

INDIANA

2 0 1 8



IT-40PNR

Part-Year and Full-Year Nonresident

Individual Income Tax Booklet

freefile.dor.in.gov FAST • FRIENDLY • FREE

WAIT!

YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!



More than 85 percent of Indiana taxpayers filed electronically in 2017. Consider the benefits of filing electronically:

- **Faster Refund.** Electronic filing reduces errors and expedites refund time – within 10 to 14 days (compared with 10 to 12 weeks for a paper return).
- **Fewer Errors.** Up to 20 percent of paper-filed returns have errors, which can result in delays and possible penalty and/or interest for the taxpayer. Returns filed electronically, however, are 98 percent accurate.
- **Easier Filing.** You won't have to complete the many complicated forms in this booklet. Instead, you go online, answer some easy questions, and before you know it your taxes are complete.

You may be eligible to file your taxes online for FREE with INfreefile. Go to www.freefile.dor.in.gov to see if you qualify or learn more about INfreefile on page 4.

Which Indiana Tax Form Should You File?

Indiana has three different individual income tax returns. Read the following to find the right one for you.

Form IT-40 for Full-Year Residents

Use Form IT-40 if you (and your spouse, if married filing jointly) were full-year Indiana residents.

Form IT-40PNR for Part-Year and Full-Year Nonresidents

Use Form IT-40PNR if you (and/or your spouse, if married filing jointly):

- Were Indiana residents for less than a full-year or not at all, or
- Are filing jointly and one was a full-year Indiana resident and the other was not a full-year Indiana resident, and
- Do not qualify to file Form IT-40RNR.

Form IT-40RNR for Full-Year Residents of Reciprocal States

Use Form IT-40RNR if you (and your spouse, if married filing jointly) were:

- Full-year residents of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin, and
- The only type of income from Indiana was from wage, tip, salary or other compensation*.

*You are required to file Form IT-40PNR if you have any other kind of Indiana-source income.

Note. If you have income that is being taxed by both Indiana and another state, you may have to file a tax return with the other state.

Military Personnel

See the instructions on page 7 to determine which form to file. Military personnel stationed in a combat zone should see the instructions on page 8 for extensions of time to file procedures.

2018 Changes

Update: Line 35A of Form IT-40PNR, Schedule A, assumes conformity with the Internal Revenue Code for federal changes adopted after Feb. 11, 2018. If the 2019 Indiana General Assembly does not conform to the most current changes to the Internal Revenue Code, you may have to amend your tax return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the department's homepage at www.in.gov/dor for updates.

Schedule IN-PRO

Nonresident professional team members playing (or on contract) who receive compensation from Indiana need to complete Schedule IN-PRO. See instructions on page 36 for more information.

Reciprocal Income and County Tax Update

Exemptions are no longer available to offset county tax due on reciprocal income. See page 67 for more information.

Add-backs

- **Domestic Production Activities Add-Back** – This add-back has been repealed and is no longer required.
- **Excess Federal Interest Deduction Modification** – IRC Section 163(j) limits the federal interest deduction for most business interest. See instructions on page 19 for more information.
- **Federal Repatriated Dividend Deduction Add-Back** – Untaxed foreign earnings and profits are repatriated dividends that need to be reported when filing state taxes. See instructions on page 20 for more information.

Credits

- **Alternative Fuel Vehicle Manufacturer Credit Repealed** – This credit has been repealed. However, a credit may still be available provided there was an unused amount available prior to it being repealed. See instructions on page 58 for more information.
- **Indiana's CollegeChoice 529 Education Savings Plan Credit Expanded** – Individuals may now include contributions to fund Indiana K-12 education. See instructions on page 58 for more information.
- **School Scholarship Tax Credit Contribution Ceiling Increased** – The total of allowable net contributions to the program has increased. See page 62 for more information.

Deductions

- **Government or Civic Group Capital Contribution Deduction** – This deduction is available for certain capital contributions made to a government or civic group. See page 26 for more information.
- **Infrastructure Fund Gift Deduction** – This deduction is available for certain contributions made to a regional development infrastructure fund. See page 27 for more information.
- **Military Retirement Income and/or Survivor's Benefits Deduction** – The ceiling has increased to \$6,250, the age requirement has been eliminated, and the deduction is reported separately. See page 27 for more information.

Exemptions

Since exemptions are no longer reported on the federal tax return, changes have been made to Indiana's *Schedule D: Exemptions* and *Schedule IN-DEP*. See the instructions beginning on page 30 for more information.

Need Tax Forms Or Information Bulletins?

