. (a) Any taxpayer, upon request by the department, shall furnish to the department a true and correct copy of any tax return which the taxpayer has filed with the United States Internal Revenue Service which copy shall be certified to by the taxpayer under penalties of perjury.

(b) Each taxpayer shall notify the department of any modification of:

- (1) a federal income tax return filed by the taxpayer after January 1, 1978; or
- (2) the taxpayer's federal income tax liability for a taxable year which begins after December 31, 1977.

The taxpayer shall file the notice on the form prescribed by the department within one hundred twenty (120) days after the modification is made if the modification was made before January 1, 2011, and one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010.

(c) If the federal modification results in a change in the taxpayer's federal or Indiana adjusted gross income, the taxpayer shall file an Indiana amended return within one hundred twenty (120) days after the modification is made if the modification was made before January 1, 2011, and one hundred eighty (180) days after the modification is made if the modification is made after December 31, 2010.

(Formerly: Acts 1963(ss), c.32, s.406; Acts 1965, c.233, s.19.) As amended by Acts 1977(ss), P.L.4, SEC.11; P.L.119-1998, SEC.5; P.L.254-2003, SEC.6; P.L.172-2011, SEC.59.

IC 6-3-4-7

Repealed

(Repealed by Acts 1980, P.L.61, SEC.15.)

IC 6-3-4-8

Income withholding; wages; reports; penalties

Sec. 8. (a) Except as provided in subsection (d), every employer making payments of wages subject to tax under this article, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). However, the withholding instructions on the adjusted gross income of a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) are to be based on applying not more than one (1) withholding exclusion, regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year. Such employer making payments of any wages:

- (1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from the individual's wages and paid over in compliance or intended compliance with this section; and
- (2) shall make return of and payment to the department monthly of the amount of tax which under this article and IC 6-3.5 the employer is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:

- (1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars (\$10);
- (2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars (\$25); or
- (3) a three (3) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars (\$75).

An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following the close of the reporting period. If an employer files a combined sales and withholding tax report, the reporting period for the

combined report is the shortest period required under this section, section 8.1 of this chapter, or IC 6-2.5-6-1.

(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of an employee as to the employee's county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify the employee's employer within five (5) days after any change in the employee's county of residence.

(d) A county that makes payments of wages subject to tax under this article:

(1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

(2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day; is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.

(e) Every employer shall, at the time of each payment made by the employer to the department, deliver to the department a return upon the form prescribed by the department showing:

(1) the total amount of wages paid to the employer's employees;

(2) the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;

(3) the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;

(4) the amount of income tax, if any, imposed under IC 6-3.5 and deducted therefrom in accordance with this section; and

(5) any other information the department may require.

Every employer making a declaration of withholding as provided in this section shall furnish the employer's employees annually, but not later than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3.5, withheld from the employees, on the forms prescribed by the department.

(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state, and every employer who deducts and retains any amount of money under the provisions of this article shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in this article. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld pursuant to this section.

(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section shall be considered to be the tax of the employer,

and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes shall be personally liable for such taxes, penalties, and interest.

(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for the employee's taxable year which begins in such calendar year, and a return made by the employer under subsection (b) shall be accepted by the department as evidence in favor of the employee of the amount so deducted from the employee's wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under this article and IC 6-3.5, the department shall, after examining the return or returns filed by the employee in accordance with this article and IC 6-3.5, refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file the employee's return or returns as required under this article and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar (\$1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from the taxpayer's obligation of filing a return or returns at the time required under this article and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.

(Formerly: Acts 1963(ss), c.32, s.408; Acts 1965, c.233, s.20; Acts 1969, c.326, s.6; Acts 1971, P.L.65, SEC.1; Acts 1973, P.L.50, SEC.3.) As amended by Acts 1979, P.L.68, SEC.3; Acts 1980, P.L.61, SEC.6; Acts 1982, P.L.49, SEC.2; P.L.2-1982(ss), SEC.9; P.L.26-1985, SEC.10; P.L.70-1986, SEC.2; P.L.94-1995, SEC.1;

P.L.8-1996, SEC.6; P.L.192-2002(ss), SEC.81; P.L.131-2008, SEC.16; P.L.172-2011, SEC.60.

