

# INDIANA

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# FIT-20

## Financial Institution Tax Booklet

This booklet contains instructions for preparing Indiana financial institution returns for tax year 2023 and for fiscal years beginning in 2023 and ending in 2024.



# INDIANA FIT-20

## Financial Institution Tax Booklet Year 2023

### Contents

What's New for 2023 .....	4
General Information .....	4
General Filing Requirements for FIT-20 Forms and Schedules.....	4
Instructions for Completing Form FIT-20.....	7
Certification of Signatures and Authorization Section .....	15
Mailing Options.....	16
Other Tax Liability Credits Available to Financial Institutions.....	16
Instructions for FIT-20 Schedule E-U Apportionment of Receipts to Indiana .....	19
Instructions for Filing a Combined Return: Attributing Receipts of a Taxpayer Filing a Combined Return .....	20
Instructions for Schedule FIT-NRTC – Nonresident Tax Credit.....	20
Instructions for Form FT-ES .....	21
Instructions for Schedule FIT-20NOL – Computation of Indiana Member's Net Operating Loss Deduction .....	21
Additional Information .....	23

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## INTIME e-Services Portal Available

INTIME, DOR's e-services portal, available at [intime.dor.in.gov](http://intime.dor.in.gov), provides the following functionalities for FIT-20 customers:

- Make payments using a bank account or credit card
- View and respond to correspondence from DOR
- Request and print return transcripts on-demand
- Electronic delivery of correspondence
- Online customer service support through secure messaging

## Increased Online Support for Tax Preparers

In addition to the functionality listed above, INTIME provides increased access and functionality for tax preparers. INTIME provides the following functionality for tax preparers:

- Gain access to view and manage multiple customers under one login
- Ability to file returns, make payments, and view file and pay history for clients
- Request electronic power of attorney (ePOA) authorization to view customer accounts
- View and respond to correspondence for clients

We strongly encourage all taxpayers to make payments and file returns electronically whenever possible. INTIME also allows customers to make estimated payments electronically with just a few clicks.

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## What's New for 2023

### References to the Internal Revenue Code

The definition of adjusted gross income (AGI) is updated to correspond to the federal definition of adjusted gross income contained in the Internal Revenue Code (IRC). Any reference to the IRC and subsequent regulations means the Internal Revenue Code of 1986, as amended and in effect on January 1, 2023. For a complete summary of new legislation regarding taxation, please see the *Synopsis of 2023 Legislation Affecting the Indiana Department of Revenue* at [www.in.gov/dor/files/2023-legislative-synopsis.pdf](http://www.in.gov/dor/files/2023-legislative-synopsis.pdf).

### Add-Backs

- A **new add-back (154)** is available for specified research and experimental expenses required to be amortized for federal income tax purposes. See page 9 for more information.

### Credits

- A **new credit (874)** is available for qualified investments at a mine reclamation site. See page 18 for more information.

### Deductions

- A **new deduction (639)** is available to allow the deduction for the portion of small employer health insurance premiums that is disallowed for federal purposes as a result of claiming the credit under IRC section 45R. See page 10 for more information.
- A **new deduction (641)** is available to permit a current-year deduction for specified research and experimental expenses otherwise required to be amortized for federal tax purposes. See page 10 for more information.

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## General Information

### Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue will conduct an annual public hearing in Indianapolis in June of 2024. Event details will be listed at [www.in.gov/dor/news-media-and-publications/dor-public-events/annual-public-hearings](http://www.in.gov/dor/news-media-and-publications/dor-public-events/annual-public-hearings). Please come and share feedback or comments about how DOR can better administer Indiana tax laws. If you cannot attend, please submit feedback or comments in writing to Indiana Department of Revenue, Commissioner's Office MS# 101, 100 N. Senate Ave., Indianapolis, IN 46204.

Our homepage provides access to forms, information bulletins and directives, tax publications, email, and various filing options. Visit [www.in.gov/dor](http://www.in.gov/dor).

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## General Filing Requirements for FIT-20 Forms and Schedules

Copies of pages 1 through 5 of the corporation's federal income tax return must be enclosed with Form FIT-20 along with Schedule M-3 as well as any extension of time to file form(s). This requirement is made under the authority of Indiana Code (IC) 6-5.5-6-5.

### Extension of Time to File

All Indiana financial institutions tax return due dates are treated the same as extensions granted because of a federal income tax due date extension.

### Who Must File Form FIT-20

IC 6-5.5-2-1 imposes a financial institution tax on the adjusted gross income of any corporation transacting the business of a financial institution, including a holding company, a regulated financial corporation, a subsidiary of a holding company or regulated financial corporation, or any other corporation carrying on the business of a financial institution. Any taxpayer who is subject to tax under IC 6-5.5 is exempt from Indiana's adjusted gross income tax.

The financial institution tax extends to financial institutions and to **all other corporate entities when 80% or more of its gross income is derived from activities that constitute the business of a financial institution**. The business of a financial institution is defined as activities authorized by the federal reserve board; the making, acquiring, selling, or servicing of loans or extensions of credit; acting as an agent, a broker, or an advisor in connection with leasing real and personal property that is the economic equivalent of an extension of credit; or operating a credit card, debit card, or charge card business.

**File the general Indiana corporate adjusted gross income tax return, Form IT-20, if for the taxable year the 80% threshold of gross income derived from activities that constitute the business of a financial institution is not met.**

This form is available online at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms).

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## Due Date

The return due date is the 15th day of the 5th month after the end of the tax year.

## Apportionment of Adjusted Gross Income

The financial institution tax is imposed on the apportioned Indiana income of financial institutions. The law employs a single-factor receipts formula to determine the percentage of the taxpayer's income subject to the tax. The single-factor formula is derived by dividing the gross receipts attributable to transacting business in Indiana by the total receipts from transacting business in all taxing jurisdictions.

## Nexus Rules

The law is based on the ability of a corporation under modern technology to transact the business of a financial institution in Indiana, regardless of the principal location of its offices and employees.

A taxpayer is transacting business in Indiana for purposes of the FIT when it satisfies any of the following eight tests:

- Maintains an office in Indiana;
- Has an employee, a representative, or an independent contractor conducting business in Indiana;
- Regularly sells products or services of any kind or nature to customers in Indiana who receive the product or service in Indiana;
- Regularly solicits business from potential customers in Indiana;
- Regularly performs services outside Indiana that are consumed within Indiana;
- Regularly engages in transactions with customers in Indiana involving intangible property, including loans, but not property described in IC 6-5.5-3-8(5), and resulting in receipts flowing to the taxpayer from within Indiana;
- Owns or leases tangible personal or real property located in Indiana; or
- Regularly solicits and receives deposits from customers in Indiana.

A taxpayer is presumed to “regularly” engage in the above activities when its assets attributable to Indiana are equal to at least \$5 million or it has 20 or more Indiana customers.

## Exempt Entities

Four specific types of organizations are exempted from the FIT:

- Insurance companies otherwise subject to tax under IC 6-3, IC 27-1-2-2.3, or IC 27-1-18-2;
- International banking facilities;
- S corporations exempt from income tax under IRC Section 1363; and
- Nonprofit corporations unless the nonprofit corporation has unrelated business income (with the exception of state chartered credit unions). Federal law prohibits state taxation of federally chartered credit unions.

## Exempt Transactions

A taxpayer is not considered to be transacting business in Indiana if the ONLY activities of the taxpayer in Indiana are in connection with any of the following:

- Maintaining or defending an action or a suit;
- Filing, modifying, renewing, extending, or transferring a mortgage, deed of trust, or security interest;
- Acquiring, foreclosing, or otherwise conveying property in Indiana as a result of a default under the terms of a mortgage, deed of trust, or security interest relating to the property;
- Selling tangible personal property, if taxation under this law is precluded because of P.L. 86-272;
- Owning an interest in the following types of property even though activities are conducted in Indiana that are reasonably required to evaluate and complete the acquisition or disposition of the property, the servicing of the property, or the income from the property, or the acquisition or liquidation of collateral relating to the property;
- An interest in a real estate mortgage investment conduit, a real estate investment trust, or a regulated investment company;
- An interest in a loan-backed security representing ownership or participation in a pool of promissory notes or certificates of interest providing for payments in relation to payments or reasonable projections of payments on the notes or certificates;
- An interest in a loan or other asset where the interest is attributed to a consumer loan, commercial loan, or secured commercial loan and where the payment obligations were solicited and entered into by a person who is independent and not acting on behalf of the owner;
- An interest in the right to service or collect income from a loan or other asset where interest on the loan is attributed as a loan described above and the payment obligations were solicited and entered into by a person who is independent and not acting on behalf of the owner; or
- An amount held in an escrow or trust account with respect to the property described previously.

Acting:

- As an executor of an estate;
- As a trustee of a benefit plan;
- As a trustee of an employee's pension, profit sharing, or other retirement plan;
- As a trustee of a testamentary or inter vivos trust or corporate indenture; or
- In any other fiduciary capacity, including holding title to real property in Indiana.

## Method of Reporting

A taxpayer is allowed to file a separate return only in those instances where the taxpayer is not a member of a unitary group. Members of a unitary group must file collectively on one combined return. **No provision is made for filing consolidated returns.**

If the taxpayer is a member of a unitary group, combined reporting is mandatory. However, if the taxpayer determines that its Indiana income is not accurately reflected by the filing of a combined return, the taxpayer can petition DOR. Such petition is subject to approval by DOR. The petition must include the name and federal employer identification number of each member of the group petitioning for an alternative method. Each member must include its justification for the alternative method.

Petitions may be sent to:

Indiana Department of Revenue  
Tax Policy Division  
100 N Senate Ave, N248, MS 102  
Indianapolis, IN 46204-2253

Once the petition is approved, the taxpayer will indicate on the annual return that the return is a separate return made by a member of a unitary group. Attach DOR's letter granting petition to the annual return filing.

## Members of a Unitary Group

The combined return shall include the adjusted gross income of all members of the unitary group that are transacting business wholly or partially within Indiana. The statute provides exclusion for the income of corporations or other entities organized in foreign countries, except a federal or state branch of a foreign bank or its subsidiary that transacts business in Indiana.

“Unitary business” means business activities or operations that are of mutual benefit, dependent upon or contributory to one another, individually or as a group, in transacting the business of a financial institution. The term can be applied within a single entity or between multiple entities and without regard to whether each entity is a corporation, partnership, or trust. Unity is presumed if there is unity of ownership, operation, or use as evidenced by centralized purchasing, advertising, accounting, or other controlled interaction among entities that are members of the unitary group as defined in IC 6-5.5-1-18(a).

