

## Income/Franchise:

### Indiana: New Law Addresses State Reporting of Partnership Final Federal Tax Adjustments

*S.B. 383*, signed by gov. 4/29/21. Following state legislation enacted in 2020 [see *S.B. 408 (2020)* for more details on this 2020 legislation] addressing Indiana's response to changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act – which authorized the Indiana Department of Revenue (Department) to issue some corresponding state tax assessments against a partnership and/or its partners resulting from adjustments under the federal partnership audit regime changes – new law provides some updated procedures for reporting final federal tax adjustments to the Department to conform with the federal law changes. The new law provides that the Department may prescribe procedures:

URL: <http://iga.in.gov/legislative/2021/bills/senate/383>

URL: <http://iga.in.gov/legislative/2020/bills/senate/408>

- By which a passthrough entity remits tax;
- For persons or entities that are otherwise subject to withholding but that may have circumstances such that standard tax computation may result in excess withholding;
- For individuals and trusts that are residents for part of the taxable year and nonresidents for part of the taxable year; and
- By which an entity may request alternative withholding arrangements.

Regarding state reporting of final federal tax adjustments for taxpayers that are included in an Indiana combined return with any members undergoing federal tax audits, the new law provides that the date on which the alteration or modification is made for federal tax purposes “shall be considered to be the last day on which an alteration or modification occurs for any entity filing as part of the combined return.” Please contact us with any questions.

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