



2019 Corporate/Partnership Form Revision Highlights

Add-Backs

- **Tax Add-Back**

The portion of wagering taxes required to be added back as a tax based on or measured by income is being reduced (phased out) each year for eight years. The percentage of taxes required to be added back is determined by the first date of the taxpayer's taxable year, and is determined as follows:

2019	87.5%
2020	75%
2021	62.5%
2022	50%
2023	37.5%
2024	25.0%
2025	12.5%

2026 and later - no add back required

For example, Casino X remits \$10,000,000 in riverboat wagering taxes in 2019. Individual owns 10% of Casino X. Individual's share of Casino X's income taxes is \$1,000,000. Instead of individual adding back the full \$1,000,000, Individual will add back \$875,000.

- **Like-Kind Exchange Update in relation to Bonus Depreciation and Section 179 Expense Add-Backs:**

Special rules may apply if the bonus depreciation/Section 179 expensing is taken against property acquired in a like-kind exchange. Get [Income Tax Information Bulletin #118](#) (not yet published as of this writing) for details.

Credits

- **Hoosier Alternative Fuel Vehicle Manufacturer Tax Credit**

This credit has been repealed. Any previously approved yet unused credit is available to be claimed.

- **Headquarters Relocation Credit**

Some or all of the Headquarters Relocation Credit may be eligible for refund beginning with the 2019 tax year. The Indiana Economic Development Corporation (IEDC) will provide information showing an refundable amount.

The refundable credit may be:

- Claimed on Forms IT-20, FIT-20, and IT-20NP; and
- Reported on pass-through entities, Forms IT-20S and IT-65 (a new line 9 for reporting purposes has been added to IND Schedule 5/Schedule F).

- **Industrial Recovery Tax Credit**

Repeals the Industrial Recovery Tax Credit, with the following exceptions:

- Credits based on qualified investments made before Jan. 1, 2020, are available for carryforward.

- A taxpayer is entitled to receive a credit for a qualified investment made after Dec. 31, 2019, and before Jan. 1, 2030, if the taxpayer is awarded a credit under:
 - An application approved by the Indiana Economic Development Corporation (IEDC) before Jan. 1, 2020; or
 - An agreement entered into by the taxpayer and IEDC before Jan. 1, 2021.

- **Redevelopment Tax Credit – 2020 first year 3-Digit Code #863**

Provides that a taxpayer may claim a credit against state tax liability if:

- The taxpayer makes a qualified investment for the redevelopment or rehabilitation of real property located within a qualified redevelopment site; and
- The qualified investment is approved by the Indiana Economic Development Corporation (IEDC).

More information will be forthcoming in 2020.

- **School Scholarship Credit ceiling expanded**

The total amount of net contributions to the program has increased from \$14 million to \$15 million for the program’s fiscal year of July 1, 2019 through June 30, 2020; this in no way impacts how the credit is figured or reported.

- **Venture Capital Investment Credit**

Provides the amount of the tax credit that is passed through to a shareholder, partner, or member of a pass-through entity may not be applied against the pass-through entity’s state tax liability, nor may the pass-through entity assign any unused credit.

Credits based on investments made after June 30, 2020, and before July 1, 2029, may be:

- carried forward up to five following tax years, or
- assignable, subject to certain limitations.

Miscellaneous

- **Nonresident partners and S corporation shareholders reporting requirement change**

Nonresident individuals who:

- are partners/S corporation shareholders,
- are included on Schedule Composite (filed with Form IT-65/IT-20S), and
- have Indiana county tax reported in Column E on the Schedule Composite,

are required to file Form IT-40PNR to report all sources of Indiana income.

- **Payment option eliminated.** The 1-800- 2-PAY TAX (1-800-272-9829) payment option for using MasterCard® and VISA® is no longer available. MasterCard® and VISA® payments may still be made online by visiting www.in.gov/dor/4340.htm.

- **IT-20REC**

A request for federal reporting information has been added to the schedule.

- **Schedule IN K-1**

Beginning with tax years ending after Dec. 31, 2019, partnerships and S corporations that are required to file 25 or more Schedule IN K-1s must file the Schedule IN K-1s in an electronic format. For calendar year filers, this electronic filing requirement begins with tax year 2020.

- **Schedule Composite Reporting Update**

Nonresident individuals who:

- are partners/S corporation shareholders,
- are included on Schedule Composite (filed with Form IT-65/IT-20S), and
- have Indiana county tax reported in Column E on the Schedule Composite,

are required to file Form IT-40PNR to report all sources of Indiana income.

- **Amended C Corporation Return**

Form IT-20X use update

- Use Form IT-20X to amend for tax periods beginning before Jan. 1, 2019.
- Use updated Form IT-20 when amending for tax periods beginning after Dec. 31, 2018.

Form IT-20, added second amendment check box: "Check box if amendment is due to a federal audit."

- **Schedule M (IT-20/IT-20S) – Alternate Adjusted Gross Income Tax Calculation**

A taxpayer is not entitled to the alternate reduced tax rate if it locates its operations in a qualified area for the first time after Dec. 31, 2018.

- **Schedule E**

In the case of certain receipts, all or a portion of the receipts are not included.

- For receipts includible under IRC section 965 or GILTI (IRC Section 951A), any amount claimed as a foreign source dividend under IC 6-3-2-12 is not to be included.
- For receipts from the sale of securities, including stocks, bonds, options, and future and forward contracts, only the net gain from the sale is treated as a receipt.
- For receipts from hedging or similar transactions, only the net gain resulting from both sets of transactions is treated as a receipt.

For receipts from most services and intangibles, effective for taxable years beginning on or after January 1, 2019, SEA 563-2019 provides that the services are to be sourced where the benefit of the service is received. An information bulletin and regulations will be forthcoming.

Schedule E-7

The instructions for revenue miles has been expanded to include specific instructions for:

- Airlines
- Transportation of passengers, freight, mail, and express
- Railroads, truck lines, bus lines, and interurban lines

2019 COR Forms page www.in.gov/dor/6525.htm