Unity of ownership exists for a corporation if it is a member of a group of two or more business entities, 50% of whose voting stock is owned by a common owner or owners or by one or more of the member corporations of the group.

The taxpayer designated as the reporting member of a unitary group shall file a combined return that includes all operations of the unitary business. List members included in the combined return by completing FIT-20 Schedule H. See Instructions for Filing a Combined Return beginning on page 19.

## Partnerships

Partnerships and trusts as entities are not subject to FIT. Partnerships conducting the business of a financial institution are required to file the appropriate informational return, Form IT-65. Trusts conducting the business of a financial institution in Indiana are required to file the appropriate tax returns.

If the entity is a partnership and has nonresident corporate partners that are themselves conducting the business of a financial institution, the partnership is required to withhold FIT on behalf of the non-resident corporate partner on the non-resident partner's share of the partnership income. If the non-resident corporate partner is not otherwise itself conducting the business of a financial institution, the partnership is required to withhold Indiana adjusted gross income tax on the non-resident partner's share of the partnership income. The apportionable income attributable to the partner is the same percentage as its distributive share of the partnership's income.

A partnership is not required to withhold FIT on behalf of its resident corporate taxpayers as defined by IC 6-5.5-1-13. The resident corporate partners are responsible for paying the relevant FIT or adjusted gross income tax themselves. See the Instructions for Form IT-65 for further information regarding withholding requirements.

**Example.** A bank in Maine and a bank in Indiana form a partnership to make loans to Indiana borrowers. The only Indiana activity of the Maine bank is its involvement in the partnership. The partnership is required to withhold FIT on the Maine bank's share of the partnership income.

## United States Government Obligations

Although interest earned on U.S. obligations is not subject to income taxation, it is not preempted by federal law from being included in the tax base of a franchise tax. Therefore, interest from U.S. obligations is not to be subtracted from federal taxable income in determining the adjusted gross income for the FIT.

## Extensions for Filing

DOR accepts the federal extension of time application (Form 7004) or the federal electronic extension. If the taxpayer has one, there is no need to contact DOR prior to filing the annual return. Returns postmarked within one month after the last date indicated on the federal extension will be considered timely filed. If the taxpayer does not need a federal extension of time but needs one for filing a state return, an extension request and prepayment of 90% can be submitted via INTIME, DOR's e-services portal at [intime.dor.in.gov](http://intime.dor.in.gov), or by submitting a letter requesting an extension prior to the annual return's due date.

To request an Indiana extension of time to file by letter, contact:

Indiana Department of Revenue  
Corporate Income Tax  
Tax Administration  
P.O. Box 7206  
Indianapolis, IN 46207-7206

If there is a valid extension of time or a federal electronic extension to file, **check Yes on line V** on the front of the return. If applicable, enclose a copy of the federal extension of time when filing the state return.

An extension of time granted under IC 6-8.1-6-1 waives the late payment penalty for the extension period on the balance of tax due provided at least 90% of the tax due is paid by the original due date and the remaining balance, plus interest, is paid in full by the extended due date. Use DOR's e-services portal, INTIME, at [intime.dor.in.gov](http://intime.dor.in.gov) to make an extension payment for the taxable year.

If a payment is not submitted electronically, it must be made with the financial institution preprinted extension form included with the estimated coupon packet Form FT-ES. This payment will be processed as a fifth estimated payment.

**Note.** Any tax paid after the original due date must include interest. Interest on the balance of tax due must be included with the return when it is filed. Interest is computed from the original due date until the date of payment. In October of each year, DOR establishes the interest rate for the next calendar year. See Departmental Notice #3 at [www.in.gov/dor/files/reference/dn03.pdf](http://www.in.gov/dor/files/reference/dn03.pdf) for interest rates.



## Amended Returns

A taxpayer must notify DOR within 180 days of final alterations or modifications to its federal income tax return (federal adjustment, RAR, etc.) by filing an amended Form FIT-20.

To amend a previously filed Form FIT-20, file a corrected copy of the original form. Check the box at the top of the form for filing an amended return.

To claim a refund of an overpayment, file the return within three years from the latter of the date of the overpayment or the due date of the return. IC 6-8.1-9-1 entitles a taxpayer to claim a refund because of a reduction in tax liability resulting from a final federal modification. The claim for refund must be filed within 180 days from the date of notice of the final modification by the Internal Revenue Service unless the normal three year statute of limitations has yet to expire. If an agreement to extend the statute of limitations for an assessment is entered into between the taxpayer and DOR, the period for filing a claim for refund is likewise extended.

## Estimated Quarterly Payments

Quarterly payments of estimated financial institution tax are required under IC 6-5.5-6-3 if the annual tax liability is \$2,500 or more. The quarterly due dates for estimated quarterly payments of a calendar year filer are April 20, June 20, September 20, and December 20 of the taxable year.

If a taxpayer uses a taxable year that does not end on December 31, the due dates for the estimated quarterly financial institution tax payments are on or before the 20th day of the 4th, 6th, 9th, and 12th months of the taxpayer's taxable year. Estimated quarterly payments can be made via INTIME, DOR's e-services portal at [intime.dor.in.gov](https://intime.dor.in.gov).

If a payment is not submitted electronically via INTIME, it must be made with the financial institution estimated quarterly vouchers, Form FT-QP. DOR mails preprinted FT-QP vouchers to current FIT estimated account holders.

**Important.** Estimated payments of \$5,000 or more are required to be made electronically, with a penalty assessed for failure to comply. See page 4 for information about using INTIME, DOR's e-services portal.

## Electronic Payment Requirements

If the amount of financial institution tax exceeds an average liability of \$5,000 per quarter (or \$20,000 annually), a customer's quarterly estimated tax payments must be remitted electronically via INTIME, DOR's e-services portal at [intime.dor.in.gov](https://intime.dor.in.gov), or with an electronic funds transfer (EFT). If DOR is unable to obtain payment by the EFT, a penalty of \$35 will be assessed. Because there is no minimum amount of payment, DOR encourages all taxpayers not required to remit by EFT to participate voluntarily in our EFT program.

**Note.** Taxpayers remitting by EFT should not file quarterly FT-QP coupons. The amounts paid by EFT are reconciled when filing the annual income tax return.

If DOR notifies a corporation of the requirements to remit by EFT, the corporation must remit via EFT by the date/tax period specified by DOR.

Failure to submit a required quarterly payment electronically will result in a penalty of 10% being assessed at the time the annual income tax return is filed. The penalty is computed on each payment required to be made electronically that is instead submitted by another means. Indiana Code does not require the extension of time to file payment or final payment due with the annual tax return to be made by EFT. Be sure to claim any EFT payment as an extension or estimated payment credit. Do not file a return indicating an amount due for an amount that has been paid by EFT.

## Penalty for Underpayment of Estimated Taxes (IC 6-5.5-7-1)

Corporations estimating financial institution tax liability are subject to a 10% underpayment penalty if the corporation fails to file estimated tax payments or fails to remit the sufficient amount of estimated payments. To avoid the penalty, the required quarterly estimated payment(s) should include at least 20% of the final financial institution tax liability for the current taxable year or 25% of the corporation's final financial institution tax liability for the previous tax year.

The penalty for the underpayment of estimated tax is assessed on the difference between the actual amount paid by the corporation for each quarter and 20% of the final liability for the current year or 25% of the corporation's final tax liability for the previous tax year, whichever is less. Refer to Schedule FIT-2220, Underpayment of Estimated Tax by Financial Institutions, on return page 4 of Form FIT-20.

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# Instructions for Completing Form FIT-20

## Filing Period and Identification

File a 2023 Form FIT-20 return for a taxable year ending Dec. 31, 2023; a short tax year beginning in 2023; or a fiscal tax year beginning in 2023 and ending in 2024. For a short or fiscal tax year, fill in the beginning month and day and the ending date of the taxable year at the top of the form.

Please use the correct legal name of the corporation and its present mailing address.

*For foreign addresses, please note the following:*

- Be sure to enter the name of the city, town, or village in the box labeled City;
- Be sure to enter the name of the state or province in the box labeled State; and
- Enter the postal code in the box labeled ZIP Code; and
- Enter the 2-digit country code.

For a name change, check the box at the top of the return. Enclose with the return copies of the amended Articles of Incorporation or an Amended Certificate of Authority filed with the Indiana Secretary of State.

**Note.** Corporate addresses, contact names, and other account information may be updated using our self-service portal, INTIME.

The federal employer identification number (FEIN) shown in the box must be correct.

List the two-digit county code if filing a return for a corporate address in Indiana. See Departmental Notice #1 located at [www.in.gov/dor/files/reference/dn01.pdf](http://www.in.gov/dor/files/reference/dn01.pdf) for a list of county codes. Enter "00" (two zeroes) in the county box D if corporate address lies outside of Indiana.

Enter the principal business activity code, derived from the North American Industry Classification System (NAICS), in the designated block of the return. Use the six-digit activity code as reported on the federal corporation return.

**Lines L through W** of the FIT-20 must be completed for the return to be accepted by DOR. Check or complete all boxes that apply to the return.

Check the "final return" box only if the corporation is dissolved, liquidated, or has withdrawn from the state. Timely file Form BC-100 to close out any sales and withholding accounts. Complete these online at [www.in.gov/dor/business-tax/closing-a-business-account](http://www.in.gov/dor/business-tax/closing-a-business-account).

Check the appropriate box if filing as a real estate mortgage investment conduit (REMIC).

**Note.** The return for a REMIC is due on the 15th day of the 4th month following the close of the taxpayer's tax year.

Indicate on **line V** if an extension of time to file is in effect. If applicable, enclose a copy of federal Form 7004 when filing the state return.

### Schedule A – Line Instructions

Per IC 6-8.1-6-4.5, round amounts to the nearest whole dollar. Each line on which an amount can be entered has a ".00" already filled in. This is a reminder that rounding is now required when completing the tax return.

Also, do not use a comma in dollar amounts of four digits or more. For example, instead of entering "3,455" enter "3455."

**Line 1.** Enter federal taxable income from Federal Form 1120 before the net operating loss deduction or the special federal deduction.

**Note.** If filing as a state-chartered credit union or an investment company registered under the Investment Company Act of 1940, proceed to line 19 to enter adjusted gross income as defined under IC 6-5.5-1-2(b) and(c).

**Line 2.** Enter the qualifying dividend deduction and any other amounts reported on Federal Form 1120, Line 29b.

**Line 3.** Subtract line 2 from line 1.

### Add backs: Lines 4 through 10.

**Line 4.** Enter the amount deducted for bad debt (IRC Sec. 166). See line 16 to report recovery of a previously reported worthless debt to the extent a deduction was allowed from gross income in a prior tax year under IRC Sec. 166(a).