IC 6-3-4-8.1

Income withholding; wages; reports; earned income tax advance payments; online tax filing; penalties

Sec. 8.1. (a) Any entity that is required to file a monthly return and make a monthly remittance of taxes under sections 8, 12, 13, and 15 of this chapter shall file those returns and make those remittances twenty (20) days (rather than thirty (30) days) after the end of each month for which those returns and remittances are filed, if that entity's average monthly remittance for the immediately preceding calendar year exceeds one thousand dollars (\$1,000).

(b) The department may require any entity to make the entity's monthly remittance and file the entity's monthly return twenty (20) days (rather than thirty (30) days) after the end of each month for which a return and payment are made if the department estimates that the entity's average monthly payment for the current calendar year will exceed one thousand dollars (\$1,000).

(c) If the department determines that a withholding agent is not withholding, reporting, or remitting an amount of tax in accordance with this chapter, the department may require the withholding agent:

- (1) to make periodic deposits during the reporting period; and
- (2) to file an informational return with each periodic deposit.

(d) If a person files a combined sales and withholding tax report and either this section or IC 6-2.5-6-1 requires the sales or withholding tax report to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(e) If the department determines that an entity's:

- (1) estimated monthly withholding tax remittance for the current year; or
- (2) average monthly withholding tax remittance for the preceding year;

exceeds five thousand dollars (\$5,000), the entity shall remit the monthly withholding taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the remittance is due.

(f) An entity that registers to withhold taxes after December 31, 2009, shall file the withholding tax report and remit withholding taxes electronically through the department's online tax filing program.

As added by Acts 1982, P.L.49, SEC.3. Amended by P.L.70-1986, SEC.3; P.L.92-1987, SEC.4; P.L.63-1988, SEC.8; P.L.28-1997, SEC.15; P.L.254-2003, SEC.7; P.L.111-2006, SEC.3; P.L.211-2007, SEC.25; P.L.182-2009(ss), SEC.199.

IC 6-3-4-8.2

Income withholding; gambling winnings

Sec. 8.2. (a) Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department.

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

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

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

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

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

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

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

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

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

As added by P.L.28-1997, SEC.16. Amended by P.L.192-2002(ss), SEC.82; P.L.91-2006, SEC.8; P.L.182-2009(ss), SEC.200.

IC 6-3-4-8.5

Liability of transferee of property

Sec. 8.5. In the case of a transferee of the property of a transferor,

liability for any accrued tax liability of the transferor is transferred to the transferee as provided in section 6901 of the Internal Revenue Code.

As added by Acts 1977(ss), P.L.4, SEC.12.

IC 6-3-4-9

Reports of payment to recipients

Sec. 9. All individuals, corporations, limited liability companies, partnerships, fiduciaries, or associations, in whatever capacity acting, including but without being limited to, lessees or mortgagors of real or personal property, fiduciaries, and employers making payment to other persons of interest, rent, wages, salaries, premiums, annuities, compensation, remunerations, emoluments, other fixed or determinable means, profits and income, or corporate liquidation distributions shall make returns to the department setting forth the amount of such payments and the name and address of the recipient of such payment at such time or times in such manner, and on such forms as prescribed by the department.

(Formerly: Acts 1963(ss), c.32, s.409.) As amended by P.L.8-1993, SEC.84.

IC 6-3-4-10

Partnership returns

Sec. 10. (a) Except as provided in subsection (b), every partnership doing business in this state, every partnership any partner of which is a resident, and every partnership which has gross income derived from sources within this state, shall make a return for each taxable year on a form to be prescribed by the department, which return shall correspond with the returns required by Section 6031 of the Internal Revenue Code, insofar as consistent with the provisions of this article. However, this section shall not be construed to render any partnership a taxpayer under this article.

(b) A partnership or a corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code is not required to file:

(1) federal income tax Schedule K-1 (Form 1065) Partner's Share of Income, Credits, Deductions, Etc.; or

(2) federal income tax Schedule K-1 (Form 1120S) Shareholder's Share of Income, Credits, Deductions, Etc.;

with an annual return filed with the department. However, a federal income tax schedule described in this subsection must be available for inspection upon request by the department.

(Formerly: Acts 1963(ss), c.32, s.410.) As amended by P.L.2-1987, SEC.20; P.L.18-1994, SEC.10.

IC 6-3-4-11

Partnerships not subject to tax

Sec. 11. (a) A partnership as such shall not be subject to the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7. Persons or corporations carrying on business as partners shall be

liable for the adjusted gross income tax only in their separate or individual capacities. In determining each partner's adjusted gross income, such partner shall take into account his or its distributive share of the adjustments provided for in IC 6-3-1-3.5.

