



Indianapolis Motorsports Investment District

State Tax Filing Guide



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Map of Indianapolis Motorsports Investment District (IMID)



Disclaimer: Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations or court decisions is not binding on either DOR or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered.

Introduction

The Indiana Department of Revenue (DOR) developed this guide for those involved in motorsports racing events at the Indianapolis Motor Speedway to include race promoters, sanctioning bodies, race teams and their members, contractors, and vendors.

The terms “race team members” or “team members” includes employees or independent contractors who render services on behalf of the race team. The term includes, but is not limited to, drivers, pit crew members, mechanics, technicians, spotters, crew chiefs and any other individuals whose activities directly impact the race car during a race, practice, qualification, training, and testing.

The Indiana General Assembly designated the Indianapolis Motor Speedway (IMS) and selected surrounding areas as a motorsports investment district (MID) to finance capital investments at the racetrack.

DOR is required to report the amount of retail sales tax and state adjusted gross income tax attributed explicitly to activities within this area annually. As a result, those who work at and around IMS are subject to unique tax requirements not found at other racetracks.

In addition to this guide, DOR has several additional resources for those involved in motorsports to help explain specific state tax requirements when racing in Indiana:

- [Motorsports Tax Guidance](#)
- [Indianapolis MID Boundary Map](#) (last modified in 2017)
- [Information Bulletin #88B: Tax Withholding for Race Teams](#)
- [Subscribe to DOR email updates](#)
- [Information on Sales Tax and Registered Retail Merchant Certificates](#) (RRMC)
- [Additional sales tax information online](#)
- Call DOR at 317-232-2240, Monday through Friday, 8 a.m. – 4:30 p.m. ET

This guide is not a substitute for tax instruction booklets or other DOR official tax guidance documents, [available in DOR's Tax Library](#). We encourage you to work with your tax professional to ensure all necessary withholdings and tax filings for you or your team are correctly filed in a timely manner.

For more information about motorsports tax guidance requirements, contact DOR Corporate Tax at 317-232-0129, Monday through Friday, 8 a.m. – 4:30 p.m. ET.

Forms and Filings

Indiana Retail Sales Tax

Any entity conducting retail sales at a racing event must collect and remit Indiana's 7% retail sales tax on those sales. Entities conducting retail sales in Indiana [must register as a retail merchant through INBiz](#), a portal managed by the Secretary of State. Nonresident entities which conduct retail sales in-person in Indiana only during racing events may qualify to file and remit sales tax on a seasonal basis.

Indiana Motorsports Tax Forms

[See all motorsports-specific forms](#)

Form IMS-1: Professional Motorsports Team Form

- Use Form IMS-1 to report the amount of compensation paid to team members in the organization for services provided at racing events within the MID. Race team members are employees or independent contractors who render services on behalf of a professional race team. Additionally, racing operations must report compensation (including cash) made to contractors, such as race drivers, for providing services. Retail sales made within the MID directly by a race team, an affiliate of a race team, or contracted vendor on behalf of a race team also must be reported on Form IMS-1 ([see information on completing Form IMS-1](#)).
- Form IMS-1 is due April 1 of the following calendar year in which the event(s) occurred. For example, forms reflecting activity for the 2024 Indianapolis 500 are due April 1, 2025. If April 1 falls on a weekend, or federal holiday, the forms are due the next business day. Teams competing at multiple events at IMS throughout the calendar year can report the information for all events separately on the same form.

Nonresident Race Team Members' Composite Indiana Adjusted Gross Income Tax Return

- A race team with members who are nonresidents of Indiana may file a Nonresident Race Team Members' Composite Indiana Adjusted Gross Income Tax Return to report withholdings for those team members.
- The Nonresident Race Team Members' Composite Indiana Adjusted Gross Income Tax Return serves as the annual individual income tax return for all members included.
- Individuals listed on the composite return must complete the Indiana Composite Filing Affidavit (see below).
- Only nonresidents without other Indiana-sourced income may be included on the composite tax return.
- This form is due Jan. 31 for the prior calendar year. If Jan. 31 falls on a weekend, or federal holiday, the forms are due the next business day.

Indiana Composite Filing Affidavit

Any nonresident race team member who receives income from a racing event in Indiana and has no other Indiana-source income can be included on the Nonresident Race Team Members' Composite Indiana Adjusted Gross Income Tax Return (see above) by submitting a completed Indiana Composite Filing Affidavit to the race team. This form expires at the end of each tax year. The race team should retain the original affidavit for their records, as DOR may request a copy.