**Line 5.** Enter the amount deducted for bad debt reserves of banks (IRC Sec. 585).

**Line 6.** Enter the amount deducted for bad debt reserves (IRC Sec. 593).

**Line 7.** Enter the amount deducted for charitable contributions (IRC Sec. 170).

**Line 8.** Enter the amount deducted on the federal return for all state and local taxes based on or measured by income (IRC Sec. 63).

**Line 9.** Enter an amount equal to the capital loss carryover (from federal Schedule D: line 6, minus line 18 loss amount) to the extent used in offsetting capital gains allowed under IRC Section 1212. See the instructions to line 23 for subtracting the amount deductible for Indiana net capital losses.

**Line 10.** Enter the amount of interest on state and local obligations excluded under IRC Section 103, or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under IRC Section 265.

### Lines 11 A, B, C, and D. Other Income Modifications

Enclose a complete explanation for adjustments.

**Line 11A.** Add or subtract an amount equal to the amount claimed as a deduction for excess business interest. If a deduction for interest paid or incurred in the current year has been disallowed under IRC Section 163(j), subtract the amount of interest disallowed in the current year. If you have interest that was actually paid or incurred in a previous taxable year but disallowed for federal purposes due to the limitations under IRC Section 163(j) AND deducted for federal purposes in the current taxable year, add back the amount of interest so deducted for federal purposes.

**Line 11B.** Add or subtract an amount attributable to bonus depreciation in excess of any regular depreciation that would be allowed had not an election under IRC Section 168(k) been made as applied to property in the year that it was placed into service. Taxpayers who own property for which additional first-year special depreciation for qualified property, including 100% bonus depreciation, was allowed in the current taxable year or in an earlier taxable year, must add or subtract an amount necessary to make adjusted gross income equal to the amount computed without applying any bonus depreciation. The subsequent depreciation allowance is to be calculated as if no bonus depreciation had been claimed until the property is disposed or the property is fully depreciated for Indiana purposes. If line 11B's amount is negative, use a minus sign to denote that.

Special rules may apply if the bonus depreciation is taken against property acquired in a like-kind exchange. See Income Tax Information Bulletin #118 at [www.in.gov/dor/files/reference/ib118.pdf](http://www.in.gov/dor/files/reference/ib118.pdf) for additional information.

The additional regular depreciation may be excluded in subsequent years from the amounts to be added back on line 11B, or 11C when excess IRC Section 179 deduction or bonus depreciation was elected for assets placed in service in those subsequent years.



See Income Tax Information Bulletin #118 available at [www.in.gov/dor/files/reference/ib118.pdf](http://www.in.gov/dor/files/reference/ib118.pdf) for information on the allowance of depreciation for state tax purposes.

**Line 11C.** Add or subtract the amount necessary to make the adjusted gross income of the taxpayer that placed any IRC Section 179 property in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed as if the federal limit for expensing under IRC section 179 was \$25,000 as opposed to \$1,000,000 (adjusted for inflation).

Indiana has adopted an expensing cap of \$25,000. This modification affects the basis of the property if a higher Section 179 limit was applied. The federal increase to a \$1,000,000 deduction was not allowed for purposes of calculating Indiana adjusted gross income. However, the \$2,500,000 threshold for phase-out (adjusted for inflation) is allowed for purposes of calculating Indiana AGI. The depreciation allowances in the year of purchase and in later years must be adjusted to reflect the additional first-year depreciation deduction, including the special depreciation allowance for 100% bonus depreciation property, until the property is sold or fully depreciated for Indiana purposes.

Special rules may apply if the Section 179 expensing is taken against property acquired in a like-kind exchange. See Income Tax Information Bulletin #118 at [www.in.gov/dor/files/reference/ib118.pdf](http://www.in.gov/dor/files/reference/ib118.pdf) for additional information.

**Note.** The net amount determined for the net bonus depreciation or the IRC Section 179 add-back might be a negative figure (because of a higher depreciation basis in subsequent years). If it is, use a minus sign to denote that. (If the taxable income is a loss, this adjustment increases a loss when added back.) Enclose a statement to explain the adjustment.

**Line 11D.** Deduct the amount of income from qualified utility and plant patents included in federal taxable income as permitted under IC 6-3-2-21.7.

**Note.** Use a minus sign to denote the negative amount. For tax years beginning after Dec. 31, 2007, a portion of this income is exempt from Indiana AGI. For more information, see Income Tax Information Bulletin #104 available at [www.in.gov/dor/files/reference/ib104.pdf](http://www.in.gov/dor/files/reference/ib104.pdf).

### **Lines 12 A, B, C, and D. Total Add-Backs**

Enter any add-backs and deductions on lines 12A through 12D. Enter the name of the add-back/deduction, its 3-digit code, and its amount. Use a minus sign to denote a negative amount. Attach additional sheets if necessary.

#### **Adding Back Depreciation Expenses**

Several of the discontinued add-backs were created by timing differences between federal and Indiana allowable expenses. Following is an example of how to report a difference:

*Example.* ABC Company has qualified restaurant equipment. For federal tax purposes, they use the accelerated 15-year recovery period for an asset placed in service in 2009. Since 2009, ABC Company has

been adding back the depreciation expense taken for federal purposes that exceeded the amount allowable for Indiana purposes. The accumulated depreciation on such an asset through 2012 is, therefore, different for federal and state purposes. This difference will remain until the asset is fully depreciated or until the time of its disposition.

So, in this example, the asset was acquired in January 2009 at a purchase price of \$120,000. This normally would have a 25-year recovery period, but IRC Sec. 168 allows for a 15-year recovery period. Tax year 2012 is the last year ABC Company will have reported a qualified restaurant equipment add-back until the end of the 15-year recovery period.

If this asset was sold before being fully depreciated, the catch-up modification would be reflected in the year of the sale. However, if this property is held through 2023 (the 15th year of depreciation), ABC Company will report a negative \$9,600 catch-up add-back on the 2023 state tax return.

#### **Reporting Certain Prior-Year Modifications**

In certain cases, a modification in a prior year may have been limited due to various federal limitations, including basis limitations, passive loss limitations, and at-risk loss limitations.

Even though certain modifications may not apply to activities during the current taxable year, you may be required to report a modification when you have income against which to realize the modification. Use the modification code for the year in which the modification was actually accrued. This includes, but is not limited to, modifications required to be reported using 3-digit Code 149 (Meal Deduction Add-Back) and Code 634 (COVID-Related Employee Retention Credit Disallowed Expenses Deduction).

**The following add-backs and deductions should be entered on lines 12A through 12D:**

#### **Specified Research and Experimental Expenses Add-Back (3-digit code: 154)**

If you claimed a federal income tax deduction for specified research and experimental expenses that are required to be amortized for federal purposes pursuant to IRC section 174, add back the amount of expenses you actually deducted for federal income tax purposes. See the instructions for Code 641 for further information on the amount of expenses allowable as a deduction.

**Note.** If after printing of these instructions, IRC Section 174 is amended to allow immediate expensing of research and experimental expenses and you elect to amortize those expenses, you cannot use this code and Code 641 to accelerate the allowance of your expenses.

*Example.* Corporation DEF incurred \$100,000 of specified research expenses in 2023. Corporation DEF reported \$10,000 of amortized expenses in 2023. Corporation DEF will use Code 154 to add back the \$10,000 claimed for federal purposes and use Code 641 to report \$100,000 allowable for Indiana purposes. For 2024-2028, Corporation DEF will continue to use Code 154 to report timing differences.

### **Government or Civic Group Capital Contribution Deduction (3-digit code: 633)**

Subtract any amount included in federal taxable income that are capital contributions from a government or civic group and not excluded under IRC Section 118.

### **Small Employer Health Insurance Premium Deduction (3-digit code: 639)**

If you:

- claimed a federal tax credit for small employer health insurance premiums under IRC section 45R; and
- would have been permitted a deduction for those premiums except for the disallowance under IRC section 280C(h),

you are permitted a deduction for the portion of the premiums disallowed for federal purposes. Use Code 639 to enter the amount of premiums for which a deduction was disallowed for federal purposes because you claimed a federal tax credit for small employer health insurance premiums.

### **Specified Research and Experimental Expenses Deduction (3-digit code: 641)**

If you claimed a federal income tax deduction for specified research and experimental expenses that are required to be amortized for federal purposes pursuant to IRC section 174, deduct the amount of expenses paid or incurred in the current taxable year for federal income tax purposes. See the instructions for Code 154 for further information on the amount of expenses required to be added back. Do not claim this deduction for any research expenses for which a deduction is disallowed under IRC section 280C(c).

**Note.** If after printing of this bulletin, IRC Section 174 is amended to allow immediate expensing of research and experimental expenses and you elect to amortize those expenses, you cannot use this code and Code 154 to accelerate the allowance of your expenses.

*Example.* Corporation DEF incurred \$100,000 of specified research expenses in 2023. Corporation DEF reported \$10,000 of amortized expenses in 2023. Corporation DEF will use Code 641 to report \$100,000 allowable for Indiana purposes and use Code 154 to add back the \$10,000 claimed for federal purposes. For 2024-2028, Corporation DEF will continue to use Code 154 to report timing differences.

**Line 13. Total Add-Backs:** Add lines 4 through line 12D.

**Line 14. Subtotal Income:** Add line 3 and line 13.

### **Deductions from Income**

**Line 15.** Subtract net income (foreign gross receipts less the foreign deductions) derived from sources outside the United States as defined in the Internal Revenue Code and included in federal taxable income. Include all repatriated dividend income listed on the IRC 965 Transition Tax Statement and included in Line 1 of the FIT-20 on this line. Filers should keep detailed records as DOR can ask for this information at a later date. If you have a net foreign loss, enter that amount as a negative number.

**Line 16.** Subtract an amount equal to a debt or portion of a debt becoming worthless (IRC Sec. 166). If you have a recovery of an amount included in a bad debt deduction in prior years, reduce the deduction by the amount of the recovery (applicable to taxpayers not defined as a large bank under IRC Section 585(c)(2) or Savings Association under IRC Section 593). If your recoveries are in excess of your current-year bad debt deduction, report the net amount as a negative number.

**Line 17.** Subtract an amount equal to any bad debt reserves included in federal income because of accounting method changes required by IRC Sec. 585(c)(3)(A) or IRC Section 593.

