



Indiana Department of Revenue

Indiana Government Center • 100 N. Senate Ave. Indianapolis, IN 46204 • dor.in.gov

Income Tax Information Bulletin #79

Subject: Income Derived from Investment Funds Holding U.S.
Government Obligations

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Replaces Bulletin #79, dated January 2003

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Summary of Changes

Only nonsubstantive, technical changes have been made to this bulletin. It has been primarily changed to reflect updated formatting.

Introduction

The proportionate share of dividends or interest received from a mutual fund, regulated investment trust, or other fund derived from investments in direct federal government obligations may be deducted from Indiana adjusted gross income.

This deduction is allowed only to the extent that such income is included in Indiana adjusted gross income. Earnings from investments in repurchase agreements do not qualify for this deduction. They are not considered to be derived from direct obligations of the federal government.

Distributions from individual retirement accounts (IRAs), pensions, and annuities represent ordinary income. Such investments do not qualify for a modification for interest earned on United States government obligations.

For further information on direct United States government obligations, please consult Income Tax Information Bulletin #19, available online at in.gov/dor/legal-resources/tax-library/information-bulletins/income-tax-information-bulletins/.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

A handwritten signature in black ink that reads "Robert J. Grennes, Jr." with a stylized flourish at the end.

Robert J. Grennes, Jr.
Commissioner
Indiana Department of Revenue