Use Your Personal Computer

Visit our website and download the forms you need. Our address is www.in.gov/dor.

Use Your Telephone

Call the Forms Order Request Line (317) 615-2581 to have forms mailed to you. Have the following information ready to leave on the voice mail system:

- Name of form or form number needed
 - Number of copies needed
 - Contact person's name
 - Daytime phone number
 - A complete mailing address (including city, state and zip code)
-

Need help with your return?

Local Help

You may be eligible to take advantage of the IRS Volunteer Return Preparation Program (VRPP). This program offers free tax return help to low income, elderly and special needs individuals. Volunteers will fill out federal and state forms for those who qualify. Call the IRS at (800) 829-1040 to find the nearest VRPP location. Be sure to take your W-2s and 1099s with you.

Automated Information Line

Call the automated information line at (317) 233-4018 to get the status of your refund, billing and payment plan information, a copy of your tax return, or prerecorded tax topics. If you wish to check for billing information, be sure to have a copy of your tax notice. The system will ask you to enter the tax identification number shown on the notice.

If you have a rotary phone, please call (317) 232-2240, 8 a.m. to 4:30 p.m., Monday - Friday, and a representative will help you.

Internet Address

If you need help deciding which form to file, or to get information bulletins or policy directives on specific topics, visit our website at www.in.gov/dor.

Telephone

Call us at (317) 232-2240 Monday - Friday, 8 a.m. to 4:30 p.m., for help with basic tax questions.

Ready to file your return?

Use an Electronic Filing Program

More than 85 percent of Hoosier taxpayers used an electronic filing program to file their 2017 state and federal individual income tax returns. Electronic filing provides Indiana taxpayers the opportunity to file their federal and state tax returns immediately, and receive their Indiana refunds in about half the time it takes to process a paper return. It takes even less time if you use direct deposit, which deposits your refund directly into your bank account. Even if there is an amount due on either return, Indiana taxpayers can still file electronically and feel comfortable knowing that the returns were received by the IRS and the Indiana Department of Revenue (department). Use an electronic vendor or contact your tax preparer to see if he or she provides this service.

INffreefile

This tax season Indiana continues to offer a free tax filing service through the cooperation of the Free File Alliance.

Eligible Indiana taxpayers can file both the federal and Indiana individual tax returns using highly interactive and easy-to-use web-based applications that speed both returns and refunds. You can choose from a list of multiple vendors that provide this free service. The department estimates nearly 2 million Indiana taxpayers are eligible for this free service.

See if you are eligible to participate by visiting www.freefile.dor.in.gov.

Our Website

Our website offers tax filing options, downloadable blank forms and instructions, information bulletins, commissioner's directives, an online helpdesk, helpful email links and a calendar with filing due dates. Visit the department's website at www.in.gov/dor.

Moving?

You need to contact the department if you move to a new address after filing your tax return.

Change your address with us by doing one of the following:

- Go to <https://secure.in.gov/dor/4706.htm> and change your address online.
- Fax your request, including your Social Security number, new address and signature, to (317) 232-1021.
- Mail the request, including your Social Security number, new address and signature, to Indiana Department of Revenue, 100 N. Senate Ave., Indianapolis, IN 46204.

Filing an Amended (Corrected) Tax Return

Did you receive a late W-2 or other kind of income statement after you filed? Did you forget to claim an exemption or deduction? If you need to amend (correct) a tax return that has already been filed, use Form IT-40X, Amended Individual Income Tax Return, located at www.in.gov/dor/6281.htm.

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the department will conduct an annual public hearing in Indianapolis in June of 2019. Event details will be listed at www.in.gov/dor/4877.htm. Please come and share feedback or comments about how the department can better administer Indiana tax laws. If not able to attend, please submit feedback or comments in writing to: Indiana Department of Revenue, Commissioner's Office, MS# 101, 100 N. Senate Avenue, 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.

Before You Begin

Important. You must complete your federal tax return first.

Filling in the Boxes – Please Use Ink

If you are filling out the form by hand, please use black or blue ink and print your letters and numbers neatly. If you do not have an entry for a particular line, leave it blank. Do not use dashes, zeros or other symbols to indicate that you have no entry for that line.

Social Security Number

Be sure to enter your Social Security number in the boxes at the top of the form. If filing a joint return, enter your Social Security number in the first set of boxes and your spouse's Social Security number in the second set of boxes. An incorrect or missing Social Security number can increase your tax due, reduce your refund, or delay timely processing of your filing.