**Line 18. Total Deductions:** Add lines 15 through 17.

**Line 19. Total Income Prior to Apportionment:** Subtract line 18 from line 14.

State-chartered credit unions must begin on line 19 by entering “adjusted gross income.” For state-chartered credit unions, “adjusted gross income” equals the total transfers to undivided earnings, minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24. In other words, “adjusted gross income” can be defined as net transfers to undivided earnings. No other deductions are permitted. The above definition also applies to a nonresident credit union doing business in Indiana.

Investment companies, defined under IC 6-5.5-1-2(d), must begin on line 19 by reporting federal taxable income computed according to the Internal Revenue Code plus interest on state and local obligations acquired by the taxpayer after Dec. 31, 2011, and excluded from federal gross income under IRC section 103, before any net operating loss deduction. An investment company must also complete line 12 of FIT-20 Schedule E-U.

**Line 20. Total Income Prior to Apportionment:** Enter the amount carried from line 19.

**Line 21. Apportionment Percentage:** (See instructions for Schedule E-U.) This line should be used by all taxpayers and unitary groups. Enter the amount from line 15 of Schedule E-U.

**Line 22. Apportioned Adjusted Gross Income for Indiana:** Multiply line 20, total income subject to apportionment, by line 21, apportionment percentage from Schedule E-U.

**Line 23. Indiana Net Capital Loss Adjustment:** Enter your Indiana net capital loss carryover (see the sample worksheet on page 11). Line 23 is limited to the amount on line 22. Also, line 9 must be completed to add back an amount equal to the federal net capital loss deduction.

**Note.** Excess capital losses may be carried forward for five years following the loss year; however, there is no provision for the carryback of a capital loss incurred under the FIT.

## Net Capital Loss Adjustment for FIT-20 Line 23 – Sample Worksheet

Enclose with the return the worksheet that shows the following calculations. Use this format to determine the available amount of an Indiana net capital loss and the remainder to carry forward. Add sheets to include all members of a unitary group. See the worksheet on page 12.

### Computation of Indiana Net Capital Loss for Carryforward

For a taxpayer who is not filing a combined return, the taxpayer's taxable income consists of an adjustment for net capital losses computed under the Internal Revenue Code and derived from Indiana. Capital losses and capital gains derived from Indiana are determined by the apportionment percentage applicable to each taxable year.

#### Example – Loss Year Ending 12-31-2022:

1. Net capital loss from federal Schedule D without IRC Section 1212 carryover.....-\$80,000
2. FIT-20 Indiana apportioned income percentage for the taxable year of the capital loss ..... 50%
3. Indiana net capital loss for carry forward (limited to succeeding five years) .....-\$40,000

*Additional provisions required for a combined return.* Any net capital loss or net operating loss attributable to Indiana in the combined return must be prorated between each member of the unitary group having nexus in Indiana. Each member must calculate its share of the capital loss and amount available to be applied for the combined return.

The net capital loss attributable to Indiana in the combined return is prorated between each taxpayer member of the unitary group by the quotient of:

- a. The Indiana receipts of those taxpayer members attributable to Indiana, divided by;
- b. The total receipts of all taxpayer members to Indiana.

#### Example:

Indiana receipts attributable to:	<b>Member A</b>	<b>Member B</b>	<b>Member C</b>	<b>Combined Indiana Total</b>
	\$6,000,000	\$9,600,000	\$8,400,000	\$24,000,000
Member's ratio of Indiana receipts:	25%	40%	35%	100%
Prorated share of Indiana net capital loss:	-\$10,000	-\$16,000	-\$14,000	

Carry forward these amounts separately on the combined return.

Use this portion of the worksheet as many times as needed to determine the deductible net capital loss applied against any Indiana net capital gains during the five-year carryforward period following the year of a loss.

### Computation of Net Capital Loss Adjustment

The net capital loss available to be applied, if any, and carried forward to any subsequent year shall be limited to the capital gains for the subsequent year of each taxpayer member. The amount of net capital gains is determined by the same receipts formula used in computing the amount of loss derived from Indiana and is prorated between members of a unitary group (IC 6-5.5-2-1).

#### Example – Gain Year Ending 12-31-2023:

4. Net capital gain from federal Schedule D (recomputed without any IRC Section 1212 unused capital loss carryover)..... \$50,000
5. FIT-20 Indiana apportioned income percentage for the taxable year ..... 60%
6. Available Indiana net capital gain for the year..... \$30,000

#### Example for members of a unitary group filing a combined return having a net capital gain in 2023:

Indiana receipts attributable to:	<b>Member A</b>	<b>Member B</b>	<b>Member C</b>	<b>Combined Indiana Total</b>
	\$5,000,000	\$35,000,000	\$10,000,000	\$50,000,000
Member's ratio of Indiana receipts:	10%	70%	20%	100%
Prorated share of Indiana net capital loss:	-\$3,000	-\$21,000	-\$6,000	

### Application of Indiana Net Capital Loss Adjustment

Enter the unused net capital loss from loss year (prorated amounts) or remaining amount(s) of each member as reduced during each of the intervening years following the year of loss. The current year adjustment for Indiana is limited to the unused amount of net capital loss, up to the amount of the net capital gains prorated for each member.

	<b>Member A</b>	<b>Member B</b>	<b>Member C</b>	
<b>Amount of Loss Applied to (2023):</b>	\$3,000	\$16,000	\$6,000	
7. Combined total of Indiana net capital loss adjustment for the tax year. Carry to line 23 of Form FIT-20.....				\$25,000
<b>Note.</b> <i>This amount may be applied only up to the amount of the current year's income tax liability.</i>				
8. Remaining share of taxable capital gain and (unused net capital loss):	-0-	\$5,000	-0-	
	<b>-\$7,000</b>	<b>-0-</b>	<b>\$8,000</b>	(Share of carryover to 2023)

## Summary of Total Indiana Net Capital Loss Carryover(s)

Compile for each year the total amount of net capital loss applied against net capital gains. The gain or loss available is limited to the amount of each taxpayer member's portion as apportioned to Indiana. For net capital loss carryovers from two or more years, show amounts applied through all carryforward years. Unused net capital loss from loss years occurring since 2018, after application against any net capital gains, may be carried through taxable year 2023.

Example of carryover Enter below total Indiana net capital loss from loss year(s):	Combined total Indiana net capital gains for each year.					Carryover(s) of unused prorated net capital losses available for 2024
	2019	2020	2021	2022	2023	
	\$	\$	\$	\$	\$30,000	
	Total amount of Indiana net capital loss applied against prorated net capital gains in each year					
2018 -\$						
2019 -\$						
2020 -\$						
2021 -\$						
2022 -\$40,000					-\$25,000	-\$15,000
Remaining taxable net capital gains					\$5,000	

### Instructions for Schedule A, continued

**Line 24. Total Adjusted Gross Income:** Subtract line 23 from line 22. If subtotal is less than zero, enter 0.

**Line 25. Indiana Net Operating Loss Deduction:** The amount to report on this line is the Indiana portion of the net operating loss, and it cannot exceed the amount reported on line 24. Net operating losses can be carried forward for 15 years. There is no provision for net operating loss carrybacks. Complete and enclose Schedule FIT-20NOL with the return.

**Line 26. Indiana Adjusted Gross Income:** Subtract line 25 from line 24.

**Line 27. Indiana Financial Institution Tax Due:** Multiply the amount on line 26 by the current tax rate. If line 26 is a loss amount, enter zero on this line.

Effective for taxable years beginning after Dec. 31, 2022, financial institutions are subject to a FIT under IC 6-5.5 at 4.9%.

**Line 28. Nonresident Taxpayer Credit (816):** To claim this credit, enclose a copy of the domiciliary state's tax return. Nonresident taxpayers might be able to claim a credit for taxes paid to domiciliary states. To be eligible to claim the credit, the following conditions must be met: (1) the receipt of interest or other income from the loan is attributed to both the domiciliary state and also to Indiana; and (2) the principal amount of the loan is at least \$2 million.

To determine the amount of tax attributable to the loan transaction, divide the total receipts from qualified loans by the total receipts attributable to Indiana. Multiply that quotient,

expressed as a percentage, by the total amount of tax due to determine the amount of tax attributable to the loan. This is the amount of credit that may be available. The actual credit is equal to the lesser of the actual taxes paid to the domiciliary state for the loan transaction and the amount due to Indiana on the loan transaction. If the taxpayer's domiciliary state grants a credit for taxes paid to other states, the credit available for purposes of Indiana's tax must be reduced by the amount of the credit granted by the taxpayer's domiciliary state. (See the instructions for completing Schedule FIT-NRTC on page 20.)

Nonresident credits are determined for each taxpayer member of a unitary group on an individual basis, notwithstanding that the adjusted gross income is reported on a combined basis for all members of a unitary group.

**Line 29. Net Financial Institution Tax Due:** Subtract the amount on line 28 from the amount on line 27.

**Line 30. Use Tax Due:** Taxpayers are required to report and pay 7% use tax on taxable purchases. Purchases subject to use tax include (but are not limited to) subscriptions to magazines and periodicals as well as property that is purchased exempt from tax and that is later converted to a nonexempt use by the business. To calculate the amount of purchases subject to the use tax, please complete the worksheet on page 13.

For more information regarding use tax, visit [www.in.gov/dor](http://www.in.gov/dor) or call 317-232-2240.

**Line 31. Subtotal Due:** Add line 29 and line 30.



## Tax Liability Credits — Limited to One Per Project

### Restriction for Certain Tax Credits – Limited to One Per Project

Within a certain group of credits, a taxpayer may not be granted more than one credit for the same project. You can choose the credit to be applied. However, the credit selected cannot be changed nor can the investment be redirected for a different credit in subsequent years. See Income Tax Information Bulletin #59 at [www.in.gov/dor/files/reference/ib59.pdf](http://www.in.gov/dor/files/reference/ib59.pdf) for more information.

Six credits are included in this group:

1. Alternative fuel vehicle manufacturer credit;
2. Community revitalization enhancement district credit;
3. Enterprise zone investment cost credit (not applicable to FIT-20);
4. Hoosier business investment credit;
5. Industrial recovery credit; and
6. Venture capital investment credit.

### Order of Credit Application

If claiming more than one credit, first use the credits that cannot be carried over and applied against the state FIT in another year. Next, use the credits that can be carried over for a limited number of years and applied against the state FIT. If one or more credits are available, apply the credits in the order that the credits would expire. Finally, use the credits that can be carried over and applied against the state FIT in another year.

