



INDIANA DEPARTMENT OF REVENUE

Annual Update

for the 2024 Tax Year

Disclaimer: Every attempt is made by the department to provide information that is consistent, with the appropriate statutes, rules and court decisions at the time of presentation. Any information provided by the department in this presentation that is not consistent with the law, regulations or court decisions is not binding on either the taxpayer or the department. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.



Changes and Updates for 2024 Tax Year



Economic Nexus Threshold Change

- Effective Jan. 1, 2024, remote sellers are now only required to register as a retail merchant if they sell more than \$100,000 in gross revenue in sales into Indiana.
- Remote sellers that registered with Indiana earlier because they made 200 separate transactions into Indiana (i.e.: they met the now removed transactional threshold) may close their Indiana sales tax account if they do not make \$100,000 in sales in 2024.



Restaurant Utility Usage Sales Tax Exemption

- Effective Jan. 1, 2025, restaurants can elect to receive a 50% sales tax exemption on their electric meter without performing a utility study.
- File Form ST-200R to claim the exemption.
- Restaurants seeking a 100% predominate use exemption must still file Form ST-200, which includes a utility study.



Statute of Limitations and Periodic Tax

- Effective Jan. 1, 2025:
 - Periodic tax is defined as a listed tax for which a return must be filed and a tax remitted four times or more in a calendar year (with certain exceptions).
 - The due date for periodic tax is now always Jan. 31 of the following year.
- These changes clarify and standardize the statute of limitations for assessments and refunds across various tax types.



Forms Updates

**Individual Income Tax (IND)
Corporate Income Tax (COR)
Both (IND & COR)**



Add-Backs

- Wagering taxes: 25% must be added back for 2024.
- Net operating loss (NOL) modification:
 - Report current year NOL modification information with new Schedule NOL-MOD and 400 series modification codes.
 - Report NOL reductions due to debt discharge with new add-back code 155.



Credits

- **Indiana ABLE 529A Account Credit (Code 872)**
 - The lesser of 20% of total contributions to Indiana ABLE 529A savings plan during taxable year OR \$500.
 - Report on new Schedule IN-ABLE.
- **Physician Practice Ownership Credit (Code 880)**
 - Available to primary care physicians with ownership interest in a physician or primary care medical practice and are not employed by a health system.
 - Reported on Schedule IN-OCC.

IND



Credits

- **Attainable Homeownership Tax Credit (Code 875 & 1875)**
 - Credit for contribution to an affordable housing organization approved by the IEDC limited to the lesser of 50% of qualified contribution or \$10,000.
 - Reported on Schedule IN-OCC.
- **Employer Child Care Expenditure Credit (Code 876)**
 - Credit for employers with 100 or fewer employees for capital expenses to establish employee childcare facilities.
 - The lesser of 50% of qualified expenditures or \$100,000.

IND & COR



Credits

- Employment of Individuals with Disability Tax Credit (Code 877 & 881 – benefit corporation only)
 - Credit for those who employ an individual who is referred through a vocational rehabilitation services program for individuals with a disability and was hired after Dec. 31, 2023.
 - DOR may contact the taxpayer to complete Form EDTC W-1, to provide additional information related to the credit.



Credits

- Health Reimbursement Arrangement Credit (Code 878)
 - Credit for employers with health reimbursement arrangements in lieu of an employer provided health insurance plan.
 - DOR may contact the taxpayer to complete Form HRA-1, to provide additional information related to the credit.

- Historic Rehabilitation Tax Credit (Code 879 & 1879)
 - Awarded by IEDC for the rehabilitation of qualified historic structures where the total amount of qualified rehabilitation expenditures is \$5,000 or more.

IND & COR



Deductions

- Foreign Gross-up Deduction Change (COR)
 - 3-digit code reassigned from 119 to 645.
- Active Military Pay Deduction Change (IND)
 - Beginning taxable year 2024, 100% of military pay earned by members of an active component of the armed forces is exempt from Indiana income tax.

IND & COR



Deductions

- 30 Days or Less Nonresident Employee Wage Deduction (Code 644)
 - Available for nonresidents who worked no more than 30 days in a calendar year in Indiana.
 - New line added to Schedule H and IT-40RNR to report the number of days employed in Indiana.
- Health Care Sharing Ministry Deduction (Code 643)
 - Available to members of health care sharing ministries.

IND



Miscellaneous

- IT-20PIC, Intangible Expense and Related Expense Schedule
 - New code “K – No Exception” added.
- Form IT-41
 - New lines 1 and 2 added to report number of beneficiaries.
- Form IT-41 Schedule 1
 - New line 2a added to form to report number of beneficiaries from Schedule Composite and Schedule Composite-COR.

COR



Miscellaneous

- Individual Income Tax Rate (IND)
 - Reduced to 3.05% for Tax Year 2024, with reductions continuing to 2027.
- Schedule IN-OCC (IND & COR)
 - New fields for reporting credits carried forward from previous taxable year, credits that first became available during the taxable year and were not used during the taxable year, and/or research expense credits not reflected on a Schedule IN K-1 or IT-41 Schedule IN K-1.