Other forms and filings with different due dates may also apply. Refer to other sections within this guide for more information on tax filing deadlines or visit the [DOR website](#).

Indiana Income Withholding

Refer to Indiana [income withholding tax forms and links to file and submit income tax withholding](#).

Form WH-1: Indiana Withholding Tax Voucher

- Required for any business that withholds income taxes from employees or any other race team members
- Must be filed via [INTIME](#) (Indiana Tax Information Management Engine) for each period when withholding payments are made

Form WH-3: Annual Withholding Reconciliation Form

- Used to report the amount of state and county income taxes withheld throughout the year
- All employers must file via INTIME by Jan. 31

Form IN-MSID and Form IN-MSID-A

- Form IN-MSID is issued to race teams receiving prize money for events within the MID as evidence of state and county withholdings
- Form IN-MSID-A is issued by race teams to individuals or entities receiving prize money and serves as evidence of the withholdings that have occurred

Indiana Corporate/Partnership Income Tax Forms

- IT-20: Indiana Corporate Adjusted Gross Income Tax Return
- IT-20S: Indiana S Corporation Income Tax Return
- IT-65: Indiana Partnership Return

Indiana Individual Income Tax Forms and Schedules

- IT-40: Indiana Full-Year Resident Individual Income Tax Return
- IT-40PNR: Indiana Part-Year or Full-Year Nonresident Individual Income Tax Return
 - Nonresident race team members are required to file Form IT-40PNR if they:
 - earn additional income in Indiana from sources other than team member compensation; or
 - do not qualify or elect to be included in the nonresident race team member composite return.
- Schedule IN-PRO
 - Nonresident professional team members filing the IT-40PNR must complete the Schedule IN-Pro to calculate the amount of county income tax due.

Except for Indiana corporate/partnership, business tax (sales and withholding) and individual tax returns, all forms, filings and required documentation related to the Indianapolis Motorsports Improvement District should be mailed to:

Indiana Department of Revenue
P.O. Box 6194
Indianapolis, IN 46204

All Indiana corporate and individual income tax forms, instruction booklets, refund requests and schedules are at dor.in.gov. All sales and withholding taxes must be filled via [INTIME](#). Certain electronic mandates may apply for other tax types.

These returns should be electronically filed whenever possible or mailed to the address specified on the forms.

Professional Racing Operations

Filing Requirements Overview

All income earned in Indiana is subject to state income tax regardless of the individual's place of residence or where the employer is based. Professional racing operations, such as race teams, are responsible for all necessary tax filings related to the MID, corporate/partnership tax filings and employee withholding. [Information Bulletin #88b](#) provides guidance on statutory withholding requirements on motorsports-related prize winnings and other payments.

Professional race teams must use [Form IMS-1](#) to report the amount of compensation (including cash) paid to team members (employees or independent contractors) who worked in the MID. Retail sales made within the MID also must be reported on Form IMS-1, due April 1. This form is required in addition to other Indiana tax forms and filings for withholding, sales, and income tax.

Where required, the Indiana portion of taxable income is a percentage calculated by the number of days spent in Indiana participating in racing activities within the MID divided by the days spent during the entire year on racing activities.

Example: A race team member earns \$50,000 in 2018. The race team member has five Indiana duty days in 2018 and 100 total duty days throughout that year. The race team's withholding on behalf of the race team member is based on \$2,500:

$$\$50,000 \times 5 \text{ (number of Indiana duty days)} \div 100 \text{ (total number of duty days)} = \$2,500$$

Out-of-State Professional Racer and Team Member Filing Requirements Overview

Professional Racers

An out-of-state professional racer is defined as someone whose primary occupation is driving a race car for prize money or compensation and is not an Indiana resident. Any out-of-state professional racer who receives income resulting from a race event held in Indiana is subject to the state's income tax plus county tax at the rate applicable to the county where the race event was held unless that income and tax has been reported on a nonresident race team members' composite return.

However, if the out-of-state-professional racer files an IT-40PNR, the income resulting from a race event held in Indiana must be reported even if the race team filed a composite return on their behalf. The Indiana portion of taxable income from racing is equal to total income from racing for the year times the number of Indiana duty days, then divided by the total number of duty days in the year.

Example

Drivers in IndyCar and NASCAR races, including secondary or support series, will always be considered professional drivers.

$$\$500,000 \times 16 \text{ (number of Indiana duty days)} \div 260 \text{ (total number of duty days)} = \$30,769$$

A racer earned \$500,000 in total income during the year driving for Race Team A at events throughout the U.S. The racer performed services for *Race Team A* on 260 days during the year. On 16 of those days, services were performed in Indiana in preparation for and participation in the Indianapolis 500. The racer's Indiana Adjusted Gross Income is \$30,769.