Individual Taxpayer Identification Number (ITIN)

If you already have an ITIN, enter it wherever your Social Security number is requested on your tax return. If you are in the process of applying for an ITIN, check the box located directly beneath the Social Security number area at the top of the form. For information on how to get an ITIN, contact the IRS at (800) 829-3676 and request federal Form W-7, or find it online at www.irs.gov.

Name and Suffix

Please use all capital letters when entering your information. For example, Jim Smith Junior should be entered as JIM SMITH JR.

Name. If your last name includes an apostrophe, do not use it. For example, enter O'Shea as OSHEA. If your name includes a hyphen, use it. For example, enter SMITH-JONES.

Suffix. Enter the suffix associated with your name in the appropriate box.

- Use JR for junior and SR for senior.
- Numeric characters must be replaced by Roman Numerals. For example, if your last name is Charles 3rd, do not use 3rd; instead, enter III in the suffix field.
- **Do not** enter any titles or designations, such as M.D., Ph. D., RET., Minor or DEC'D.

Married Filing Requirements

- **Married filing jointly**
If you filed your federal income tax return as married filing jointly, you must also file as married filing jointly with Indiana.
- **Married filing separately**
If you file your federal income tax return as married, filing separately, you must also file married, filing separately with Indiana. Enter both of your Social Security numbers in the boxes on the top of the form, and then check the box directly to the right of those boxes. Enter the name of the person filing the return on the top line, but do not enter the spouse's name on the second name line.
- **Married persons who live apart filing status**
If you were not divorced or legally separated in 2018, you may have qualified for and filed as 'head of household' on your federal income tax return. If you did, do not check the married filing separately box. Also, do not enter either your spouse's name or Social Security number.
- **Same-sex married tax filing guidelines**
Couples in same-sex marriages should file their taxes with Indiana using the same married filing status as they used for federal tax filing purposes (see above).

Military Address

Overseas military addresses must contain the APO, FPO designation in the "city field" along with a two-character "state" abbreviation of AE, AP, or AA and the zip code. Place these two- and three-letter designations in the city name area.

Zip/Postal Code

Enter your five or nine digit Zip code (do not use a dash). For example, enter 46217 or 462174540. If filing with a foreign address, enter the associated postal code.

Foreign Country Code

Complete this area if the address you are using is located in a foreign country. Enter the 2-character foreign country code, which may be found online at www.in.gov/dor/4432.htm.

County Information

Enter the two-digit code numbers for the county(s) where you and your spouse, if filing joint, lived and worked on Jan. 1, 2018. You can find these code numbers on the chart on the back of Schedule CT-40PNR. See the instructions beginning on page 64 for more information, including the definitions of the county where you live and work, details for military personnel, retired individuals, homemakers, unemployed individuals, out-of-state filers, etc.

Rounding Required

Each line on which an amount can be entered has a “.00” already filled-in. This is to let you know that rounding is now required when completing your tax return.

You must round your amounts to the nearest whole dollar.

To do this, drop amounts of less than \$0.50.
Example. \$432.49 rounds down to \$432.00.

Increase amounts of \$0.50 or more to the next higher dollar.
Example. \$432.50 rounds up to \$433.00.

Losses or Negative Entries

When reporting a loss or negative entry, use a negative sign. *Example.* Write a \$125 loss as -125.

Commas

Do not use commas when entering amounts. For instance, express 1,000 as 1000.

Enclosing Schedules, W-2s, IN K-1s. Etc.

You will find an enclosure sequence number in the upper right-hand corner of each schedule. Make sure to put your completed schedules in sequential order behind the IT-40PNR when assembling your tax return. Do not staple or paper clip your enclosures. If you have a schedule on which you've made no entry, do not enclose it unless you have completed information on the back of it.

Also, enclose:

- All W-2s, 1099s, and IN K-1s on which Indiana state and/or county tax withholding amounts appear,
- Any 1099G showing unemployment compensation, and
- A check/money order, if applicable.

A note about your W-2s. It is important that your W-2 form is readable. The income and state and county tax amounts withheld are verified on every W-2 form that comes in with your tax return. We encourage you to enclose the best copy available when you file.

Who Should File?

You may need to file an Indiana income tax return if:

- You lived in Indiana and received income, or
- You lived outside Indiana and had any income from Indiana.

Filing Status Requirement. If you and your spouse file a joint federal return, you must file a joint return with Indiana. If you and your spouse file separate federal returns, you must file separate returns with Indiana.

Note. There are three types of tax returns available. The type you need to file is generally based on your residency status. Read the following to decide if you are a full-year resident, part-year resident, or nonresident of Indiana, and which type of return you should file.

