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Indiana: Federal tax conformity legislation enacted

Legislation enacted this week in Indiana updates the state's conformity to the Internal Revenue Code in light of the federal tax law enacted in December 2017.

The Indiana legislation revises the definition of "Internal Revenue Code" to mean the Internal Revenue Code of 1986 as amended and in effect on February 11, 2018.

Nevertheless, Indiana did not adopt many of the changes under the new federal tax law (Pub. L. No. 115-97, enacted December 22, 2017). Rather than simply "decoupling" from the applicable federal Code section incorporating the tax reform change, the Indiana legislation decouples from the federal changes largely by revising the provisions of Indiana law that make modifications to federal taxable income in computing Indiana tax liability—notably Indiana Code § 6-3-1-3.5(b) that governs the computation of "taxable income" for corporations.

Similar adjustments are required in computing the income of individuals, insurance companies, financial institutions, and trusts and estates. All these provisions are effective for tax years beginning after December 31, 2017, unless an earlier effective date is provided.

Read a [May 2018 report](#) [PDF 185 KB] prepared by KPMG LLP

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