



Indiana Department of Revenue

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Income Tax Information Bulletin #124

Subject: Small Modular Nuclear Reactor Manufacturing Expense Tax Credit

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References: IC 6-3.1-45

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Introduction

In 2025, the Indiana General Assembly enacted IC 6-3.1-45, which created a new Small Modular Nuclear Reactor Manufacturing Expense Tax Credit (the "credit"). The credit is available for qualified investments made by a taxpayer to manufacture a small modular nuclear reactor ("SMNR") in Indiana.

Definitions

A "small modular nuclear reactor" is a nuclear reactor that:

- (1) has a rated electric generating capacity of not more than 470 megawatts;
- (2) is capable of being constructed and operated, either:
 - (A) alone; or
 - (B) in combination with one (1) or more similar reactors if additional reactors are, or become, necessary;at a single site; and
- (3) is required to be licensed by the United States Nuclear Regulatory Commission.

The term includes a nuclear reactor that is described above and that uses a process to produce hydrogen that can be used for energy storage, as a fuel, or for other uses.

A "qualified investment" means expenditures incurred by a taxpayer in the manufacture of a SMNR in Indiana.

A "taxpayer" means a person, corporation, partnership, or other entity that makes a qualified investment.

Tax Credit

The credit is equal to 20% of a taxpayer's qualified investment. The credit may be taken against a taxpayer's adjusted gross income tax liability under IC 6-3-1 through IC 6-3-7, financial institutions tax liability under IC 6-5.5, or insurance premiums tax liability under IC 27-1-18-2. A taxpayer is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes a qualified investment.

The credit allowable to a taxpayer is limited to the taxpayer's state adjusted gross income tax liability or financial institutions tax liability for a taxable year after application of other nonrefundable credits allowable prior to the credit. If a credit is not allowable for a taxable year due to the limitation of the taxpayer's tax liability, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or refund of any unused credit.

If a taxpayer that is a pass-through entity is entitled to a credit but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, or member of the pass-through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass-through entity for the taxable year; multiplied by
- (2) the percentage of the pass-through entity's distributive income to which the shareholder, partner, or member is entitled.

Any credit passed through is in addition to a tax credit to which a shareholder, partner, or member of a pass-through entity is otherwise entitled under this chapter. However, a pass-through entity and an individual who is a shareholder, partner, or member of the passthrough entity may not claim more than one (1) credit for the same qualified investment.

Claiming the Credit

A taxpayer wishing to claim the credit must make a submission to the Tax Policy Division detailing its expenditures incurred by the taxpayer in its manufacturing of a SMNR in Indiana during the taxable year. The submission must be filed prior to the original due date of the applicable return for the taxable year. Submissions may be sent to the Tax Policy Division at taxpolicy@dor.in.gov or the following address:

Tax Policy Division
Indiana Department of Revenue
100 N. Senate Ave., Room N248, MS# 102
Indianapolis, IN 46204

After reviewing the submission, the department will issue an award letter listing the amount of credit allowed for the taxable year. The award letter will include a PIN that may be used on the taxpayer's return to claim the credit.

If you have any questions concerning this bulletin, contact the Tax Policy Division at taxpolicy@dor.in.gov.

A handwritten signature in black ink that reads "M. Kevin Gulley". The signature is written in a cursive style with a large, stylized "M" and "G".

M. Kevin Gulley
Commissioner
Indiana Department of Revenue