Part-Year Residents and Full-Year Nonresidents

If you were a part-year resident and received income while you lived in Indiana, you must file Indiana Form IT-40PNR, Part-Year Resident or Nonresident Individual Income Tax Return.

If you were a legal resident of another state (exception: see next paragraph) and had income from Indiana (except certain interest, dividends, or retirement income), you must file Form IT-40PNR.

Full-Year Residents of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin

If you were a full-year resident of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin, and your only income from Indiana was from wages, salaries, and/or tips or commissions, then you need to file Form IT-40RNR, Indiana Reciprocal Nonresident Individual Income Tax Return.

Full-Year Residents

Full-year residents must file Form IT-40, Indiana Full-Year Resident Individual Income Tax Return.

You are a full-year Indiana resident if you maintain your legal residence in Indiana from January 1 – December 31 of the tax year. You do not have to be physically present in Indiana the entire year to be considered a full-year resident. Residents, including military personnel, who leave Indiana for a temporary stay, are considered residents during their absence.

Retired persons spending the winter months in another state may still be full-year residents if:

- They maintain their legal residence in Indiana and intend to return to Indiana during part of the taxable year,
- They retain their Indiana driver's license,
- They retain their Indiana voting rights, and/or
- They claim a homestead deduction on their Indiana home for property tax purposes.

If you were a full-year resident of Indiana and your gross income (the total of all your income before deductions) was greater than certain exemptions*, you must file Indiana Form IT-40.

*To figure your exemptions for filing requirement purposes, Indiana allows a \$1,000 exemption for you and a \$1,000 exemption for your spouse (if married filing jointly). You also get a \$1,000 exemption for each dependent you are eligible to claim. See page 30 for additional information concerning how to figure your dependents. Add the total of these amounts. You are not required to file if this total is greater than your gross income.

If your gross income is less than your total exemptions figured above, you are not required to file. However, you may want to file a return to get a refund of any state and/or county tax withheld by your employer, or other refundable credits, such as an earned income credit or estimated tax payment.

Deceased Taxpayers

If an individual died during 2018, or died after Dec. 31, 2018, but before filing his/her tax return, the executor, administrator or surviving spouse must file a tax return for the individual if:

- The deceased was under the age of 65 and had gross income more than \$1,000,
- The deceased was age 65 or older and had gross income more than \$2,000, or
- The deceased was a nonresident and had gross income from Indiana.

Be sure to enter the month and day of death for the taxpayer or spouse in the appropriate box located on Schedule H. For example, a date of death of Jan. 9, 2018, would be entered as 01/09/2018.

Note. The date of death should not be entered here if the individual died after Dec. 31, 2018, but before filing the tax return. The date of death information will be shown on the individual's 2019 tax return.

Signing the Deceased Individual's Tax Return

If a joint return is filed by the surviving spouse, the surviving spouse should sign his or her own name and after the signature write: "Filing as Surviving Spouse."

An executor or administrator appointed to the deceased's estate must file and sign the return (even if this isn't the final return), indicating their relationship after their signature (e.g. administrator).

If there is no executor, or if an administrator has not been appointed, the person filing the return should sign and give their relationship to the deceased (e.g. "John Doe, nephew"). Only one tax return should be filed on behalf of the deceased.

Note. The department may ask for a copy of the death certificate, so make sure to keep a copy with your records.

Refund Check for a Deceased Individual

If you (the surviving spouse, administrator, executor or other) have received a refund check and cannot cash it, contact the department to get a widow's affidavit (POA-30) or a distributee's affidavit (POA-20) at www.in.gov/dor/3508.htm. Send the completed affidavit, the refund check and a copy of the death certificate to the State Auditor's Office so a refund check can be issued to you.

Military Personnel – Residency

If you were an Indiana resident when you enlisted, you remain an Indiana resident no matter where you are stationed. You must report all your income to Indiana.

If you changed your legal residence (military home of record) during the tax year, you are a part-year resident and should file Form IT-40PNR. You must also attach a copy of Military Form DD-2058 to the tax return. As an Indiana part-year resident you will be taxed on the income you earned while you were a resident of Indiana, plus any income from Indiana sources.

If you are stationed in Indiana and you are a resident of another state, you won't need to file with Indiana unless you have non-military income from Indiana sources.

Example. Annie, who is a Kansas resident, is stationed in Indiana. She earned \$1,300 from her Indiana part-time job. She will need to report that income to Indiana on Form IT-40PNR.

