

**Indiana Department of Revenue  
Administrative Highlights  
Individual Income Tax  
Tax Year 2014**

**Added 10/16/14 - Same Sex Marriage**

Effective with the Supreme Court decision (10-6-14) not to hear the Indiana (and others) case, taxpayers in same-sex marriages from states that recognize them are now able to file their taxes in Indiana as married filing separately or jointly. We will accept all such individual income tax filings effective immediately.

If taxpayers who followed our original guidance and filed as single individuals want to amend their filings to file as married filing separately or jointly, they may do so by filing an IT-40X for 2013 taxes filed in 2014.

**If there are no other changes in the future, in 2015 we will be accepting same-sex married couples individual tax filings as married filing separately or jointly for anyone legally married in the states that recognize those marriages for 2014 taxes.**

**Electronic Filing Mandate**

Professional preparers who filed more than ten (10) Individual returns in 2014 are required to file individual returns in 2015 in an electronic format. 2D returns are NOT considered to be electronic.

**Prior Year Filings**

Prior year 2012 and 2013 Indiana individual tax returns can be filed electronically in 2015. Software certified and used to file 2012 and 2013 returns **may** support the filing of these prior year returns. The IDOR does not re-test nor provide a list of software supporting prior year returns. Questions regarding whether or not a particular product includes prior year support should be directed to the software provider.

**Income Statements**

Income statements, such as W-2s, WH-18s and 1099s, should only be included if they show Indiana state or local withholding or unemployment compensation. They should be included with the electronic filing data for electronic returns and should be mailed with paper and 2D returns. Credit claimed for state and county withholding must be supported by withholding included on an income statement. 1099Gs which include unemployment compensation must also be included.

**Changes Affecting Individual Income Tax**

The following changes affect Indiana individual adjusted gross income tax:

- The state extension of time to file, Form IT-9, extends the time to file until Nov. 14 (Oct. 15 plus 30 days). Effective Jan. 1, 2015 HEA 1380-2014, SEC. 26 IC 6-8.1-6-1
- Pass-through entities are eligible to claim the Industrial Recovery Credit. Effective Jan. 1, 2014

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- Taxpayers may continue to carry forward any unused tax credit from a prior taxable year even after the tax credit has been repealed (except as otherwise expressly provided). Effective Jan. 1, 2014
- The Credit for Natural Gas-powered Vehicles no longer applies to vehicles using alternative fuel and no longer requires the vehicle to be used in providing public transportation. The credit also now requires that the vehicle be purchased or leased from a dealer in Indiana to be eligible. Effective Jan. 1, 2014
- Schedule IN-OCC (Other Credits) replaces Schedule IN-SSC (School Scholarship Credit), and has been expanded to collect information about the Hoosier Business Investment Credit, School Scholarship Credit, Natural Gas Commercial Vehicle Credit, and the Hoosier Business Investment Credit – Logistics
- Form IT-40RNR – Line 5 is now limited. “If the answer is less than zero, leave blank.” (This eliminates the possibility of one spouse’s potential negative county tax liability to reduce the other spouse’s county tax liability.)
- Schedules 6, G – a new line 7 has been added to these schedules. The Line 17 total from Schedule IN-OCC flows through to this line.
- The following Indiana counties may adopt an ordinance to have a referendum to increase their LOIT for purposes of funding central Indiana transportation: Delaware, Johnson, Hamilton, Hancock, Madison and Marion. If the county(s) does not adopt an ordinance to have a referendum, townships in the county(s) can request a referendum if the township is located adjacent to a county or another township where a public transportation project has been approved. If a township approves the referendum, the additional tax rate applies to only county taxpayers who reside in the township where the voters have approved a referendum. Effective July 1, 2014. (There has been no activity on this for tax year 2014; therefore, 2015 is the first year this may need to be addressed.)
- The credit for local taxes paid outside of Indiana may be used to offset the county economic development income tax (CEDIT). (This will result in the elimination of the Rate Conversion Chart, and will simplify the credit calculation.) Effective Jan. 1, 2015
- Lake County residential income tax credit calculation change. Income ceiling language changed from “earned income” to “Indiana AGI”. Effective Jan. 1, 2015
- County rates to be used for tax year 2014 returns will be finalized by October 1, 2014. Please use the rates from page two of the 2014 county tax schedules (CT-40, CT-40EZ and CT-40PNR). DO NOT use the rates from Departmental Notice #1. Those rates are for withholding purposes only. Should your software be using the wrong county rates, please contact the software developer or the Electronic Filing Coordinator immediately.
- New Schedule - There will be one new schedule, Schedule IN-OCC for Other Certified Credits. Specific credits to be claimed on this form are listed in the credits section of this document. Form developers note that this form requires a fingerprint match.
- Obsolete Schedule – Schedule IN-SSC (School Scholarship Credit) is obsolete. This credit should be claimed on the new Schedule IN-OCC.
- Synopsis Available – For additional information and details regarding 2014 legislation, please refer to the synopsis of the state’s current and upcoming tax changes, available at <http://www.in.gov/dor/reference/files/summary2014.pdf>