(b) The adjustments provided for in IC 6-3-1-3.5 shall be allowed for the taxable year of the partner within or with which the partnership's taxable year ends.

(Formerly: Acts 1963(ss), c.32, s.411; Acts 1965, c.233, s.21.) As amended by Acts 1980, P.L.54, SEC.5.

IC 6-3-4-12

Nonresident partners; withholding rate; returns; credits for tax withheld

Sec. 12. (a) Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. Such partnership so paying or crediting any nonresident partner:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and retained under this section and shall not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly whenever the amount of tax due under IC 6-3 and IC 6-3.5 exceeds an aggregate amount of fifty dollars (\$50) per month with such payment due on the thirtieth day of the following month, unless an earlier date is specified by section 8.1 of this chapter.

Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not exceed fifty dollars (\$50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every partnership shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom in accordance with the provisions of this section, and such other information as the department may require. Every partnership making the deduction and retention provided in this section shall furnish to its nonresident partners annually, but not later than thirty (30) days after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department.

(c) All money deducted and retained by the partnership, as provided in this section, shall immediately upon such deduction be the money of the state of Indiana and every partnership which

deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any partnership may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships subject to the provisions of this section, and for these purposes any amount deducted, or required to be deducted and remitted to the department under this section, shall be considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such nonresident partner for his taxable year within or with which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for his distributive share.

(f) This section shall in no way relieve any nonresident partner from his obligations of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a partnership to file one (1) return and payment each year if the partnership pays or credits amounts to its nonresident partners only one (1) time each year. The return and payment are due not more than thirty (30) days after the end of the year.

(h) A partnership shall file a composite adjusted gross income tax return on behalf of all nonresident individual partners. The composite return must include each nonresident individual partner regardless of whether or not the nonresident individual partner has other Indiana source income.

(i) If a partnership does not include all nonresident partners in the composite return, the partnership is subject to the penalty imposed under IC 6-8.1-10-2.1(j).

(Formerly: Acts 1963(ss), c.32, s.412; Acts 1965, c.233, s.22; Acts 1969, c.326, s.7; Acts 1971, P.L.65, SEC.2; Acts 1973, P.L.50, SEC.4.) As amended by Acts 1979, P.L.68, SEC.4; Acts 1982, P.L.49, SEC.4; P.L.2-1982(ss), SEC.10; P.L.23-1986, SEC.3; P.L.211-2007, SEC.26.

IC 6-3-4-13

Corporations; withholding from dividends to nonresident shareholders

Sec. 13. (a) Every corporation which is exempt from tax under

IC 6-3 pursuant to IC 6-3-2-2.8(2) shall, at the time that it pays or credits amounts to any of its nonresident shareholders as dividends or as their share of the corporation's undistributed taxable income, withhold the amount prescribed by the department. Such corporation so paying or crediting any nonresident shareholder:

(1) shall be liable to the state of Indiana for the payment of the tax required to be withheld under this section and shall not be liable to such shareholder for the amount withheld and paid over in compliance or intended compliance with this section; and

(2) when the aggregate amount due under IC 6-3 and IC 6-3.5 exceeds one hundred fifty dollars (\$150) per quarter, then such corporation shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every corporation shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident shareholders, the amount withheld in accordance with the provisions of this section, and such other information as the department may require. Every corporation withholding as provided in this section shall furnish to its nonresident shareholders annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax withheld on behalf of such shareholders on forms to be prescribed by the department.

(c) All money withheld by a corporation, pursuant to this section, shall immediately upon being withheld be the money of the state of Indiana and every corporation which withholds any amount of money under the provisions of this section shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any corporation may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money withheld pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to corporations subject to the provisions of this section, and for these purposes any amount withheld, or required to be withheld and remitted to the department under this section, shall be considered to be the tax of the corporation, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts withheld from payments or credits to a nonresident shareholder during any taxable year of the corporation in accordance with the provisions of this section shall be considered to be a part payment of the tax imposed on such nonresident shareholder for his taxable year within or with which the corporation's taxable year ends. A return made by the corporation under subsection (b) shall be accepted by the department as evidence in favor of the nonresident

shareholder of the amount so withheld from the shareholder's distributive share.