*Example.* A taxpayer has a neighborhood assistance credit for which no carryover is available, a school scholarship credit that can be carried forward to 2024, and a community revitalization enhancement district credit with an indefinite carryforward. The taxpayer would apply the credits in the following order until the credit is exhausted or the taxpayer's liability is reduced to zero, whichever comes first:

- Neighborhood assistance credit
- School scholarship credit expiring in 2024
- Community revitalization enhancement district credit

For more information about Indiana tax credits, see Income Tax Information Bulletin #59 available at [www.in.gov/dor/files/reference/ib59.pdf](http://www.in.gov/dor/files/reference/ib59.pdf).

### Line 32. Neighborhood Assistance Tax Credit 828

If you made a contribution or engaged in activities to upgrade areas in Indiana, you may be able to claim a credit for this assistance. Contact the Indiana Housing & Community Development Authority, Neighborhood Assistance Program, 30 S. Meridian, Suite 1000, Indianapolis, IN 46204, telephone number 317-232-7777 (800- 872-0371 outside Indianapolis), for more information. Pass-through entities are eligible for the credit.

### Line 33. Enterprise Zone Employment Expense Tax Credit 812

This credit is based on qualified investments made within an Indiana enterprise zone. It is the lesser of 10% of qualifying wages or \$1,500 per qualified employee, up to the amount of tax liability on income derived from an enterprise zone. Enclose the completed Schedule EZ 1, 2, 3 with the return, otherwise the credit will be denied.

Find the Indiana Schedule EZ 1, 2, 3 at [www.in.gov/dor/tax-forms/enterprise-zone-forms](http://www.in.gov/dor/tax-forms/enterprise-zone-forms) for more information on how to calculate this credit.

### Line 34. Enterprise Zone Loan Interest Tax Credit 814

This credit is allowed for up to 5% of the interest received from all qualified loans made during a tax year for use in an active Indiana enterprise zone.

See Income Tax Information Bulletin #66 available at [www.in.gov/dor/tax-forms/enterprise-zone-forms](http://www.in.gov/dor/tax-forms/enterprise-zone-forms) for more information on how to calculate this credit.

**Note.** Schedule LIC must be enclosed if claiming this credit; it is available at [www.in.gov/dor/tax-forms/enterprise-zone-forms](http://www.in.gov/dor/tax-forms/enterprise-zone-forms). Contact the Indiana Economic Development Corporation at 1 N. Capitol Ave., Suite 700, Indianapolis, IN 46204; call them at 317-232-8800; or visit the IEDC website at [www.iedc.in.gov](http://www.iedc.in.gov) for additional information.

Enclose Schedule LIC with the return, otherwise the credit will be denied.

## Sales/Use Tax Worksheet

List all purchases made during the tax year from out-of-state retailers.

Column A Description of personal property purchased from out-of-state retailer	Column B Date of purchase(s)	Column C Purchase Price of Property(s)
Magazine subscriptions:		
Mail order purchases:		
Internet purchases:		
Other purchases:		
1. Total purchase price of property subject to the sales/use tax: enter total of Columns C .....		<b>1</b>
2. Sales/use tax: Multiply line 1 by .07 (7%) .....		<b>2</b>
3. Sales tax previously paid on the above items (up to 7% per item) .....		<b>3</b>
4. Total amount due: Subtract line 3 from line 2. Carry to Form FIT-20, line 30. If the amount is negative, enter zero and put no entry on line 30 of the FIT-20.....		<b>4</b>

**Note.** Claimants must be in good standing to remain eligible for the enterprise zone loan interest credit. The term “zone business” includes an entity that claims certain tax benefits available to businesses located in an enterprise zone. A taxpayer can claim the enterprise zone loan interest credit only if that taxpayer pays a registration fee, provides additional assistance to urban enterprise associations required of zone businesses, and complies with the requirements adopted by the Indiana Economic Development Corporation. This credit is also not available for loans made after December 31, 2017.

**Lines 35 and 36 – Other Tax Liability Credits Available to Financial Institutions**

Claim other allowable tax liability credits by entering the name, credit ID code number, and amount using line 35 or 36 (see page 16 for a list of credits available for these lines). The total nonrefundable tax liability credit is limited to the amount of income tax on line 29, unless otherwise noted. If your claim exceeds the amount of your tax liability, adjust by recalculating the credit to the amount that you can apply. If you qualify for the refundable Economic Development for a Growing Economy (EDGE) job retention credit, claim that credit on line 43.

A detailed explanation or supporting schedule must be enclosed with the return when claiming any credits on lines 35, 36, 43, and 44. See Income Tax Information Bulletin #59 available at [www.in.gov/dor/files/reference/ib59.pdf](http://www.in.gov/dor/files/reference/ib59.pdf) for more information about the Indiana tax credits available to taxpayers.

**Line 37 – Certified Credits Available to Financial Institutions**

If you are claiming any credits on Schedule IN-OCC, including credits passed through from Schedule IN K-1 Part 2, enter the total of those credits here and enclose Schedule IN-OCC with you return. The credit codes reported on Schedule IN-OCC are 818, 820, 835, 849, 858, 860, 863, 865, 867, 868, 869, 1818, 1820, 1835, 1849, 1858, 1860, 1863, 1865, 1867, 1868, and 1869.

**Line 38. Total Credits**

Add the amounts on lines 32 through 37.

**Line 39. Total Tax Due**

Subtract the amount on line 38 from the amount on line 31.

**Line 40. Total Estimated Tax Paid**

Enter the total amount of estimated tax paid for the taxable year. Itemize each quarterly payment in the spaces provided.

List all members included in a combined return by completing FIT-20 Schedule H. Show any amount of estimated tax you are claiming that might have been paid by a member under the federal employer identification number.

**Line 41. Extension Payment and Prior Year Overpayment**

Enter on line (a) the payment made resulting from an extension of time to file request, and on line (b) list your carryover credit of a prior-year overpayment. This provision is applicable to a prior-year overpayment of the financial institution tax only. Indiana will accept the federal extension date, plus an additional one month. However, an extension of time to file is not an extension of time to pay. You must pay at least 90% of the current year liability by the original due date of the FIT return. Enter the total amount on line 41.

**Line 42. Other Payments/Credits**

Enter any other payments that are allowable and enclose an explanation. For pass-through entity tax and composite/withholding payments, include a copy of the Schedule IN K-1 reflecting the credit.

**Headquarters Relocation Credit (refundable portion)**

Generally, this credit is nonrefundable. Beginning with the 2019 tax year, some or all of this credit may be refundable. This credit is administered by the Indiana Economic Development Corporation (IEDC). If the IEDC has determined some or all of this credit to be refundable, enter on this line the refundable amount of the credit less the portion of the credit used to offset your tax liability. You must maintain the documentation provided to you that supports the refundable portion of this credit as DOR may request it.

For more information (including limitations on the credit and the application process), see Income Tax Information Bulletin #97, available at [www.in.gov/dor/files/reference/ib97.pdf](http://www.in.gov/dor/files/reference/ib97.pdf).

**Line 43. Economic Development for a Growing Economy Credit (EDGE)**

Claim the approved Economic Development for a Growing Economy (EDGE) credit on this line. Enter the amount from line 19 of Schedule IN-EDGE here. This credit is for businesses that conduct certain activities designed to foster job creation in Indiana. It is a refundable tax liability credit.

**Note.** Complete Schedule IN-EDGE and enclose it with the return, otherwise the credit will be denied. Obtain a PIN from the IEDC.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. Call 317-232-8800 or visit [www.iedc.in.gov](http://www.iedc.in.gov) for additional information.

**Line 44. Economic Development for a Growing Economy Retention Credit (EDGE-R)**

Claim the approved Economic Development for a Growing Economy Retention Credit on this line. Enter the amount from line 19 of Schedule IN-EDGE-R here.

This credit is for businesses that conduct certain activities designed to foster job retention in Indiana. It is a refundable tax liability credit.

**Note.** Complete Schedule IN-EDGE-R and enclose it with the return, otherwise the credit will be denied. Obtain a PIN from the IEDC.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, for eligibility requirements. Visit [www.iedc.in.gov](http://www.iedc.in.gov) for additional information.

**Line 45. Total Payments**

Add lines 40 through 44.

**Line 46. Balance of Tax Due**

Subtract line 45 from line 39.

**Line 47. Penalty for Underpayment**

Enter the penalty, if any, for underpayment of estimated tax.



Complete and enclose Schedule FIT-2220 to determine if the underpayment of estimated tax penalty or an exception to the penalty applies.

**Note.** If a taxpayer's annual liability exceeds \$2,500, filing quarterly estimated payments to remit 25% of the estimated annual tax liability is required.

#### **Line 48. Interest**

If payment is made after the original due date, interest must be included with the payment. Interest is calculated from the original due date of the return until the date of payment.

For the current rate of interest charged see Departmental Notice #3 available at [www.in.gov/dor/files/reference/dn03.pdf](http://www.in.gov/dor/files/reference/dn03.pdf), or call DOR at 317-232-2240.

An extension of time to file the return does not grant an extension of time to pay any tax due; therefore, interest must be calculated.

#### **Line 49. Late Penalty**

Enter the computed penalty amount that applies.

If a payment is made after the original due date, a penalty that is the greater of \$5 or 10% of the remaining tax due must be entered. The penalty for late payment or late filing will not be imposed if all three of the following conditions are met:

1. A valid extension of time to file exists;
2. At least 90% of the tax was paid by the original due date; and
3. The remaining tax and interest due is paid by the extended due date.

If the return showing no tax liability (on line 31) is filed late, the penalty for failure to file by the due date will be \$10 for each day that the return is past due, up to a maximum of \$250.

#### **Line 50. Total Due**

Add lines 46 through 49. If a payment is due, enter the total tax due plus any applicable penalty and interest. Payment can be made electronically via INTIME, DOR's e-services portal at [intime.dor.in.gov](http://intime.dor.in.gov), or checks should be made payable to the Indiana Department of Revenue for each Form FIT-20 filed. All payments must be made in U.S. funds.

#### **Lines 51, 52, and 53. Total Overpayment**

If the taxpayer has an overpayment determined by subtracting the amounts on lines 39, 47, and 49 from the amount on line 45, the corporation can elect to have a portion or all of its overpayment credited to following year's estimated tax account. The portion to be refunded should be entered on line 52, and the portion to be applied to next year's account should be entered on line 53. The total of line 52 and line 53 must equal the amount on line 51.

An election to apply an overpayment to the following year is irrevocable. If your overpayment is reduced due to an error on the return or an adjustment by DOR, the amount to be refunded will be corrected before any changes are made to the estimated account for next year. A refund may be set off and applied to other liabilities under IC 6-8.1-9-2(a) and 6-8.1-9.5 before it is credited to the following year's estimated tax account.

