



2025 Corporation and Partnership Administrative 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 phased out. The percentage of taxes required to be added back for 2025 is 12.5%.

Credits

- **Affordable and Workforce Housing Credit (3-digit code 871; 4-digit composite code 1871)**

- A new tax credit provides for affordable and workforce housing and is awarded by the Indiana Housing and Community Development Authority.
- This credit must be reported on Schedule IN-OCC.

- **Railroad Expenditures Tax Credit (3-digit code 882; 4-digit composite code 1882)**

- A new railroad tax credit was established for taxpayers who make qualified railroad expenditures.
- Amount of credit is 50% of expenditures or number of track miles multiplied by \$3,500, whichever is less.
- Taxpayers must apply to DOR for credit approval by completing Application for Railroad Tax Credit for Qualified Infrastructure Investment Form IN-RRTC.
- This credit must be reported on Schedule IN-OCC.

- **New Rail Infrastructure Expenditures Tax Credit (3-digit code 883; 4-digit composite code 1883)**

- A new railroad tax credit was established for taxpayers who make qualified new rail infrastructure expenditures.
- Amount of credit, whichever is less than \$500,000 or 50% of expenditures.
- Taxpayers must apply to DOR for credit approval by completing Application for Railroad Tax Credit for Qualified Infrastructure Investment Form IN-RRTC.
- This credit must be reported on Schedule IN-OCC.

- **Small Modular Nuclear Reactor Tax Credit (3-digit code 884; 4-digit composite code 1884)**

- A new small modular nuclear reactor manufacturing expense credit was established for taxpayers who make qualified infrastructure investments.
- Amount of credit is 20% of qualified investment.
- Taxpayer wishing to claim this credit must mail a written request to DOR's Tax Policy Division.
- This credit must be reported on Schedule IN-OCC.

Pass Through Entity Tax Changes

- **PTET Estimated Payment Penalty**

- Beginning TY 2025, a penalty for underpayment of estimated PTET is imposed if quarters 1, 2, 3 or 4 are less than 25% of prior year or 20% of current year, whichever is less.

- **PTET Credits**
 - An electing entity is now allowed to make elections to claim certain state tax liability credit.
 - Three new computation codes have been added to Schedule PTET.
 - 13 - Indiana resident owners taxed pre-apportionment; entity claiming credits against PTET.
 - 14 - Indiana resident owners post-apportionment; entity claiming credits against PTET.
 - 15 - No Indiana owners; entity claiming credits against PTET
- **PTET Change to ESOP Entity Type Codes**
 - To address an issue with reporting Employee Stock Option Plans, Code 08 Resident Retirement Plan or Employee Stock Option Plan (ESOP) and Code 28 Nonresident Retirement Plan or Employee Stock Option Plan will now allow zero tax due regardless of the Computation Code selected on Schedule PTET.

Miscellaneous

- **Schedule Composite and Schedule Composite-COR Change**
 - Four new exception codes have been added for specific scenarios involving reporting and tax computation.
 - 16 - Governmental Entity not required to file a return.
 - 17 - Allowance for Schedule IN-COMPA for similarly situated partners (largely charities).
 - 18 - Negative shareholder/partner income.
 - 19 - Withholding greater than tax computed.
- **IT-65 Indiana Partnership Return**
 - Partnerships with nonresident shareholders that reported a loss must also file a Schedule Composite or Schedule Composite-COR for each nonresident.
 - Reminder: Any partnership that fails to file a composite return that includes all its nonresident partners will be assessed a penalty of \$500.
- **State of Commercial Domicile**
 - Foreign country code 'FC' is added to State of Commercial Domicile on Forms IT-20, IT-20S and IT-65.
- **Individual Income Tax Rate Change**
 - Individual income tax rate is lowered to 3% for tax year 2025.

Indiana MeF Vendor Portal

- **Communications**

All communications will need to take place through the portal. Email boxes AltFileMgr@dor.in.gov and forms@dor.in.gov, will no longer be available.
- **Linked Returns**

DOR will now require linked returns for all submissions. Returns submitted unlinked (without federal return information) will be rejected.

- **Software ID**

DOR will no longer use software IDs that start with CMEF for Business/Fid tax types, and all tax types will be filed under one software ID per product. Only one platform will be allowed per software ID, either desktop or web-based, not both.

- **Limitations/Exclusions**

The LOI provides space to indicate limitations/exclusions your product may have. Utilize this function and provide the requested information to avoid amending your LOI later in the year. If this is not completed and limitations/exclusions are found during testing, DOR will request an LOI amendment.

- **LOI Amendments**

The portal allows for editing and amendments of the LOI only after the original LOI has been approved by DOR. If you need to amend your LOI, you will need to wait for DOR to approve the original before submitting another amendment. DOR approval is required before further action can be taken on your end.

- **Approvals/Certifications**

The portal allows you to view your completed submissions and their real-time status updates.