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State and Local Taxes in Indiana: Ice Miller

Recent developments

Have there been any notable recent developments concerning state and local taxation in your state, including any regulatory changes or case law?

Indiana recently passed legislation in response to the federal Tax Cuts and Jobs Act (TCJA). The legislation conforms to the TCJA in part and decouples from it in part. Historically, Indiana has not taxed foreign earnings and decoupled from some of the foreign provisions within the TCJA. Further, Indiana has generally decoupled from capital expensing provisions and thus decoupled from the interest expense limitations. Indiana has had a net operating loss carryforward limitation and preserved its own approach. Other adjustments included Indiana decoupling from the income recognition changes to Internal Revenue Code § 118 in order to enhance its economic development tools. The legislature may look to make further adjustments when it next meets in early 2019. Indiana recently published an information bulletin that sets out its interpretation of this new law.

Indiana also recently passed legislation with respect to the taxability of software as a service. In general, the legislation provides that remotely accessing computer software is not subject to Indiana sales and use tax. Indiana is now one of only a few states taking this business-friendly approach. Indiana recently published an information bulletin that sets out its interpretation of this new law.

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