

Income/Franchise:

Indiana: New Law Updates State Conformity to Internal Revenue Code; DOR Provides Updated Guidance

H.B. 1001, signed by gov. 4/29/21; Information Bulletin #119, Ind. Dept. of Rev. (5/21). Effective retroactively to January 1, 2021, new law generally updates state corporate and personal income tax statutory references to the Internal Revenue Code (IRC) so that IRC references in Indiana law generally refer to the federal income tax law in effect on March 31, 2021 (previously, January 1, 2020). The legislation also provides that to the extent that a federal statute is enacted or amended in a title other than the IRC on or before March 31, 2021, and affects federal adjusted gross income, federal taxable income, federal tax credits, or other federal tax attributes, “the federal statute shall be considered to be part of the Internal Revenue Code as amended and in effect on March 31, 2021.” The bill includes some specific addition and subtraction adjustments related to net operating losses (NOLs) under IRC section 172, as well as excess business losses under IRC section 461(l) used in determining Indiana adjusted gross income. The Indiana Department of Revenue has since updated its administrative guidance (Information Bulletin No. 119) addressing Indiana’s conformity and nonconformity to recent federal tax law changes.

URL: <http://iga.in.gov/legislative/2021/bills/house/1001#document-08ac7848>

URL: <https://www.in.gov/dor/files/ib119.pdf>

H.B. 1436, signed by gov. 4/29/21. Another recently signed bill revises provisions pertaining to Indiana NOL carryovers for individual income and corporate income tax purposes, some of which will expire on July 1, 2024. Among these changes, are “if an Indiana net operating loss arising from a taxable year has been claimed as a deduction in a taxable year ending before July 1, 2021, the Indiana net operating loss available for use in taxable years ending after June 30, 2021, shall be computed after application of the deductions taken for Indiana net operating losses in previous years to the extent necessary to prevent duplicate use of a net operating loss.” Please contact us with any questions.

URL: <http://iga.in.gov/legislative/2021/bills/house/1436>

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