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## **Certification of Signatures and Authorization Section**

Sign, date, and print the corporation name on the return. If a paid preparer completes the return, authorize DOR to discuss the tax return with the preparer by checking the authorization box above the line for the name of the personal representative.

### **Personal Representative Information**

Typically, DOR contacts the corporation if there are any questions or concerns about the tax return. If DOR is authorized to discuss the tax return with someone else (e.g., the person who prepared it or a designated person), complete this area.

First, check the "Yes" box that follows the sentence "I authorize the Department to discuss my tax return with my personal representative."

Next, enter:

- The name of the individual designated as the corporation's personal representative; and
- The individual's email address.

If this area is completed, DOR is authorized to contact the personal representative, instead of the corporation, about this tax return. After the return is filed, DOR will communicate primarily with the designated personal representative on matters concerning the return.

**Note.** The authorization for DOR to be in contact with a personal representative can be revoked at any time. To do so, submit a signed statement to DOR. The statement must include a name, Federal Employer Identification Number of the corporation, and the year of the tax return. Mail the statement to Indiana Department of Revenue, P.O. Box 7206, Indianapolis, IN 46207-7206.

### **Officer Information**

An officer of the organization must sign and date the tax return and enter the officer's name and title. Please provide a daytime telephone number DOR can call if there are any questions about the tax return. Also, provide an email address if contact via email is desired.

### **Paid Preparer Information**

Fill out this area if a paid preparer completed this tax return. The paid preparer must sign and date the return. In addition, please enter the following:

- The paid preparer's email address;
- The name of the firm the paid preparer is employed by;
- The paid preparer's PTIN (personal tax identification number). This must be the paid preparer's PTIN; do not enter an FEIN or Social Security number;
- The paid preparer's complete address.

**Note.** Complete this area even if the paid preparer is the same individual designated as the personal representative.

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## Mailing Options

Please mail completed returns to:

Indiana Department of Revenue  
P.O. Box 7228  
Indianapolis, IN 46207-7228

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## Other Tax Liability Credits Available to Financial Institutions

### Alternative Fuel Vehicle Manufacturer Credit 845

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

**Note.** See the section “Restriction for Certain Tax Credits - Limited to One per Project” on page 13.

### Community Revitalization Enhancement District Credit 808

A state and local income tax liability credit is available for a qualified investment for the redevelopment or rehabilitation of property within a community revitalization enhancement district.

To be eligible for the credit, the intended expenditure plan must be approved by the IEDC before the expenditure is made. The credit is equal to 25% of the IEDC-approved qualified investment made by the taxpayer during the tax year. DOR has the authority to disallow any credit if the taxpayer:

- Ceases existing operations;
- Substantially reduces its operations within the district or elsewhere in Indiana; or
- Reduces other Indiana operations to relocate them into the district.

The taxpayer can assign the credit to a lessee who remains subject to the same requirements. The assignment must be in writing. Also, any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on the state income tax returns for the year of assignment.

Contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN 46204, or visit the IEDC website at [www.iedc.in.gov](http://www.iedc.in.gov) for more information about this credit.

**Note.** See the section “Restriction for Certain Tax Credits - Limited to One per Project” on page 13.

### Economic Development for a Growing Economy - Nonresident Employees (EDGE-NR) 865

This credit is for incremental state income tax amounts that would have been withheld on employees from reciprocal states if those employees had been subject to Indiana state tax withholding.

Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., are eligible for this credit. Unlike the EDGE and EDGE-R credits, the EDGE-NR credit is a non-refundable credit.

This credit is administered by the IEDC. Contact them at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at [www.iedc.in.gov](http://www.iedc.in.gov), or by phone at 317-232-8800.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of a pass-through entity such as S corporations, partnerships, limited liability companies, etc., make sure to keep Schedule IN K-1 with your records as DOR can require you to provide this information.

### Ethanol Production Credit 815

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

### Film and Media Production Tax Credit 869

Effective July 1, 2022, a credit is available for expenses incurred for qualified film and media production expenses. The amount of the taxpayer's credit is equal to the taxpayer's qualified film and media production expenses multiplied by a percentage determined by the Indiana Economic Development Corporation, but not more than 30% of the expenses.

**Note.** Certification for this credit must be obtained from the Indiana Economic Development Corporation. See [iedc.in.gov/indiana-advantages/investments/film-and-media-tax-credit](http://iedc.in.gov/indiana-advantages/investments/film-and-media-tax-credit) for further information.

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied.

### Foster Care Donations Credit 867

A credit for donations to qualifying foster care organizations is available. In addition, beginning July 1, 2023, a credit for qualifying contributions to the Insuring Foster Youth Trust Fund is also available. The credit is 50% of the donation made, up to a maximum of \$10,000 per taxable year. In addition, no more than \$2,000,000 in credits can be awarded during a calendar year. See [www.in.gov/dor/tax-forms/foster-care-credit-donation-information/](http://www.in.gov/dor/tax-forms/foster-care-credit-donation-information/) for further information regarding the application and approval process.

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Enclose the approval letter from the Department of Revenue with the return, otherwise the credit will be denied.

### Headquarters Relocation Credit 818

A business may be eligible for a credit if it meets one of two sets of criteria. The first set of criteria (“first test”) is that the business meets all of the following:

- Has an annual worldwide revenue of \$50 million;

- Has at least 75 Indiana employees (for credits awarded before July 1, 2022); and
- Relocates its corporate headquarters to Indiana.

The second set of criteria (“second test”) is that the business meets either (1) or (2), meets (3), and meets (4) or (5):

1. Received at least \$4 million in venture capital in the six months immediately preceding the business’s application for this tax credit.
2. Closes on at least \$4,000,000 in venture capital not more than six months after submitting the business’s application for this tax credit.
3. Has at least 10 Indiana employees (for credits awarded before July 1, 2022).
4. Relocates its corporate headquarters to Indiana.
5. Relocates the number of jobs equal to 80% of the business’s total payroll during the immediately preceding quarter to an Indiana location.

The credit may be as much as 50% of the cost incurred in relocating the taxpayer’s headquarters. For more information (including limitations on the credit and the application process), see Income Tax Information Bulletin #97, available at [www.in.gov/dor/files/reference/ib97.pdf](http://www.in.gov/dor/files/reference/ib97.pdf).

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

This credit is administered by the IEDC. You may contact them at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at [www.iedc.in.gov](http://www.iedc.in.gov), or by phone at 317-232-8800.

Submit a copy of the certificate from the Indiana Economic Development Corporation verifying the amount of tax credit for the taxable year with the return. Otherwise, the credit will be denied.

**Important.** If the IEDC has granted a refundable credit under the second test, see the instructions on page 14 for completing Form FIT-20, Line 42.

### Hoosier Business Investment Credit 820

This credit is for qualified investments, including costs associated with the following:

- Constructing special-purpose buildings and foundations;
- Making onsite infrastructure improvements;
- Modernizing existing equipment;
- Purchasing equipment used to make motion pictures or audio production;
- Purchasing or constructing new equipment directly related to expanding the workforce in Indiana;
- Retooling existing machinery and equipment;
- Constructing or modernizing transportation or logistical distribution facilities;
- Improving the transportation of goods via highway, rail, air, or water; and
- Improving warehousing and logistical capabilities.
- Purchasing new pollution control, energy conservation, or renewable energy generation equipment; and
- Purchasing new onsite digital manufacturing equipment.

This credit is administered by the IEDC. Contact IEDC at One North Capitol, Suite 700, Indianapolis, IN 46204. Visit the IEDC website at [www.iedc.in.gov](http://www.iedc.in.gov) or call them at 317-232-8800. Please see Income Tax Information Bulletin #95 available at [www.in.gov/dor/files/reference/ib95.pdf](http://www.in.gov/dor/files/reference/ib95.pdf) for additional information. Submit a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year to DOR with the FIT-20 return, otherwise the credit will be denied.

**Note.** See the section “Restriction for Certain Tax Credits - Limited to One per Project” on page 13.

Claim this credit on Schedule IN-OCC.

### Individual Development Account Credit 823

A credit is available for qualified contributions made to a community development corporation participating in an Individual Development Account (IDA) program. The IDA program is designed to assist qualifying low-income residents in accumulating savings and building personal finance skills. The organization must have an approved program number from the Indiana Housing and Community Development Authority (IHCDA) before a contribution qualifies for preapproval. The credit is equal to 50% of the qualified contribution, which must not be less than \$100 and not more than \$50,000.

Applications for the credit are filed through the IHCDA. To request additional information about the definitions, procedures, and qualifications for obtaining this credit, contact the Indiana Housing and Community Development Authority, 30 S. Meridian Street, Suite 1000, Indianapolis, IN 46204, 317-232-7777.

Keep any approval certification or letter of credit assignment with your records as DOR can require you to provide this information at a later date.

### Industrial Recovery Credit 824

This credit is based on a taxpayer’s qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the Indiana Economic Development Corporation approves the application and the plan for rehabilitation, you are entitled to a credit based on the “qualified investment.” The minimum age for a facility to be eligible for this credit has been reduced from 20 years to 15 years. This credit is available to pass-through entities such as S corporations, partnerships, limited liability companies, etc.

**Note.** Except for in situations described in the next sentence, a taxpayer is entitled to receive this credit only for a qualified investment made before January 1, 2020. A taxpayer is entitled to receive a credit for a qualified investment made after December 31, 2019, and before January 1, 2030, if the taxpayer is awarded a credit under:

- an application approved by the Indiana Economic Development Corporation (IEDC) before January 1, 2020; or
- an agreement entered into by the taxpayer and IEDC before January 1, 2021.

**Important.** Any unused credit existing before Jan. 01, 2020, is still eligible for carryforward for an unlimited number of years.

For additional information regarding procedures for obtaining this credit, contact:

Indiana Economic Development Corporation  
One North Capitol, Suite 700  
Indianapolis, IN 46204  
Call 317-232-8800, or visit their website at [www.iedc.in.gov](http://www.iedc.in.gov).

### **Military Base Investment Cost Credit 826**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

### **Military Base Recovery Credit 827**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

### **Mine Reclamation Credit 874**

A credit is available for a qualified investment at a mine reclamation site.

To be eligible for the credit, the credit must be approved by the IEDC. The credit for a taxable year cannot exceed 30% of the IEDC-approved qualified investment for the taxable year or \$5,000,000, whichever is less.

The taxpayer claiming this credit must provide a copy of the IEDC certification of the credit. However, if a taxpayer is claiming the credit as an owner of a pass through entity, the taxpayer must have a Schedule IN K-1 reporting the claimed credit. The pass through entity must provide and retain the certification by IEDC.

