

Income/Franchise:

Indiana Tax Court Reaffirms Broader Scope of Addition Adjustment for Income Taxes Paid to Other States

Case No. 22T-TA-00015, Ind. Tax Ct. (2/28/24). In a case involving Indiana’s corporate income tax “add-back” adjustment for “an amount equal to any deduction or deductions allowed or allowable pursuant to [IRC § 63] for taxes based on or measured by income and levied at the state level by any state of the United States,” the Indiana Tax Court (Court) held that based on a “broader inquiry” into the nature of the taxpayer’s out-of-state tax payments as required under Indiana caselaw, certain tax and license fee amounts that it paid to other states based on its wagering, gaming, and/or casino gross revenues and/or receipts must be added to its Indiana tax base because they are based on, or measured by, income for purposes of the Indiana add-back provision. Among its unsuccessful arguments to the contrary, the corporate taxpayer claimed that these out-of-state payments should not be included in the calculation of its Indiana adjusted gross income because they are based on gross income rather than “net income.” The Court also rejected the taxpayer’s claims that adding back these out-of-state taxes and fees to its Indiana tax base, as applied here, violated its rights under the Commerce Clause, Due Process Clause, and the Equal Protection Clause. Please contact us with any questions.

URL: https://public.courts.in.gov/Decisions/api/Document/Opinion?Id=L_xlgs_myaePKDZDrXIN43Cot9vfGgm4vJnXpy-GrKgZV13zCPbz36x1TcU6ui250

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