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**Changes to Add-Backs, Credits and Deductions**

**Add-Backs**

**Housekeeping**

- Add-back 3-digit numbers to be reinstated:
  - 108 Qualified restaurant improvement property
  - 109 Qualified retail improvement property
  - 126 Qualified advance mining safety equipment
  - 129 Qualified leasehold improvement property
  - 130 Motorsports entertainment complex deduction

**Historical Information Wrap-Up**

- The following add-backs are no longer reported:
  - 124 Educator Expense
  - 125 Employer-provided Educational Expenses
  - 122 IRA Charitable Distribution
  - 128 Student Loan Interest
  - 123 Tuition and Fees
- The following 3-digit codes were reported on the 2013 return and then sunset in 2013:
  - 302 IRA Charitable Distribution
  - 303 Tuition and Fees
  - 304 Qualified Advance Mining Safety Equipment
  - 305 Qualified Transportation Fringe
  - 306 Qualified Leasehold Improvement Property
  - 307 Motorsports Entertainment Complex

**Credits**

**Definition.** “CF” stands for “carryforward”.

- **New credits**
  - 858 Natural Gas Commercial Vehicle Credit; 9 year CF; report on new Schedule IN-OCC\*
  - 859 Adoption Credit (1/1/15 first year; business rules provided summer of 2015); no CF
  - 860 Hoosier Business Investment Credit – Logistics; 9 year CF; report on new Schedule IN-OCC\*

\*New credit schedule, Schedule IN-OCC, Other Certified Credits; carry total to new Line 7 of Sch. 6, G; details the following credits:

- 820 Hoosier Business Investment Credit
  - 849 School Scholarship Credit\*\*
  - 858 Natural Gas Commercial Vehicle Credit
  - 860 Hoosier Business Investment Credit – Logistics
- **Credits reinstated in 2014** for carryforward purposes (2011 last year for new credit; no carryforward available in 2012 and 2013)
  - 825 Maternity Home Credit; CF through 2015, then sunset

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- 842 Employer Health Benefit Plan Credit; CF through 2015, then sunset
- 843 Small Employer Qualified Wellness Program Credit; CF through 2015, then sunset

- **Credits Repealed**

**Definition.** “CF available” means there is no limit on how many years to which the unused portion of an existing credit may be carried.

- 800 Airport Development Zone Employment Expense Credit is repealed effective Jan. 1, 2014; CF available through tax year 2023
- 801 Airport Development Zone Investment Cost Credit is repealed effective Jan. 1, 2014; CF available
- 802 Airport Development Zone Loan Interest Credit is repealed effective Jan. 1, 2014; CF available through tax year 2023
- 803 Blended Biodiesel Tax Credit is repealed effective Jan. 1, 2015; CF available through tax year 2020
- 804 Capital Investment Credit is repealed effective Jan. 1, 2014; CF available through 2023 (HEA 1345-2013, SEC. 46)
- 805 Coal Combustion Product Credit is repealed effective Jan. 1, 2014; no CF (HEA 1345-2013 SEC. 48)
- 815 Ethanol Production Tax Credit is repealed effective Jan. 1, 2015; CF available
- 820 Hoosier Business Investment Credit is repealed effective Jan. 1, 2017; CF available through tax year 2025
- 826 Military Base Investment Cost Credit is repealed effective Jan. 1, 2014; CF available (HEA 1345-2013 SEC. 44)
- 827 Military Base Recovery Cost Credit is repealed effective Jan. 1, 2014; CF available (HEA 1345-2013 SEC. 33)
- 829 Prison Investment Credit is repealed effective Jan. 1, 2015; no CF
- 832 Riverboat Building Credit is repealed effective Jan. 1, 2015; CF available
- 832 Indiana Riverboat Building Credit is repealed effective Jan. 1, 2015; CF available
- 836 Voluntary Remediation Tax Credit is repealed effective Jan. 1, 2015; CF available through tax year 2012
- 844 Energy Star Tax Credit is repealed effective July 1, 2014 (2010 last year available on tax return as cap had been reached)
- 845 Alternative Fuel Vehicle Manufacturer Credit is repealed effective Jan. 1, 2017; CF available through tax year 2025
- 850 New Employer Tax Credit is repealed effective Jan. 1, 2015; CF available through tax year 2023
- 860 Hoosier Business Investment Credit – Logistics is repealed effective Jan. 1, 2017; CF available through 2025