(f) This section shall in no way relieve any nonresident shareholder from the shareholder's obligation of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a corporation to file one (1) return and payment each year if the corporation pays or credits amounts to its nonresident shareholders only one (1) time each year. The withholding return and payment are due on or before the fifteenth day of the third month after the end of the taxable year of the corporation.

(h) If a distribution will be made with property other than money or a gain is realized without the payment of money, the corporation shall not release the property or credit the gain until it has funds sufficient to enable it to pay the tax required to be withheld under this section. If necessary, the corporation shall obtain such funds from the shareholders.

(i) If a corporation fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the shareholders, such amount of tax as paid by the shareholders shall not be collected from the corporation but it shall not be relieved from liability for interest or penalty otherwise due in respect to such failure to withhold under IC 6-8.1-10.

(j) A corporation described in subsection (a) shall file a composite adjusted gross income tax return on behalf of all nonresident shareholders. The composite return must include each nonresident individual shareholder regardless of whether or not the nonresident individual shareholder has other Indiana source income.

(k) If a corporation described in subsection (a) does not include all nonresident shareholders in the composite return, the corporation is subject to the penalty imposed under IC 6-8.1-10-2.1(j).

(Formerly: Acts 1963(ss), c.32, s.413; Acts 1965, c.233, s.23; Acts 1969, c.326, s.8; Acts 1971, P.L.65, SEC.3; Acts 1973, P.L.50, SEC.5.) As amended by Acts 1979, P.L.68, SEC.5; Acts 1982, P.L.49, SEC.5; P.L.2-1982(ss), SEC.11; P.L.23-1986, SEC.4; P.L.18-1994, SEC.11; P.L.2-1995, SEC.32; P.L.211-2007, SEC.27.

IC 6-3-4-14

Affiliated group of corporations; consolidated returns

Sec. 14. (a) An affiliated group of corporations shall have the privilege of making a consolidated return with respect to the taxes imposed by IC 6-3. The making of a consolidated return shall be upon the condition that all corporations which at any time during the taxable year have been members of the affiliated group consent to all of the provisions of this section including all provisions of the consolidated return regulations prescribed pursuant to Section 1502 of the Internal Revenue Code and incorporated herein by reference and all regulations promulgated by the department implementing this

section prior to the last day prescribed by law for the filing of such return. The making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year, the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

(b) For the purposes of this section the term "affiliated group" shall mean an "affiliated group" as defined in Section 1504 of the Internal Revenue Code with the exception that the affiliated group shall not include any corporation which does not have adjusted gross income derived from sources within the state of Indiana.

(c) For purposes of IC 6-3-1-3.5(b), the determination of "taxable income," as defined in Section 63 of the Internal Revenue Code, of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, shall be determined pursuant to the regulations prescribed under Section 1502 of the Internal Revenue Code.

(d) Any credit against the taxes imposed by IC 6-3 which is available to any corporation which is a member of an affiliated group of corporations making a consolidated return shall be applied against the tax liability of the affiliated group.

(Formerly: Acts 1963(ss), c.32, s.414; Acts 1965, c.233, s.24.) As amended by Acts 1980, P.L.54, SEC.6.

IC 6-3-4-15

Trusts or estates; distribution of income to nonresident beneficiaries; deduction, retention, and pay over of tax due; returns required

Sec. 15. (a) A trust or estate shall, at the time that it distributes income (except income attributable to interest or dividends) to a nonresident beneficiary, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. The trust or estate so distributing income to a nonresident beneficiary:

(1) is liable to this state for the tax which it is required to deduct and retain under this section and is not liable to the beneficiary for the amount deducted from the distribution and paid to the department in compliance, or intended compliance, with this section; and

(2) shall pay the amount deducted to the department before the thirtieth day of the month following the distribution, unless an earlier date is specified by section 8.1 of this chapter.

(b) A trust or estate shall, at the time that it makes a payment to the department under this section, deliver to the department a return which shows the total amounts distributed to the trust's or estate's nonresident beneficiaries, the amount deducted from the distributions under this section, and any other information required by the department. The trust or estate shall file the return on the form prescribed by the department. A trust or estate which makes the deduction and retention required by this section shall furnish to its

nonresident beneficiaries annually, but not later than thirty (30) days after the end of the trust's or estate's taxable year, a record of the amount of tax deducted and retained from the beneficiaries. The trust or estate shall furnish the information on the form prescribed by the department.