The Indianapolis Motor Speedway is in Marion County, which means the racer's apportioned income is subject to the state income tax and Marion County tax at the rate.

Indiana State Income Tax due: $\$30,769 \times \text{Indiana state tax rate} = \sim\993.84

Marion County Income Tax due: $\$30,769 \times \text{Marion County income tax rate} = \sim\621.53

Total taxes due to DOR: $\sim\$993.84 + \sim\$621.53 = \sim\$1,615.37$

The racer is responsible for paying $\sim\$1,615.37$ in Indiana taxes, minus any withholding paid to DOR on their behalf by the race team, sponsor, or other racing entity.

Race Team Members

The term "racers," "race team members," or "team members" includes employees or independent contractors who render services on behalf of the race team. The term includes, but is not limited to, drivers, pit crew members, mechanics, technicians, spotters, crew chiefs, and any other individuals whose activities directly impact the race car during a race, practice, qualification, training, and testing.

Any team member who earns income from a race held in Indiana is required to calculate their Indiana income based on the ratio of Indiana duty days to the total number of duty days performed everywhere during that year. Duty days are defined as days in which a race team member performs a service (e.g., job duties) for a race team.

Example: A race team member worked 100 days at the team's shop in North Carolina preparing cars for competition. The team member worked three days at IMS in the capacity of tire changer for the team. The team member worked 103 total duty days of which three were Indiana duty days.

Indiana nonresident race team members are also subject to income tax for the county in which the race was held, unless the race team member is subject to county income tax based on having been either an Indiana resident or having a principal place of business or employment in Indiana on Jan. 1 of the year in which the race is held.

Race teams with members who are nonresidents of Indiana may file a [composite return](#) to report the withholding for the nonresident individual employees or independent contractors who elect to be included. Eligible team members must provide the team with an [Indiana Composite Filing Affidavit](#).

Indiana nonresident team members not included in a composite filing must use Schedule IN-PRO to compute local income taxes due when filing a nonresident Indiana tax return IT-40PNR unless the race team member is subject to county income tax based on having been either an Indiana resident or having a principal place of

business or employment in Indiana on Jan. 1 of the year in which the race is held. Team members who are residents of Indiana should file an Indiana income tax return using IT-40.

Step-by-Step Withholding and Filing Instructions

For Race Promoters, Race Sanctioning Bodies and Other Applicable Entities

Paying Prize Money

Any entity or person paying prizes based on an event conducted in a MID (i.e., race operator, racetrack, race team) must withhold a portion of the prize money for Indiana income taxes. For the first payment of prize money to any person or entity, taxes should be withheld at the [Indiana individual income tax rate](#) plus the [Marion County income tax rate](#).

Any withholding for prize money should be reported by the first entity paying prize money using the following withholding tax filing guidelines.

Filing Steps

1. [Establish a separate withholding account using INTIME.](#)
2. For each person receiving prize money, withhold [state](#) and [county tax](#) and issue [Form IN-MSID indicating the amounts withheld.](#)
3. Remit the withholding amounts via INTIME within 30 days from the end of the month in which the prize money is disbursed (i.e., Sept. 1 is due Oct. 30) and electronically file Form WH-1.
4. By Jan. 31 of the following year, electronically file Form WH-3 summarizing all prize money withholding amounts remitted during the prior year and the issued Form IN-MSID.

For Race Teams/Businesses

Form IMS-1: Professional Motorsports Team

A race team competing in motorsports events at the IMS is required to annually file Form IMS-1 (State Form 55999) regardless of where the team is based.

Filing steps:

Section 1: List the number of each vehicle participating in an event and the racing series' sanctioning body or promoter of the event (i.e., INDYCAR, INDY NXT, NASCAR Cup Series, NASCAR Xfinity Series, United States Auto Club (USAC), International Motor Sports Association (IMSA) etc.)

Section 2: Applies to those race team members who were issued a W-2 by the race team.

- a. Report the total number of days that race team members prepared for, participated in, or otherwise worked at an event at IMS.
- b. Report the total number of days worked by all race team members who participated in events regardless of where those days were worked.
- c. While race team members participating in events at IMS are subject to county income tax, report only the total amount of state income tax withheld by the race team on wage or salary income (including bonuses).
- d. Report the amount of income tax withheld by a promoter from any prize money earned at events at IMS and paid to race team members.

Section 3: Applies to independent contractors working as race team members.