The taxpayer can assign the credit to a lessee who remains subject to the same requirements. The assignment must be in writing. Also, any consideration may not exceed the value of the part of the credit assigned. Both parties must report the assignment on the state tax returns for the year of assignment.

### **Natural Gas Commercial Vehicle Credit 858**

This credit has sunset. However, any previously approved yet unused credit is available to be claimed.

The carryforward portion of the previously approved credit being claimed must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

### **Redevelopment Tax Credit 863**

You may be eligible for a credit if you make a qualified investment for the redevelopment or rehabilitation of real property located within a qualified redevelopment site.

This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at [www.iedc.in.gov](http://www.iedc.in.gov) or call 317-232-8800 for additional information.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

### **Riverboat Building Credit 832**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enclose certification from the IEDC, the credit assignment, and proof of investment with the return. Otherwise, the credit will be denied.

### **School Scholarship Credit 849**

A credit is available for contributions to school scholarship programs. A taxpayer that makes a qualifying contribution to a scholarship granting organization (SGO) is entitled to a credit against the state tax liability in the taxable year in which the contribution is made. The amount of a taxpayer's credit is equal to 50% of the amount of the contribution made to the SGO for a school scholarship program. In some cases, the department may round the credit down to the nearest dollar if the department receives information that the credit should be the amount as rounded down. Effective Jan. 1, 2013, this credit can now be carried forward for nine years after the unused credit year.

**Note.** Credits that apply to taxable years beginning before Jan. 1, 2013, may not be carried forward.

To qualify for the credit, the taxpayer must:

- Make a contribution to a scholarship granting organization that is certified by the Department of Education under IC 20-51;
- Make the contribution directly to the SGO;
- Designate in writing to the SGO that the contribution is to be used solely for a school scholarship program or have written confirmation from the SGO that the contribution will be used solely for a program.

Although there are no limits on the size of a qualifying contribution to an SGO, the entire tax credit program has a limit of \$18.5 million in credits per state fiscal year.

Enclose Schedule IN-OCC with the return to claim this credit, otherwise the credit will be denied.

### **Venture Capital Investment Credit 835**

A taxpayer who provides qualified investment capital to a qualified Indiana business may be eligible for this credit. Per IC 6-3.1-24-8, for calendar years beginning after Dec. 31, 2010, the maximum credit available to a qualified business is \$1 million.

**Note.** Certification for this credit must be obtained from the Indiana Economic Development Corporation, Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204.

Beginning with the 2020 tax year, this credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Apply online through the IEDC's website at [www.iedc.in.gov](http://www.iedc.in.gov) or call 317-232-8800 for more information.

**Note.** See the section "Restriction for Certain Tax Credits - Limited to One per Project" on page 13.



Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied.

### **Venture Capital Investment Credit – Qualified Indiana Investment Fund 868**

A taxpayer who provides qualified investment capital (either debt or equity capital) to a qualified Indiana investment fund may be eligible for this credit.

**Note.** Certification for this credit must be obtained from the Indiana Economic Development Corporation, Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204.

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2023-corporatepartnership-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Apply online through the IEDC's website at [www.iedc.in.gov](http://www.iedc.in.gov) or call 317-232-8800 for more information.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied. Do not claim this credit before July 1, 2023.

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## **Instructions for FIT-20 Schedule E-U Apportionment of Receipts to Indiana**

This schedule is on page 3 of the return. The following information must be completed by all taxpayers, including those taxpayers filing combined unitary returns. Investment companies must complete line 12. Credit unions must report adjusted gross income for a taxable year based on total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

The Indiana Financial Institution Tax is imposed on apportioned income. Taxpayers and unitary groups must file using an apportionment percentage based on a single-factor formula. Unitary groups will compute the factor based on the combined receipts of the group.

The single-factor formula is derived by dividing the gross receipts attributable to transacting business in Indiana by the total receipts from transacting business in all taxing jurisdictions. This fraction is expressed as a percentage carried to two decimal places (e.g., 67.63). The total income from line 19 is then multiplied by this percentage to arrive at Indiana financial institution adjusted gross income.

### **The following types of receipts are attributable to Indiana:**

- Receipts from the lease or rental of real or tangible personal property if the property is located in Indiana.
- Interest income and other receipts from assets in the nature of loans or installment sales that are secured by or deal primarily with real or tangible personal property that is located in Indiana.

- Interest income and other receipts from consumer loans not secured by real or tangible personal property if the loan is made to a resident of Indiana.
- Interest income and other receipts from commercial loans not secured by real or tangible personal property must be attributed to Indiana if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the loan proceeds will be applied, the income and receipts are attributed to the state where the borrower applied for the loan.
- Fee income and other receipts from letters of credit, acceptance of drafts, and other devices for guaranteeing loans must be attributed in the same manner as commercial loans are attributed.
- Interest income, merchant discounts, and other receipts (including service charges from financial institution credit card and travel and entertainment card receivables) must be attributed to the state where the card charges are regularly billed.
- Receipts from the sale of a tangible or an intangible asset must be attributed to the same state where the income from the tangible or intangible asset was attributed. Receipts attributed to Indiana can include receipts of dividends and interest from stocks, bonds, and other securities issued by an Indiana resident taxpayer. Income from intangible property that is located in Indiana and is controlled from an Indiana business situs may be attributed to Indiana.
- Receipts from the performance of fiduciary and other services must be attributed to the state where the benefits of the services are consumed.
- Receipts from the issuance of traveler's checks, money orders, or United States savings bonds must be attributed to the state where the item was purchased.
- Receipts from investments of a financial institution in securities of this state and its political subdivisions, agencies, and instrumentalities must be attributed to Indiana.
- Interest income and receipts from a participation loan must be attributed in the same manner as the loan is attributed. A participation loan is a loan in which more than one lender is a creditor to a common borrower.
- The aggregate of gross payments collected by an investment company from the business upon investment contracts issued by the company and held by Indiana residents is attributed to Indiana.
- Other receipts from non-municipal investment income are to be reported in the denominator of the apportionment factor to the extent they are included as gross income for federal tax purposes. "Non-municipal investments" means income from U.S. treasuries, federal agencies (e.g., GNMA, FNMA, Freddie Mac, other loan-backed securities, etc.), and corporate securities. Any non-municipal investment receipts that are for the disposition of assets such as securities and money market transactions are limited to the gain that is recognized upon the disposition in accordance with IC 6-5.5-4-2(1).

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## Instructions for Filing a Combined Return: Attributing Receipts of a Taxpayer Filing a Combined Return

List members included in the combined return by completing FIT-20 Schedule H on page 4 of the return. When calculating adjusted gross income, the taxpayer must eliminate all income and deductions from transactions between entities that are included in the unitary filing.

- A taxpayer filing a combined return for a unitary group shall determine the income for a taxable year attributable to Indiana using the following formula:
  - The aggregate adjusted gross income, from whatever source derived, of the taxpayer members of the unitary group; multiplied by
  - The quotient of:
    - The receipts of all the taxpayer members of the unitary group attributable to transacting business in Indiana; divided by
    - The receipts of all the taxpayer members of the unitary group attributable to transacting business in all taxing jurisdictions.
  - Identify the members of the unitary group and determine which members are taxpayers under the FIT. To be included in the combined return under FIT, effective Jan. 1, 2002, the member must be transacting the business of a financial institution in Indiana as defined in IC 6-5.5-1-18. If the unitary group has receipts not attributable to Indiana, the group must file FIT-20 Schedule E-U to apportion its receipts within and outside of Indiana.
- Percent of Ownership by Parent(s): To qualify as a member of a unitary group, more than 50% of the voting stock of each member of the group must be directly or indirectly owned by a common owner or owners, or owned by one or more of the corporations of the group, regardless of where owners are located and/or where such owners conduct business. The unitary group is comprised of all the members of the group qualifying as unitary affiliates and conducting the business of a financial institution in Indiana.
- Regulated Financial Institutions: A regulated financial corporation, a holding company, or a subsidiary of a regulated financial corporation or holding company, as defined in IC 6-5.5-1-17, is required to file a combined return for all members of the unitary group transacting business in Indiana.
- Other Corporations: The unitary group includes any other corporation (other than subsidiaries of an entity mentioned above) that transacts business in Indiana and derives at least 80% of its gross receipts from the extension of credit, leasing that is the economic equivalent of the extension of credit, or charge card operations. If a corporation does not meet the 80% test, it is not a FIT taxpayer and cannot file as a member for purposes of the FIT. Instead, the corporation not meeting the 80% test will file an adjusted gross income tax return (Form IT-20).
  - Federal Employer Identification Number: Identify each corporate member of the unitary group by listing the member's federal employer identification number.

- Principal Business Activity Code: Enter the principal business activity code, from the North American Industry Classification System (NAICS), in the designated block of the return. Use the six-digit activity code reported on the federal corporation income tax return.
- Quarterly Payments of Estimated Tax: Indicate for each member if quarterly estimated payments of the financial tax were made by the member under its own federal employer identification number. If estimated tax payments were made, indicate whether payments were made on Form IT-6 or Form FT-QP.

List members included in the combined return by completing FIT-20 Schedule H.

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## Instructions for Schedule FIT-NRTC – Nonresident Tax Credit

The FIT-NRTC schedule is used to claim the nonresident taxpayer credit for taxes paid to the state of commercial domicile and attributable to Indiana. A taxpayer filing on a unitary basis must compute this credit on an individual taxpayer basis. The principal amount of the loan must be at least \$2 million to qualify for this credit.

### Part I – Identification Section

In this section, identify the borrower, the principal amount of the loan, and the receipts less principal attributed to the loan during the tax year. Enclose additional sheets if necessary.

### Part II – Calculation Section

In this section, you calculate the amount of eligible credit. The credit is equal to the lesser of the actual taxes paid to the domiciliary state for the loan transaction or the amount due Indiana for the loan transaction.

**Line 1.** Enter the total from Part I (receipts attributable to the loan transaction).

**Line 2.** Enter the total receipts attributable to the nonresident.

**Line 3.** Divide the amount on line 1 by the amount on line 2. This is the apportionment percentage used to attribute receipts from qualified loans to the amount of tax due.

**Line 4.** Enter the amount of Indiana financial institution tax from a pro forma schedule. The schedule must be enclosed.

**Line 5.** Multiply the percentage on line 3 by the amount on line 4. This is the amount of credit available to be applied against the taxpayer's domiciliary state for the qualified loans.

**Line 6.** Enter the amount of tax paid to the domiciliary state for the qualified loans, less any credit that the domiciliary state grants for taxes paid to other states.