If you are a full-year Indiana resident in the military, your spouse is a legal resident of another state and you filed a joint federal return, you will need to file Form IT-40PNR.

Important. Refer to the instructions on page 64 for an explanation of county of residence for military personnel.

When Should You File?

Your tax return is due April 15, 2019. If you file after this date and owe tax, you will owe interest on the unpaid amount and you may owe penalty, too. See page 12 for more information.

Fiscal year tax returns are due by the fifteenth (15) day of the fourth (4th) month after the close of the fiscal year. You must complete the fiscal year filing period information at the top of the form.

Extension of Time to File — What if You Can't File on Time?

You must get an extension of time to file if you:

- Are required to file, and
- You cannot file your tax return by the April 15, 2019 due date.

Whether you owe additional tax, are due a refund, or are breaking even, you still need to get an extension if filing after April 15, 2019.

Note. Indiana's extension of time to file, Form IT-9, extends the filing date to Nov. 14, 2019.

If you owe...

Option 1. File Indiana's extension of time to file, Form IT-9, and send in a payment. This must be filed by April 15, 2019, for the extension to be valid. Then, make sure to file your tax return by Nov. 14, 2019, paying any remaining balance due with that filing. While interest is due on any amount paid after April 15, penalty will be waived if both of the following conditions are met:

- The remaining balance is paid in full by Nov. 14, 2019, and
- You paid at least 90 percent of the tax expected to be owed by the original April 15 due date.

Note. You may file for a state extension of time to file online if you make a payment with it. Access the department's online payment system at www.in.gov/dor/4340.htm by April 15, and follow the directions for making an extension payment.

Option 2. Filing for a federal extension of time to file with the IRS will automatically provide for a state extension of time to file. You must file your state tax return by Nov. 14, 2019, paying any balance due with that filing. While interest is due on any amount paid after the original April 15, 2019 due date, penalty will be waived if both of the following conditions are met:

- The remaining balance due is paid in full by Nov. 14, 2019, and
- You paid at least 90 percent of the tax expected to be owed by the original April 15, 2019 due date.

If you don't owe...

You'll need to file for an extension if:

- You are due a refund, or
- You don't expect to owe any tax when filing your tax return, and
- You are unable to file your return by April 15, 2019.

There are two ways to accomplish this:

- If you have a federal extension (you filed Form 4868, or made an extension payment via an electronic filing method), you automatically have an extension with Indiana and do not have to file for a separate state extension (Form IT-9).
- If you do not have a federal extension, file Form IT-9 by April 15, 2019.

Extension Filing Deadline.

Both state Form IT-9 and federal Form 4868 extend your state filing time to Nov. 14, 2019.

Will You Owe Penalty and/or Interest?

Interest is owed on all amounts paid after April 15, 2019. See page 12 for instructions on how to figure interest.

Penalty will not be owed if you have:

- Paid 90 percent of the tax you expect to owe by April 15, 2019;
- Filed your tax return by Nov. 14, 2019; and
- Paid any remaining amount due (including interest) with that filing.

Indiana's Extension of Time to File, Form IT-9

You may get Form IT-9 online at www.in.gov/dor/6281.htm. You may also file for an extension online (if making a payment) at www.in.gov/dor/4340.htm (make sure to do this by April 15, 2019).

Where to Report Your Extension Payment.

Add your state extension payment to any estimated tax paid. Report the total on Schedule F, line 3.

Military personnel on duty outside of the United States and Puerto Rico on the filing due date are allowed an automatic 60 day extension of time to file. A statement must be enclosed with the return verifying that you were outside of the United States or Puerto Rico on April 15, 2019.

Military personnel in a presidentially declared **combat zone** have an automatic extension of 180 days after they leave the combat zone. In addition, if they are hospitalized outside the United States because of such service, the 180-day extension period begins after being released from the hospital. The spouse of such service member must use the same method of filing for both federal and Indiana (e.g. single or joint). When filing the return, write "Combat Zone" across the top of the form (above your Social Security number).

Nonresidency and Income Taxable to Indiana

A part-year resident owes tax on taxable income received from all sources while being a resident of Indiana. A part-year or full-year nonresident also owes tax on income from Indiana sources as listed below while a legal resident of another state.

Indiana income includes income from the following sources:

1. Winnings from Indiana riverboats, pari-mutuel wagering, and lotteries;
2. Labor or services performed in Indiana, including salaries, wages, tips, commissions, etc.;
3. A farm, business, trade or profession doing business in Indiana;
4. Any personal property located in Indiana;
5. A partnership or an S corporation doing business in Indiana;
6. Stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other property where earnings are a part of an Indiana business;
7. Trusts and estates given to nonresident heirs; and
8. Pensions and most interest and dividends are taxed by your state of residence when you receive them.

