



## 2022 Individual Income Tax Administrative Highlights

### Add-Backs

- **Tax Add-Back**

The portion of wagering taxes required to be added back as a tax based on or measured by income is being phased out. The percentage of taxes required to be added back for 2022 is 50%.

- **Student Loan Discharge Add-back Change**

Individuals who have student loans discharged due to death, total and permanent disability of the borrower, or bankruptcy are not required to add back the amounts of student loans discharged for those reasons. This is retroactive to 2021.

### Credits

- **2022 Additional Automatic Taxpayer Refund**

- An individual who is ineligible for the \$125 Automatic Taxpayer Refund paid in 2022, may be eligible for a \$200 refundable tax credit under certain circumstances.

- **Adoption Credit**

- Increases the amount allowable to \$2,500 per eligible child or 20% of the federal credit, whichever is less.
- Provides that if the federal adoption credit is carried over, the limitation is \$2,500 per eligible child.
- Provides that the credit is refundable.
- Beginning tax year 2022, this credit must be reported on IT-40 Schedule 5 or IT-40PNR Schedule F (Currently claimed on Schedule 6 and Schedule G).

- **Affordable and Workforce Housing Credit – 2024 first year**

- Provides that the affordable and workforce housing credit for a taxable year is equal to the lesser of state tax credits awarded for the qualified project or the total federal credit allowed for the qualified project, divided by the number of taxable years in the state tax credit period for the qualified project.

- **ABLE Account Credit – 2024 first year**

- Creates a stand-alone credit for contributions to Indiana ABLE accounts equal to the least of:
  - 20% of the amount of the total contributions made by the taxpayer to an account or accounts of an Indiana ABLE 529A savings plan during the taxable year;
  - \$500;
  - or the amount of the taxpayer's adjusted gross income tax for the taxable year, reduced by the sum of all allowable credits.

- **Earned Income Credit Ceiling Increase**

- State credit ceiling increased; cannot exceed 10% of federal EIC (was 9% through 2021 tax year).
- **Film and Media Production Credit – 3-digit code 869; 4-digit code 1869**
  - If the Indiana Economic Development Corporation certifies a taxpayer under IC 6-3.1-36-7(c), the taxpayer is entitled to a tax credit equal to the amount of the taxpayer’s qualified production expenses multiplied by a percentage determined by the corporation, not to exceed 30%.
  - This credit must be reported on Schedule IN-OCC.
  - Also provides for Film and Media Production Credit – Composite, 4-digit code 1869.
- **Foster Care Donation Credit – 3-digit code 867; 4-digit code 1867**
  - Provides that a person who makes a monetary contribution to a qualifying foster care organization shall receive a tax credit equal to 50% of the amount of the monetary contribution not to exceed \$10,000.
  - This credit must be reported on Schedule IN-OCC.
  - Also provides for Foster Care Donation Credit – Composite, 4-digit code 1867.
- **Headquarters Relocation Credit Changes – 3-digit code 818; new 4-digit code 1818**  
**New.** Beginning tax year 2022, this credit must be reported on Schedule IN-OCC. Also provides for Headquarters Relocation Credit – Composite, 4-digit code 1818.
- **School Scholarship Tax Credit Contribution Ceiling Increase**  
The total of allowable net contributions to the program has changed to \$18.5 million for the program’s fiscal year of July 1, 2022 through June 30, 2023.
- **Venture Capital Investment - Qualified Indiana Investment Fund – 3-digit code 868; 4-digit code 1868**
  - Establishes that a taxpayer that provides qualified investment capital to a qualified Indiana investment fund and fulfills the requirements of the IEDC, is entitled to a credit that equals the lesser of 20% of the total amount provided to the qualified Indiana investment fund in the calendar year or \$5,000,000.
  - This credit must be reported on Schedule IN-OCC.
  - Also provides for VCI - Qualified Indiana Investment Fund – Composite, 4-digit code 1868.

## Deductions

- **Employer Student Loan Payment Interest Deduction – 3-digit code 637**  
If a student loan payment by an employer is required to be added back, the interest that otherwise could have been deducted under IRC § 221 is allowable in determining Indiana adjusted gross income.
- **Indiana Education Scholarship Account Deduction - 3-digit code 635**  
Permits a deduction for Indiana education scholarship account donations that are (1) required to be included in federal adjusted gross income and (2) are used to pay for qualifying expenses.
- **Indiana Enrichment Scholarship Account Deduction – 3-digit code 638**

Allows the deduction of an annual grant amount distributed to an Indiana enrichment scholarship account that is used for qualified expenses.

- **Military Retirement Income and/or Survivor's Benefits Deduction**

For tax year 2022 and later, this income is fully deductible in determining Indiana adjusted gross income.

- **Small Business Insurance Premium Deduction – 2023 first year**

Allows a deduction for health insurance premiums paid by an employer for certain small-business health insurance plans, provided that the deduction is disallowed for federal purposes as a result of claiming the federal credit in the amount of those expenses

## **Exemptions**

- **Extra exemption for adopted children**

- If a child under the age of 19 (under the age of 24 if the child is a full-time student) is an adopted child of the taxpayer, the taxpayer is permitted an additional \$3,000 per child exemption.
- Must complete Schedule IN-DEP-A Adopted Dependent Information when claiming this exemption.

## **Miscellaneous**

- **IRC Update**

Line 1 of Form IT-40 assumes conformity with the Internal Revenue Code of 1986, as amended and in effect on March 31, 2021. If the 2023 Indiana General Assembly does not conform to the most current changes to the Internal Revenue Code, you may have to amend your 2022 tax return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the department's homepage at [www.in.gov/dor/](http://www.in.gov/dor/) for updates.

- **Individual Income Tax Rate Change**

Individual income tax rate is lowered to 3.15% from 3.23% for tax years 2023 and 2024.

- **New Schedule IN-W Indiana Withholding Statements**

- New form to itemize Indiana withholding tax information from wage and income statements.
- IDOR requires Schedule IN-W be dropped/printed and submitted with wage and income statements.

- **New Schedule IN DEP-A Adopted Dependent Information**

New form to provide information when claiming an additional exemption for adopted dependent children.

## **Various IND Due Dates**

**2022 IND Tax Returns; 2022 IND Extension of Time to File; 2023 Estimated Tax Installment Payments; Safe Harbors**

<b>Date</b>	<b>Form Type/Payment/Filing Activity</b>
1/17/23	Farmer/fisherman ( <sup>2</sup> / <sub>3</sub> <sup>rd</sup> rule): only one estimated payment due; IT-40ES/ES-40 2022 4 <sup>th</sup> estimated installment payment due
02/01/23	File 2021 IND return, pay all tax due, no 4 <sup>th</sup> installment payment due
03/01/23	Farmer/fisherman ( <sup>2</sup> / <sub>3</sub> <sup>rd</sup> rule): file 2021 IND return/pay by March 1, 2022, no est. tax due
04/18/23	Filing due date for: 2022 IT-40, IT-40PNR, IT-40RNR, SC-40, IT-9 (extension of time to file) IT-40ES/ ES-40 2023 1 <sup>st</sup> estimated tax installment payment due
06/15/23	IT-40ES/ ES-40 2023 2 <sup>nd</sup> estimated tax installment payment due
09/15/23	IT-40ES/ ES-40 2023 3 <sup>rd</sup> estimated tax installment payment due
11/15/23	IND return filing due date if filing under extension (federal Form 4868; state Form IT-9; online)
01/16/24	IT-40ES/ES-40 2023 4 <sup>th</sup> estimated tax installment payment due