- a. For each contract team member, list one government-issued identification number.
- b. Report the total number of days each contract race team member worked at IMS either preparing for or participating in an event or events.
- c. Report the total number of days worked by each contract race team member who participated in an event at IMS, regardless of where those days were worked.
- d. Report any Indiana taxes withheld by the race team on behalf of each contract race team member. Do not include taxes previously withheld on prize money paid to the contract race team members.
- e. For contract team members who receive a portion of prize money awarded at an event or events at IMS, report the amount withheld by the promoter or promoters.

Section 4: Report the amount of taxable merchandise sales made at IMS events either directly by the race team or by a contract vendor on behalf of the race team.

- a. Online merchandise sales should be sourced to the principal business address of the race team.
- b. Race teams located within the MID should report all online sales as occurring at IMS, whether through a website operated directly by the team or by a third-party on behalf of the team.

- c. Race teams headquartered outside Indiana and third parties operating on their behalf may be subject to Indiana's remote seller or marketplace facilitator laws.

Refer to more information on [Marketplace Facilitators](#) and [Remote Sellers](#).

Withholding Income Tax on Wages and Salary Payments

- Race teams are required to withhold an amount of the apportioned income of nonresident team members, including contractors, who receive wages or salary income for participating in a racing event in Indiana. This includes bonus payments. If not previously been done, [establish a separate withholding account with INTIME](#). Race teams based outside of Indiana should register to file and remit withholdings annually.
- To apportion a race team member's income, use the ratio of the number of days the individual worked in Indiana either preparing for or participating in an event or events and divide that amount by the total number of days the individual worked as a team member during the year regardless of where that work was performed. The race team should withhold both state and county taxes at the rates listed in [Departmental Notice #1](#).
- At the time withholdings are remitted, the race team should file Form WH-1.
- Before Jan. 31 of the following year, the race team should file Form WH-3 and issue a W-2 as appropriate to team members.

Retaining Prize Money Subject to Prior Withholding

Race teams that retain prize money as income on which withholdings were previously made may:

- Claim the withholdings as a credit against any other Indiana tax liability;
- Claim a refund for excess withholdings; or
- Transfer any excess withholdings to another tax account or period.

Previously withheld prize money combined with any other withholdings and payments may not be claimed as a credit against the composite tax in excess of the liability.

To claim the withholdings as a credit against adjusted gross income tax on Form IT-20, IT-20S, or IT-65, re-report the withheld amount under "Other credits, payments" and issue Form IN-MSID-A to itself and then attach a copy of Form IN-MSID-A to the return, along with a copy of the IN-MSID issued to the team by the race promoter or sanctioning body that awarded prize money.

To claim the withholdings as a credit against composite tax on the IT-20S or IT-65, report the withheld amount under "Other credits, payments" and issue Form IN-MSID-A to itself and then attach a copy of the IN-MSID-A to the return, along with a copy of the IN-MSID issued to the team by the race promoter or sanctioning body that awarded prize money.

To claim a refund for prize money withheld in excess of any composite tax due, the race team must file Form GA-110L ([may be done via INTIME](#)) and attach all associated forms including Form 1099, Form IN-MSID-A or W-2.

Distributing Prize Money Subject to Prior Withholding for Partners/Shareholders Who are Also Team Members

The treatment of prize money paid to a team or business for team members who are also partners or shareholders, depends on whether the business entity or the team member is ultimately responsible for tax on the prize money.

- If the race team member is not a resident of Indiana, the team or business entity is responsible for compo-site tax due and should report withholdings under "Other credits, payments" on the IT-20S or IT-65 and at-tach all associated IN-MSID-A forms.
- If the entity distributes the prize money to the race team member, the entity should issue Form IN-MSID-A as evidence of the withholding and send a copy to DOR.

Distributing Prize Money Subject to Prior Withholding to Race Team Members

Race teams paying prize money to team members on which withholdings were previously made by a race promoter, sanctioning body or other entity must provide the receiving team member with Form IN-MSID-A as evidence of the withholding. Without Form IN-MSID-A, the race team member cannot claim the withholding as a tax credit which results in the individual being taxed twice on the same amount.

Filing Steps:

1. Issue Form IN-MSID-A to all race team members receiving prize money reflecting the amounts withheld by the race promoter, sanctioning body, or other entity.
2. Team members must attach a copy of Form IN-MSID-A when filing an Indiana tax return to claim the withholding as a credit.
3. By Jan. 31 of the following year, send copies of Form IN-MSID-A for all prize money that was withheld. DOR.