**Deductions**

- **New deductions**

- 627 Olympic/Paralympic Medal Winners Deduction. Deduction equals the value of a medal(s) won from participating in the Olympics/Paralympics, plus any prize money

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- issued by the United States Olympic Committee for winning the medal(s). Effective Jan. 1, 2014
- 628 Net Operating Loss Deduction from 1041-K-1. This type of NOL has special filing requirements. Having its own dedicated number will help us to correctly identify the types of information to request for validation purposes.
  - **Deduction sunset**
    - 600 Airport Development Zone Employee Deduction is repealed. Effective Jan. 1, 2014

**Mailing Instructions**

- **Please verify the following mailing instructions are included with all Individual paper or 2D returns:**
  - Individual returns with accompanying payments should be mailed to:  
Indiana Department of Revenue  
PO Box 7224  
Indianapolis, IN 46207-7224
  - Individual returns without payments should be mailed to:  
Indiana Department of Revenue  
PO Box 40  
Indianapolis, IN 46206-0040
- **Correspondence for Individual Income tax should be mailed to:**
  - Indiana Department of Revenue  
PO Box 7207  
Indianapolis, IN 46207-7207
- **The Post Filing Coupon (PFC) is only needed if a payment is mailed separately from the return.** The IDOR prescribes the wording for the PFC Letter that prints at the top of the PFC page.

**Individual Due Dates**

<b>Date</b>	<b>Form Type/Filing/Payment Activity</b>
04/15/15	IT-40; IT-40EZ; IT-40PNR; IT-40RNR; IT-40ES; ES-40 (1 <sup>st</sup> est. installment period); IT-9
06/15/15	IT-40ES; ES-40 (2 <sup>nd</sup> est. installment period)
06/30/15	SC-40; IT-40/IT-40PNR filing due date if claiming unified tax credit for the elderly (not including extensions)
09/15/15	IT-40ES; ES-40 (3 <sup>rd</sup> est. installment period)
11/16/15	State filing due date if filing under extension (federal Form 4868 and/or IT-9)
01/15/16	IT-40ES; ES-40 (4 <sup>th</sup> est. installment period)

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### **Expiring Federal Provisions**

The Internal Revenue Code presently contains dozens of temporary tax provisions temporarily extended by Congress. In the past, legislation to extend some set of these expiring provisions has been referred to by some as the "tax extender" package. These expiring provisions often are temporarily extended for short periods of time (e.g., one or two years).

Several of the temporary tax provisions (extenders) that sunset at the end of 2013 have a direct impact on the state tax return.

Instructions for what to do if the extenders are not extended by Congress will be added to the add-back area of the IT-40 and IT-40PNR instruction booklets, and to the educator expense and tuition and fees deduction areas of the IT-40PNR instruction booklet.

### **Reminders:**

- **Personal Representative** – The Personal Representative must be an Individual. A **PTIN** is now required on returns filed by paid preparers. SSNs and FEINs will no longer be accepted.
- **Documentation Must be Retained** – Because practitioners are charged with performing due diligence and verifying deductions and credits being reported on electronic returns, the Indiana Department of Revenue no longer requires submission of paper documentation of most credits and deductions at the time of electronic filing. However, this information must be available if requested. See Publication 1345 for details.
- **Tax Withheld** – Electronic returns claiming credit for tax withheld will be rejected if the supporting withholding data (W-2s, 1099's, W-2G's, WH-18s etc.) is not included. (Submit electronically for electronic returns. Include in 2-D record and enclose on paper for 2-D and paper returns to avoid the credit being denied.)
- **Rounding** – Rounding is required on all individual income tax returns/schedules except in the case of the proration calculation (Schedules A, D and F), which must be rounded to no more than three places to the right of the decimal.
- **Losses** – Display losses on printed forms with a negative sign. Example. -3400 instead of (3400)
- **Commas** – Do not use commas in printed variables. Example. Enter 23,899 as 23899.
- **Form Requirements** – All software producing Indiana Individual tax returns must create certain additional forms in order to be certified. Preparers should provide the PFC (Post Filing Coupon), estimated and extension forms for their clients. Publication IND 1346 contains details for developers.