(c) The money deducted and retained by a trust or estate under this section is money of this state. Every trust or estate which deducts and retains any money under this section shall hold the money in trust for this state until it pays the money to the department in the manner and at the time provided in this section. The department may require a trust or estate to post a surety bond to protect this state with respect to money deducted and retained by the trust or estate under this section. The department shall determine the amount of the surety bond.

(d) The provisions of IC 6-8.1 relating to penalties or to additions to tax in case of a delinquency apply to trusts and estates which are subject to this section. For purposes of this subsection, any amount deducted, or required to be deducted and remitted to the department, under this section is considered the tax of the trust or estate, and with respect to that amount, it is considered the taxpayer.

(e) Amounts deducted from distributions to nonresident beneficiaries under this section during a taxable year of the trust or estate are considered a partial payment of the tax imposed on the nonresident beneficiary for his taxable year within or with which the trust's or estate's taxable year ends. The department shall accept a return made by the trust or estate under subsection (b) as evidence of the amount of tax deducted from the income distributed to a nonresident beneficiary.

(f) This section does not relieve a nonresident beneficiary of his duty to file a return at the time required under IC 6-3. The nonresident beneficiary shall pay any unpaid tax at the time prescribed by section 5 of this chapter.

As added by Acts 1977(ss), P.L.4, SEC.13. Amended by Acts 1979, P.L.68, SEC.6; Acts 1982, P.L.49, SEC.6; P.L.2-1982(ss), SEC.12.

IC 6-3-4-15.7

Annuity, pension, retirement, or other deferred compensation plans; withholding requests; payor responsibility; guidelines; designation of local income tax liability

Sec. 15.7. (a) The payor of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan, as described in Section 3405 of the Internal Revenue Code, that is paid to a resident of this state shall, upon receipt from the payee of a written request for state income tax withholding, withhold the requested amount from each payment. The request must:

- (1) be dated and signed by the payee;
- (2) specify the flat whole dollar amount to be withheld from each payment;
- (3) designate the portion of the withheld amount that represents

estimated state adjusted gross income tax liability and the portion of the withheld amount that represents estimated local income tax liability under IC 6-3.5; and

(4) specify the payee's name, current address, taxpayer identification number, and the contract, policy, or account number to which the request applies.

The request shall remain in effect until the payor receives in writing from the payee a change in or revocation of the request. The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by subdivision (3).

(b) The payor is not required to withhold state income tax from a payment if the amount to be withheld is less than ten dollars (\$10) or if the amount to be withheld would reduce the affected payment to less than ten dollars (\$10).

(c) The payor is responsible for custody of withheld funds, for reporting withheld funds to the state and to the payee, and for remitting withheld funds to the state in the same manner as is done for wage withholding, including utilization of federal forms and participation by Indiana in the combined Federal/State Filing Program on magnetic media.

As added by P.L.91-1989, SEC.1. Amended by P.L.146-2008, SEC.320.

IC 6-3-4-16

Procedures to implement crosschecks between certain forms

Sec. 16. For individual income tax returns filed after December 31, 2010, the department shall develop procedures to implement a system of crosschecks between:

(1) employer WH-3 forms (annual withholding tax reports) with accompanying W-2 forms; and

(2) individual taxpayer W-2 forms.

As added by P.L.146-2008, SEC.321.

IC 6-3-4-16.5

Electronic filing; withholding

Sec. 16.5. (a) This section applies to:

(1) Form W-2 federal income tax withholding statements; and

(2) Form WH-3 annual withholding tax reports;

filed with the department after December 31, 2010.

(b) If an employer or any person or entity acting on behalf of an employer files more than twenty-five (25) Form W-2 federal income tax withholding statements with the department in a calendar year, all Form W-2 federal income tax withholding statements and Form WH-3 annual withholding tax reports filed with the department in that calendar year by the employer or the person or entity acting on behalf of the employer must be filed in an electronic format specified by the department.

As added by P.L.113-2010, SEC.57.

IC 6-3-4-17

Quarterly reports concerning local income taxes

Sec. 17. Beginning after December 31, 2010, the department and the office of management and budget shall:

- (1) develop a quarterly report that summarizes the amount reported to and processed by the department under section 4.1(h) of this chapter, section 15.7(a)(3) of this chapter, IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), and IC 6-3.5-7-18(c) for each county; and
- (2) make the quarterly report available to county auditors within forty-five (45) days after the end of the calendar quarter.

As added by P.L.146-2008, SEC.322. Amended by P.L.42-2011, SEC.14.