Composite Indiana Adjusted Gross Income tax return for nonresident team members

Race teams not based in Indiana may relieve their nonresident race team members of the requirement to file Indiana individual income tax by filing a composite return on their behalf. To qualify for inclusion on a composite return, a race team member must be a nonresident and compensation received from the race team must be the team member's only source of Indiana income. Filing steps:

1. Indicate the name of each nonresident race team member and his or her Social Security number, Indiana taxpayer identification number, or individual taxpayer identification number and whether the member is an employee or is considered an independent contractor for federal tax purposes.
2. Calculate the team member's Indiana Adjusted Gross Income (AGI):
 - a. Divide the number of Indiana duty days by the number of duty days for the entire year
 - b. Multiply the result by the amount of total compensation paid to the race team member for the entire year
3. Determine the amount of state and county tax due to DOR:
 - a. Multiply the Indiana AGI by 3.23% (state income tax rate)
 - b. Multiply the Indiana AGI applicable county tax rate*
 - c. Then, add the calculated state and county tax amounts to determine total amount due.
4. Check the box to affirm the race team received a completed affidavit from the nonresident Race Team Member. A race team may only include nonresident individuals on the composite return from whom it receives a properly completed Indiana Composite Filing Affidavit.

*For events at IMS, the applicable Marion County tax rate is currently 2.02%. For events at other racing venues in Indiana, consult [Departmental Notice #1](#).
5. Each race team member included on the composite return must be issued Form 1099-NEC or W-2 documenting the apportioned income and withholdings.
6. The nonresident race team members' composite tax return cannot be filed electronically. Returns and copies of the issued Form 1099-NEC or W-2 [will have to be sent to DOR](#).

For Race Team Members, Contractors, and other Employees

The term “race team members” or “team members” includes employees or independent contractors who render services on behalf of the race team. The term includes, but is not limited to, drivers, pit crew members, mechanics, technicians, spotters, crew chiefs and any other individual whose activities directly impact the race car during a race, practice, qualification, training, and testing.

Receiving Distributed Shares of Prize Money as a Partner or Shareholder

Race team members who are also partners or shareholders receiving prize money subject to prior withholding as distributed income may claim the withholding as a credit on an Indiana individual tax return.

- Report the withholdings on lines 1 and 2 of Schedule 5 when filing an IT-40 or IT-40PNR and attach copies of all Form IN-MSID-A or 1099-NEC or W-2.
- When filing electronically, report the amounts withheld and retain the associated Form IN-MSID A or 1099NEC or W-2 as DOR may request these later.

Receiving Prize Money Subject to Prior Withholding as a Team Member

All income earned in Indiana is subject to state (and possibly county) tax. Race team members receiving prize money, either directly from the race team or from another entity which received prize money from the race team, must file an Indiana income tax return. This does not apply to a race team member who is a nonresident shareholder or partner of the entity from which he or she received the prize money and had no other income from an Indiana source.

- For Indiana residents: Prize money and any prior withholdings should be included in income reported on the IT-40.
- Nonresidents should report income and any prior withholdings on Form IT-40PNR. Prize money should also be included in the modified Indiana wage income on Schedule IN-PRO to calculate county tax. However, if the nonresident is subject to county income tax based on having been either an Indiana resident or having a principal place of business or employment in Indiana on Jan. 1 of the year in which the race is held, then complete Form CT-40PNR.
- Attach copies of all associated Form 1099s or W-2 or IN-MSID-A when filing the return. If including Form IN-MSID-A, the return must be filed on paper. Retain a copy for your records.

Composite Returns for Nonresident Team Members

Race teams may file a [Nonresident Race Team Members' Composite Indiana Adjusted Gross Income Tax Return](#) on behalf of eligible team members. Those properly included on a composite income tax return do not need to file an individual income tax return for Indiana.

To qualify for inclusion on a composite return, the team member must:

- Not be an Indiana resident;
- Not have other Indiana-sourced income; and
- Provide the race team with a completed Indiana Composite Filing Affidavit (State Form 56062).

The Indiana Composite Filing Affidavit expires at the end of each tax year. Team members submit a new affidavit to the race team each year if they wish to be included in the composite return. Race teams should retain the original affidavits. DOR maintains the right to request copies of the affidavits for verification or review.

[See more information on composite returns.](#) Team members should communicate with their team to find out if they offer composite filings.

Contact Us

For more information on taxes and filings within the Indianapolis Motorsports Investment District, call DOR Corporate Tax at 317-232-0129, Monday through Friday, 8 a.m. - 4:30 p.m. ET.