

Rollout 3 Tax Type Definitions

Rollout 3 of Project NextDOR kicked off on Sept. 8, 2020 and includes 14 new tax types. Take a peek at the explanations below to find out more.

Controlled Substance

Controlled substance excise tax is imposed on illegally delivered, manufactured or possessed controlled substances. Prescription pharmaceuticals are exempt. The tax is based on the weight and schedule of the substance. Rates vary from \$3.50 to \$40 per gram. Once paid, a taxpayer who remains anonymous is given a receipt for the tax, which is valid for three days. The payment of this tax does not legalize the controlled substance or the activity associated with it.

Examples of controlled substances include:

- Opiates, opiate derivatives, hallucinogenics, depressants, stimulants, and a range of synthetic drugs and other variations of this list
- A range of stimulants and depressants, some narcotics and anabolic steroids, ketamine compounds, and a specific hallucinogenic
- Other narcotics, stimulants, depressants, etc.
- Narcotics of specific types and amounts and other specific drugs based on quantity/dosage as well as specifically named drugs and compounds

Fiduciary

A fiduciary is defined as any guardian, trustee, executor, administrator, conservator, etc. acting in a fiduciary capacity for any individual, trust, guardian, or estate. Fiduciaries are “taxpayers” who file federal tax return 1041 and Indiana state return IT-41.

Indiana Adjusted Gross Income for trusts and estates is defined at IC 6-3-1-3.5(e) [IC 6-3-1-3.5(f), effective 1/1/2021] and generally mirrors the formula established for corporations and individuals, with certain specific differences relevant to these entities. The computation begins with “taxable income” as defined by the Internal Revenue Code and involves the adding and subtracting of certain items (add-backs/deductions) listed in the statute.

There are special filing requirements for different types of entities including:

- Bankruptcy Estate
- Charitable Trusts
- Common Trust Fund
- ESBT (Electing Small Business Trust)
- Estates
- Grantor Trusts
- Private Foundations
- Retirement Plans

- Trusts

For more information, visit [in.gov/dor/files/fiduciary-faq.pdf](https://www.in.gov/dor/files/fiduciary-faq.pdf)

Gaming Excise (Charity Gaming Card Excise)

Charity gaming card excise tax is based on the sale of pull tabs, punchboards, tip boards, and similar gaming materials to qualified organizations licensed for charity gaming. The tax is imposed at a rate of 10% of the wholesale price of the materials sold. It is remitted by the licensed distributor or manufacturer selling the materials (not the organization).

The tax is imposed at the time the licensed entity:

- Brings or causes the pull tabs, punchboards or tip boards to be brought into Indiana for distribution
- Distributes pull tabs, punchboards or tip boards in Indiana, or
- Transports pull tabs, punchboards or tip boards to qualified organizations in Indiana for resale by those qualified organizations

Individual

Individuals are taxed on modified federal adjusted gross income. Subject individuals are Indiana residents, or non-residents having income derived from Indiana sources, including partners, shareholders in S corporations, certain trusts, and estates. The tax is imposed at a rate of 3.23%.

The tax computation begins with federal adjusted gross income, so an individual must first complete the federal 1040 (or equivalent) to determine the starting point. Individual income tax returns may be filed jointly or separately by married couples and all unmarried individuals must file separately. Filing status must be the same as declared for federal purposes, except that Indiana does not recognize a head of household status.

Currently, resident individuals file the IT-40 (full-year resident return); part-year or non-residents file the IT-40PNR, and full-year non-residents of reciprocal states who work in Indiana file the IT-40RNR (reciprocal non-resident) return. Reciprocal states are Ohio, Michigan, Kentucky, Pennsylvania, and Wisconsin. Residents of these states who earn salaries or wages in Indiana are not subject to Indiana state income tax on that income, but they can owe local (county) income tax based on the location of primary work activity in Indiana.

Elderly residents with income under thresholds are entitled to a tax credit for the elderly. Those who are not required to file the IT-40 due to small amounts of taxable income may file the SC-40 return form to claim this refundable credit.

For more information, visit [in.gov/dor](https://www.in.gov/dor) and click on the Individual Income Taxes link.

Fire Public Safety Fee

A 5% public safety fee on the gross retail income of fireworks sold in Indiana was enacted in 2006. Retailers are required to collect the tax on the sales of fireworks and remit the tax to DOR as an agent for the state. The tax is due from the retailer within 20 days after the end of the month in which the fee is collected. Various types of fireworks are subject to the fireworks public safety fee, including:

- Firecrackers
- Roman candles
- Missile-type rockets
- Wire sparklers
- Lanterns
- Ground spinners
- Cones and fountains

Review [General Tax Information Bulletin #209](#) for more information.

Pari-Mutuel Admissions

A \$0.20 per person fee on paid admission is imposed on live races and televised simulcasts conducted at a horse racetrack or satellite facility. At the close of each day, each permit holder or satellite facility operator is required to pay this fee to the Indiana Department of Revenue (DOR).

Pari-Mutuel Wagering

A 2% fee is imposed on the total amount of money wagered on live races and televised simulcasts conducted at a permit holder's racetrack. The tax is 2.5% of the total amount of money wagered on simulcasts from satellite facilities.

The four sites with televised simulcast horse racing in Indiana are located in Fort Wayne, Anderson, Merrillville and Shelbyville.

Racino Fees

Casinos that offer horse track racing and gambling game wagering are required to pay local units a county gambling game wagering fee equal to 3% of the adjusted gross receipts (AGR) received from gambling game wagering during the previous month at the licensee's racetrack. Racino fees make up the annual payments of the community support fee. However, a licensee is not required to pay more than \$8 million of county gambling game wagering fees under this section in any state fiscal year.

Racino Wagering (Slot Machines)

A pari-mutuel racetrack owner who conducts slot machine gaming at the owner's racetrack is responsible for this and is subject to a graduated tax on 88% of its adjusted gross receipts (AGR) from 25% percent to 35%. Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$7 million annually.

Riverboat Admissions Tax

A tax is imposed on a person or an organization that holds an owner's license for riverboat gambling operations at a rate of \$3 per person admitted.

Riverboat Wagering

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5% is levied against its adjusted gross receipts (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15% to 40%, depending on the amount of adjusted gross receipts (AGR). Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$7 million annually.

Sports Betting (Wagering)

Effective Sept. 1, 2019, a tax of 9.5% is imposed on the adjusted gross receipts (AGR) received from authorized sports wagering. This refers to athletic and sporting events involving human competitors, not fantasy sports or e-sports.

Supplemental Wagering

Effective July 1, 2018, all riverboat casinos (other than French Lick casino), are subject to a supplemental wagering tax. The tax rate is based on fiscal year 2017 riverboat admissions taxes divided by fiscal year 2017 adjusted gross receipts for each casino. However, the tax rate cannot exceed 4% (3.5% effective July 1, 2019).

Type II Gaming (Taverns)

Type II Gaming excise tax is imposed on the distribution of gambling games, such as pull-tabs and punchboards, in the amount of 10% of the price paid by the retailer that purchases the games. The entity distributing the pull tabs, punchboards, or tip boards is liable for the tax.

To distribute Type II gambling games to Indiana businesses, customers must be licensed with the Indiana Gaming Commission, have a Type II Gaming Distributor License from the Alcohol and Tobacco Commission and have an Indiana Registered Retail Merchant Certificate (RRMC).