Note. If you were a full-year nonresident and your only income from Indiana sources was from pensions, interest and/or dividends (which were not a basic part of the business in Indiana) and/or unemployment compensation, you are not required to file an Indiana income tax return.

Reciprocal States: Special Filing and Income Reporting Instructions

If you are a resident of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin, and:

- You received wages, salaries, tips, or commissions from Indiana, you will not owe Indiana adjusted gross income tax on that income. However, you may owe a county tax. If this is the only type of income you received from Indiana, you should file Form IT-40RNR, reciprocal nonresident Indiana individual income tax return. See the “Need Tax Forms or Information Bulletins?” section on page 3 for options; or
- You received other types of Indiana-source income besides wages tips, salaries or commissions (see items 1 through 8 above), you must file Form IT-40PNR instead of Form IT-40RNR; or
- You received both Indiana-source income (see items 1 through 8 above) and wage income from Indiana, you must file form IT-40PNR. The wage income will not be subject to Indiana adjusted gross income tax. However, see the county tax instructions for **Reciprocal state residents** on page 67 if these wages were earned in an Indiana county.

Example. Fred and Deanna are full-year residents of Michigan, and filed a 2018 joint federal income tax return. During 2018 Fred received \$10,000 winnings from an Indiana riverboat, and Deanna earned \$55,000 wage income from an Elkhart, Indiana employer.

Fred’s riverboat winnings will be taxed by Indiana. Enter Fred’s \$10,000 winnings on Indiana Schedule A, line 20, Columns A and B. Deanna’s wage income is not subject to Indiana adjusted gross income tax. Therefore, enter Deanna’s wage income in Column A only.

Note. See county tax instructions for **Reciprocal state residents** on page 67 to determine if county tax is due on her wage income.

Completing Form IT-40PNR

Line 1 – Income Taxed by Indiana

Complete Indiana Schedule A: Income or Loss; Proration; and Adjustments to Income. Instructions for Schedule A begin on page 13. Carry the line 35B amount to line 1 on the front of Form IT-40PNR. Make sure to enclose Schedule A when filing.

Line 2 – Add-Backs

Enter on this line any add-backs from Schedule B: Add-Backs. Instructions for Schedule B begin on page 18. Make sure to enclose Schedule B when filing.

Line 4 – Deductions

Enter on this line any deductions from Schedule C: Deductions. Instructions for Schedule C begin on page 21. Make sure to enclose Schedule C when filing.

Line 6 – Exemptions

Enter any exemptions from Schedule D: Exemptions on this line. Instructions for Schedule D begin on page 30. Make sure to enclose Schedule D when filing.

Line 9 – County Tax

Complete Schedule CT-40PNR to figure your county tax. Instructions for Schedule CT-40PNR begin on page 64.

Line 10 – Other Taxes

Enter any other taxes from Schedule E: Other Taxes on this line. Instructions for Schedule E begin on page 35. Make sure to enclose Schedule E when filing.

Line 12 – Credits

Enter your credits from Schedule F: Credits on this line. Instructions for Schedule F begin on page 37. Make sure to enclose Schedule F when filing.

Line 13 – Offset Credits

Enter any offset credits from Schedule G: Offset Credits on this line. Instructions for Schedule G begin on page 52. Make sure to enclose Schedule G when filing.

Line 17 – Donation Check-Offs

Enter on this line the total of any donations made on Schedule IN-DONATE. Make sure to enclose Schedule IN-DONATE, which is located at the bottom of Schedule F: Credits, when filing. See page 52 for more information.

Line 19 – Amount to be Applied as a 2019 Estimated Tax Installment Payment

You should pay estimated tax if you expect to have income during the 2019 tax year that:

- Will not have Indiana income taxes withheld, or
- If you think the amount withheld will not be enough to pay your tax liability, and
- You expect to owe more than \$1,000 when you file your tax return.

There are several ways you can make estimated tax payments. First, visit our website at www.in.gov/dor/6281.htm to get Form ES-40. Use the worksheet on Form ES-40 to see how much you will owe. Then, if you have an overpayment showing on line 18 of your tax return, you can have some or all of the overpayment applied to next year's estimated tax account. To do so, enter any portion of the overpayment:

- On line a, if you want to apply an amount to offset estimated county tax due (from Form ES-40 worksheet, line K). Also, enter the 2-digit county code from line K; and/or
- On line b, if your spouse lived in a different county than you did on Jan. 1, 2019, and you want to apply an amount to offset your spouse's estimated county tax due (from Form ES-40 worksheet, line L). Also, enter the 2-digit county code from line L; and/or
- On line c, if you want to apply an amount to offset your estimated state tax due (from Form ES-40 worksheet, line J).