IND & COR



Filing, Payment, Processing and Audit Updates



Amended Returns Reminder

- When filing amended returns, remember to include all schedules and documentation (including copies of wage statements, K-1s, etc.) required for the return.
- Failure to include required materials with amended return will lead to processing delays.



Estimated Taxes & Underpayment Penalties

- Avoid penalty by paying on or before quarterly due dates.
- Farmers and Fishermen must include a completed Schedule IT-2210 with their return to avoid being assessed a penalty.
- If a taxpayer's income isn't received uniformly throughout the year, they must pay an amount equal to the annualized income installment by the due date and include Schedule IT-2210A with their return.



Schedule C Compliance

- DOR performs additional analysis on returns with federal Schedule C submissions that meet certain criteria:
 - Significant losses compared to income
 - Repeated losses year over year
 - Appearing to manipulate the Schedule C to maximize a refund and the Earned Income Credit
- If a taxpayer receives a letter requesting supporting documents to validate what they've reported, please send us these documents via INTIME.



Pass Through Entity Tax (PTET) for 2025

- PTET filers must make an estimated tax payment equal to at least 50% of the tax due by the end of the year.
 - DOR will waive related penalties for the current tax year only.
- Regular corporate estimated payment rules and penalty assessments will apply beginning Jan. 1, 2025.
- The lesser of 100% of prior year or 80% of current year PTET and composite tax is due by April 15 for those with extensions.



Composite Tax

- When a nonresident shareholder's or partner's principal place of employment is in Indiana, the partnership or S-corp must file a composite return to report county tax.
- When a PTET election is made by a pass-through entity:
 - PTET paid for the nonresident partner's/shareholder's Indiana AGI is credited against composite tax due for the Indiana AGI.
 - PTET is not due for county tax.
 - Composite tax due for county tax is still due for nonresident shareholder/partners whose principal place of employment is an Indiana county.



Federal Conformity

- Indiana is a static conformity state, which currently conforms to the IRC as of Jan. 1, 2023.
- The Indiana General Assembly addresses Indiana's IRC conformity date during legislative session.
- DOR will issue guidance related to federal measures and impacts to Indiana taxpayers, if needed, once we know more.



Additional Legislative Highlights



Legislative Highlights

- Liquor Tax Collection Responsibilities
 - Clarifies who is responsible for remitting alcohol excises taxes in situations where products are transferred among multiple permittees, including outside of Indiana.
 - Modelled after existing responsibility rules for beer excise tax.
- Transfer of Taxes Collected by Sheriffs
 - Collections made by county sheriffs must be transferred electronically twice a month through DOR's payment portal.
 - Taxpayers can only be assessed the service of process fee once.



Legislative Highlights

- System Breach of Tax Preparer
 - DOR is permitted to disclose a taxpayer's name and other limited personal identifying information with a tax preparer or software provider in cases where DOR suspects that a fraudulent return has been filed, to rectify potential system breaches more efficiently.
- Retail Merchant Certificate Standards
 - Requirements for approving, renewing, or revoking RRMCs are harmonized across legislative code.



Legislative Highlights

- Neighborhood Assistance Tax Credit and Individual Development Account Tax Credit Changes
 - The neighborhood organization or community development corporation (respectively) must file with the IHADA.
 - Previously the person or business firm receiving the credit filed an application directly with DOR.
- Commercial Vehicle Fleet Registrations
 - Minimum number of vehicles an owner of a fleet must have to register with DOR, reduced from 25 to 5 commercial vehicles.



Legislative Highlights

- FAB and CIT Changes
 - City of Hammond FAB enacted effective Aug. 1, 2024.
 - Town of Cicero FAB to go into effect Jan. 1, 2025.
 - Knox, Jefferson, and Elkhart Counties permitted to pass ordinances to increase CIT to 8%.
- 911 Service Prepaid Wireless Charge
 - Renamed from “enhanced prepaid wireless charge.”



Resources and Contact Information



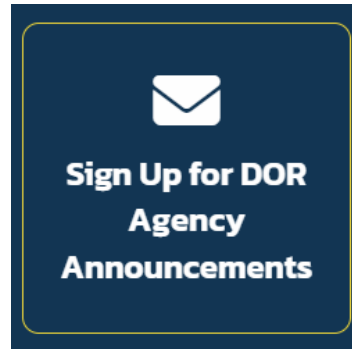
Tax Professional Resources

- Tax Professional Page [in.gov/dor/i-am-a/tax-professional](https://www.in.gov/dor/i-am-a/tax-professional).
- Practitioner Resource Packet [in.gov/dor/files/dor-tax-pract-packet.pdf](https://www.in.gov/dor/files/dor-tax-pract-packet.pdf).
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 - Tax Professionals
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Contact Information

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- Tax Professional Hotline:
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Thank You





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