**Line 7.** Enter the lesser of the amount on line 5 or line 6. Enter this amount on line 28 of the FIT-20.

Enclose a copy of your domiciliary state's tax return with Form FIT-20, otherwise the credit will be denied.



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## Instructions for Form FT-ES

Quarterly payments of estimated financial institution tax for calendar-year taxpayers are due on April 20, June 20, September 20, and December 20 of the taxable year. Fiscal-year and short tax-year filers must remit by the 20th day of the fourth, sixth, ninth, and twelfth months of the tax periods.

If the annual tax liability is less than \$2,500, estimated payments are not required to be made. If the quarterly payment exceeds \$5,000, payments must be made electronically via INTIME, DOR's e-service portal at [intime.dor.in.gov](http://intime.dor.in.gov), or by electronic funds transfer (EFT).

Failure to remit a payment by EFT that is required to be remitted by EFT may result in a 10% penalty on the amount remitted by methods other than EFT.

Any penalty and interest paid as a result of a late payment assessment **cannot** be claimed as a credit on the annual return.

Claims for refunds are processed on an annual basis only. If errors are discovered on a quarterly filing, these errors should be adjusted on either the next quarterly return or the annual return. Adjustments of quarterly returns must be made during the taxable year of such quarterly returns, and a complete explanation should accompany that return.

**Each return must be signed by an authorized officer.**

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## Instructions for Schedule FIT-20NOL – Computation of Indiana Member's Net Operating Loss Deduction

All taxpayers must complete and enclose this schedule with the Financial Institution Tax Return if they are claiming a net operating loss (NOL) deduction. The NOL that will be recognized for financial institution tax purposes will be the NOL apportioned to Indiana for the taxable year of the loss.

An Indiana NOL incurred under the Financial Institution Tax Act may be carried forward for 15 years following the loss year and applied in any year in which there is Indiana taxable income. There is no provision under the Financial Institution Tax Act for the carryback of a net operating loss or capital loss. An Indiana NOL incurred for adjusted gross income (AGI) tax purposes may not be applied to income subject to financial institutions tax. An Indiana NOL must be used the first year available for the deduction.

Use the net operating loss computed under this schedule for a member who was not part of the combined group or when a member is no longer part of a combined group. To compute the allowable net operating loss deduction, do the following:

1. If the taxpayer is filing a combined return, any net capital loss or net operating loss attributable to Indiana in the combined

return shall be prorated between each member of the unitary group having nexus in Indiana by the quotient of:

- a. The Indiana receipts of those taxpayer members attributable to Indiana; divided by:
- b. The total receipts of all taxpayer members attributed to Indiana. A separate Schedule FIT-20NOL will be completed by each member to calculate their share of the loss and amount available to be applied for the combined return.

### Completing FIT-20NOL

**Tax Year.** Determine the years to which the NOL applies across the top of the schedule.

**Line 1.** Enter the total adjusted gross income or (loss) from line 19 of the FIT-20. However, the following apply:

1. If you are reporting a net operating loss permitted after determining excess inclusion income,
  - a. enter your federal net operating loss available for carryforward plus or minus any modifications that you took into account in determining your adjusted gross income for purposes of determining your current year net operating loss, and
  - b. determine any loss from previous years using the taxable income after modifications.
2. If Line 19 of the FIT-20 is negative and you have a dividends paid deduction (in the case of a REIT) or a deduction for foreign derived intangible income, add that amount into Line 1. If the addition of these amounts would result in a positive number, you do not have an Indiana net operating loss.
3. If you are a registered investment company, STOP: you do not have a net operating loss.
4. If you have a discharge of debt excluded from income as a result of a Chapter 11 bankruptcy, insolvency, or as a result of the debt being qualified farm indebtedness enter the sum of the debt discharged and excluded from gross income minus any such debt applied against capital losses, basis of property, or passive tax attributes (the "net excluded discharge").
  - a. If the sum of the dividends paid deduction (0 if Line 19 is positive), foreign derived intangible income deduction (0 if Line 19 is positive), plus the net excluded discharge is a positive number, you will need to do two sets of calculations. For determining the net operating loss for the current year and the net operating losses for carryforward, you will need to use the amount including the net excluded discharge. For purposes of determining the amount included in adjusted gross income, you will use the adjusted gross income before applying the net excluded discharge.
  - b. If the sum of line 19, dividends paid deduction, foreign derived intangible income, and the net excluded discharges is a negative number, enter that sum here. This becomes your net operating loss.

**Line 2.** Enter the combined apportionment percentage, if applicable, for the tax year.

**Line 3.** Enter the combined amount of Indiana business income or loss. Multiply the amount on line 1 by the apportionment percentage on line 2.

## Sample FIT-20NOL for Unitary Group

A form is to be completed by each member of a combined return filing FIT-20NOL.

Members A, B, and C are taxpayers under IC 6-5.5-1-17 and are required to be included in the combined return (IC 6-5.5-1-18) for the 2016 tax year.

Loss Year 2022	Member A	Member B	Member C	Combined Total	
AGI or (Loss)	(\$300,000)	\$300,000	(\$400,000)	<b>Line 1.</b>	(\$400,000)
IN Apportionment				<b>Line 2.</b>	50%
Combined IN AGI (Loss)				<b>Line 3.</b>	(\$200,000)
IN Receipts for A, B, & C	\$2,000,000	\$7,000,000	\$1,000,000	Total IN Receipts	\$10,000,000
<b>Line 4.</b> Ratio of IN Receipts	20%	70%	10%	[IN Receipts of A, B, & C divided by total receipts]	
<b>Line 5.</b> Available share of NOL					
[Line 3 X line 4 of A, B, & C]	(\$40,000)	(\$140,000)	(\$20,000)	<b>Line 5.</b>	(\$200,000)

**Carryover Year 2023** (For tax year 2023, member C is no longer required to be included in the combined return (IC 6-5.5-1-18(a).)

AGI or (Loss)	\$500,000	(\$100,000)	N/A	<b>Line 1.</b>	\$400,000
IN Apportionment				<b>Line 2.</b>	20%
Combined IN AGI (Loss)				<b>Line 3.</b>	\$80,000
IN Receipts for A & B	\$6,000,000	\$4,000,000	=	Total IN Receipts	\$10,000,000
<b>Line 4.</b> Ratio of IN Receipts	60%	40%		[Receipts of A & B divided by total IN receipts]	
<b>Line 5.</b> IN AGI					
[Line 3 X line 4 of A & B]	\$48,000	\$32,000			
<b>Applied share of 2016 NOL</b>	<u>(\$40,000)</u>	<u>(\$32,000)</u>	[\$160,000 available]	<b>FIT-20NOL, line 25.</b>	<u>(\$72,000)</u>
<b>Taxable income</b>	\$8,000	\$0		<b>FIT-20NOL, line 26.</b>	\$8,000
<b>NOL to carry forward</b>	\$0	(\$108,000)	(\$20,000)		

## Sample FIT-20NOL for Combined Unitary Group

Tax Year	2017	2018	2019	2020	2021	2022	2023
1. Total AGI or (Loss)	(400,000)	400,000	400,000	400,000	200,000	200,000	300,000
2. Combined Apportionment %	50%	20%	25%	40%	70%	50%	80%
3. Combined IN AGI or (Loss)	(200,000)	80,000	100,000	160,000	140,000	150,000	240,000
4. Member's Share of IN Receipts %	(Used for worksheet purposes only - see unitary 2016 & 2017 examples above.)						
5. Member's Share of IN AGI or (Loss)	(140,000)	32,000	50,000	100,000	140,000	150,000	240,000
Loss Year	Indiana NOL						
2009-2016							
2017	140,000	32,000	50,000	58,000			
2018							
2019							
2020							
2021							
2022							
2023							
Adjusted Gross Income After NOL Deduction		0	0	42,000	140,000	150,000	240,000

If you have an Indiana net operating loss to which you are entitled from the termination of an estate or trust during the taxable year,

- If Line 3 is a gain, apply the net operating loss in the manner that a net operating loss carryforward would be applied and treat any unused loss as arising in the current taxable year, and
- If line 3 is a loss, include the loss in the total for line 3.

**Line 4.** Enter the ratio of member's Indiana receipts. Divide member's Indiana receipts by receipts of entire unitary group attributed to Indiana for year. Enter as a percent. See Indiana Code (IC) 6-5.5-2-1(d)(1) and sample on page 22.

**Line 5.** Enter each taxpayer member's attributed Indiana income or loss available to offset combined income or to reduce the carryforward loss.

**Caution.** The income or loss available is limited to the amount of each taxpayer member's portion of the receipts attributable to Indiana. See sample on page 22. Use amount from line 3 or multiply line 3 by ratio on line 4, if applicable.

The total of each taxpayer member's remaining share of the combined group's NOL deduction is applied on line 25 of Form FIT-20. However, the combined total may not exceed the taxable income for the year.

### Loss Year Carryforwards Applied Against AGI

In the second column next to the appropriate loss year, enter the total Indiana NOL coinciding with line 3 for the corresponding loss year. When utilizing the NOL deduction for a particular loss year, enter the amount of the deduction in the same column of the year the loss is being applied against AGI.

When calculating the AGI after the NOL deduction, subtract the total deductions taken from the AGI and enter the amount on the line titled "Adjusted Gross Income after NOL Deduction." The amount cannot be less than 0.

Enclose the complete schedule and any NOL worksheets with the return when the NOL is being utilized.

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## Additional Information

### Special Reminders

- Financial institutions filing on a fiscal-year basis must enter the tax year beginning and ending dates.
- Net operating loss deductions must be supported by the completed Schedule FIT-20NOL enclosed with the return.
- The Schedule FIT-2220, Underpayment of Estimated Tax by Financial Institutions, must be completed to reflect the applicable penalty or exception.
- Questions L through W on the front of the return must be answered.
- A copy of the first five pages of the corporation's federal tax return must be enclosed with Form FIT-20, along with Schedule M-3 and a copy of any extension to file form.
- An extension request and prepayment of 90% of the tax due can be submitted via INTIME, DOR's e-services portal at [intime.dor.in.gov](http://intime.dor.in.gov). Failure to do so will result in a 10% penalty on the amount paid after the original due date of the return. Interest will be due on any payment made after the original due date.
- If applicable, check the box indicating you are either a state-chartered credit union or an investment company.
- If the name change box is checked, enclose with the return copies of amended Articles of Incorporation or an Amended Certificate of Authority filed with the Indiana Secretary of State.

If you have any questions, see General Tax Information Bulletin #200 at [www.in.gov/dor/files/reference/gb200.pdf](http://www.in.gov/dor/files/reference/gb200.pdf).



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