Example. Mark and Megan have a \$420 overpayment, and want to apply some of it to their 2019 estimated tax account. Their worksheet from Form ES-40 has the following breakdown:

- Line I (each installment payment) is \$300;
- Line J (portion that represents state tax due) is \$270; and
- Line K (portion that represents county tax due) is \$30.

They will enter \$30 on line 19a (along with their 2-digit county code), \$270 on line 19c, and the \$300 total amount to be applied will be entered on line 19d. They will get a \$120 refund (\$420 overpayment minus \$300 applied to their 2019 estimated tax account).

Example. Stu wants to pay \$500 in estimated tax for each installment period. He has a \$30 overpayment on his tax return. He chooses to enter the full \$30 overpayment on line 19c (Indiana adjusted gross income tax amount), and carries it to line 19d. (He will pay the \$470 additional amount by filing the Form ES-40.)

Important. Estimated tax installment payments made for the 2019 tax year are due by April 15, 2019, June 17, 2019, Sept. 15, 2019 and Jan. 15, 2020. Any installment payment amount entered on line 19d will be considered to be paid on the day your tax return is filed (postmarked). For instance, an installment payment shown on a return filed on: April 15, 2019, will be considered to be a 2019 first installment payment; June 3, 2019, will be considered to be a 2019 second installment payment; and July 22, 2019, will be considered to be a 2019 third installment payment.

Note. You may use Form ES-40 to make a payment by check or money order. Estimated tax payments may also be made online, via credit card or check, at www.in.gov/dor/4340.htm. See line 26 instructions on page 12 for details about payment options.

See Income Tax Information Bulletin #3 at www.in.gov/dor/3650.htm for additional information about estimated taxes.

Line 20 – Penalty for Underpayment of Estimated Tax

You might owe a penalty for the underpayment of estimated tax if you did not have taxes withheld from your income and/or you did not pay enough estimated tax throughout the year.

In fact, not properly paying estimated tax is one of the most common errors made in filing Indiana tax returns. Generally, if you owe \$1,000 or more in state and county tax for the year that's not covered by withholding taxes, you need to be making estimated tax payments.

You might owe this penalty if:

- The total of your credits, including timely made estimated tax payments, is less than 90 percent of this year's tax due or 100 percent* of last year's tax due, ** or
- You underpaid the minimum amount due for one or more of the installment periods.

If either of these cases apply to you, you must complete either Schedule IT-2210 or IT-2210A to see if you owe a penalty or if you meet an exception. If you owe this penalty, enclose Schedule IT-2210 or IT-2210A with your tax return and write the penalty amount on Form IT-40PNR, line 20.

*You must have timely paid 100 percent of lines 8 and 9 of your 2016 IT-40 or IT-40PNR. Note: If last year's **Indiana adjusted income** was more than \$150,000 (\$75,000 for married filing separately), you must pay 110 percent of last year's tax (instead of 100 percent) to meet this exception.

**Farmers and fishermen should see the special instructions on page 11.

Important. The department will automatically assess an underpayment penalty if it looks like you owe a penalty for the underpayment of estimated tax, and:

- You didn't report a penalty amount on line 20, and
- You didn't enclose Schedule IT-2210 or Schedule IT-2210A showing you meet an exception to owing a penalty.

Should you Use Schedule IT-2210 or Schedule IT-2210A?

Schedule IT-2210 should be used by individuals who receive income (not subject to withholding tax) on a fairly even basis throughout the year. This schedule will help determine whether a penalty is due, or whether an exception to the penalty has been met.

Example. Jim and Sarah together received \$4,500 in pension income each month. Since their income is received on a fairly even basis, they'll use Schedule IT-2210 to figure their penalty or exception to the penalty.

Farmers and fishermen have special filing considerations. If at least two-thirds (2/3) of your gross income is from farming or fishing, complete Schedule IT-2210, using the Section D Short Method.

Schedule IT-2210A may be used by individuals who receive income (not subject to withholding tax) unevenly during the year. This schedule will help determine whether a penalty is due, or whether an exception to the penalty has been met.

Example. Bill's income is from selling fireworks in June and July. He will want to figure any penalty due on Schedule IT-2210A, which may exempt him from having had to pay estimated tax on the April 17, 2018, first installment due date.

Example. Rachael received a sizeable lump sum distribution in December of 2018. She figured how much estimated tax was due, and paid it by the Jan. 15, 2019, fourth period installment due date. By completing Schedule IT-2210A, she shows she owes no penalty for the first three installment periods, and that a proper payment was made for the fourth installment period. She will owe no penalty.

Farmers and Fishermen.

Special options are available if more than two-thirds of your gross income for 2017 and/or 2018 was from farming or fishing.

Option 1. Pay your estimated tax in one payment on or before Jan. 15, 2019, and file your tax return by April 15, 2019; or

Option 2. Make no estimated tax payment, and file your tax return and pay all the tax due by March 1, 2019.

Example. More than two-thirds of Henry's gross income is from farming. He should complete Schedule IT-2210. He will be able to use the Section D Short Method to figure his penalty or to show he meets an exception to owing a penalty.

Visit our website at www.in.gov/dor/6281.htm to get Schedule IT-2210 or IT-2210A.

Line 21 – Refund

You have a refund if line 18 is greater than the combined amounts entered on lines 19d and 20.

Important. If the combination of line 19d plus line 20 is greater than the amount on line 18, you must make an adjustment. The estimated tax carryover amount on line 19d is limited; it cannot be greater than the remainder of line 18 minus line 20. See the second example about Stu under the Line 19 instructions on page 10.

A Note About Refund Offsets

Indiana law requires that money you owe to the state, its agencies, and certain federal agencies, be deducted from your refund or credit before a refund is issued. This includes money owed for past-due taxes, student loans, child support, food stamps or an IRS levy. If the department applies your refund to any of these debts, you will receive a letter explaining the situation.

When to Expect Your Refund

Generally, 10 to 14 days is the average wait for a refund if the tax return is electronically filed; it can take up to 10 to 12 weeks for the refund to be issued if you mail in your tax return.

Where's Your Refund?

There are several ways to check the status of your refund. You will need to know the exact amount of your refund, and a Social Security number entered on your tax return. Then, do one of the following:

- Call (317) 233-4018 for automated refund information.
- Go to www.in.gov/dor/4339.htm and click Check the Status of Your Refund.
- Call (317) 232-2240 from 8 a.m. to 4:30 p.m. Monday - Friday, and a representative will help you.

A refund directly deposited to your bank account may be listed on your bank statement as a credit, deposit, etc. If you have received information from the department that your refund has been issued, and you are not sure if it has been deposited in your bank account, call the ACH Section of your bank or financial institution for clarification.

Important. If we are unable to deposit your refund to the listed account (incorrect/incomplete account numbers; account closed; refund to go to an account outside the United States; etc.), the department will mail a paper check to the address on the front of the tax form.

Note. A refund deposited directly to your Hoosier MasterCard account will appear on your monthly statement.

Statute of Limitations for Refund Claims

There is a **statute of limitations** when filing for a refund of overpaid taxes for tax year 2018. In general, a claim for refund must be made by April 18, 2022 (Nov. 14, 2022 if the original return was filed under extension). The claim for refund is considered to be made on the day your tax return is postmarked. If you file your 2018 tax return after the statute of limitations has expired, no refund will be issued.

Line 22 – Direct Deposit

You may choose to have your refund deposited in your checking, savings or Hoosier Works Master Card account. If you want your refund directed into your checking or savings account, complete lines 22a, b, c and d.

Caution. If you choose this option, make sure to verify the account information after you have entered it. This will help ensure your refund is deposited into your desired account.

The routing number is nine digits, with the first two digits of the number beginning with 01 through 12 or 21 through 32. Do not use a deposit slip to verify the number because it may have internal codes as part of the actual routing number. The account number can be up to 17 digits. Omit any hyphens, accents and special symbols. Enter the number from left to right and leave any unused boxes blank.

Check the appropriate box for the type of account you are making your deposit to: either a checking account or savings account.

To comply with banking rules, you must place an X in the box on line d if your refund is going to an account outside the United States. If you check the box, we will mail you a paper check.

If you currently have a **Hoosier Works MasterCard** and wish to have your refund directly deposited in your account, enter your 12-digit account number on line 22b, where it says "Account Number" (do not write anything on line 22a "Routing Number"). You can find your 12-digit account number in the upper right-hand corner of your account monthly statement.

Note. DO NOT use your MasterCard 16-digit number. Make sure to check the "Hoosier Works MC" box on line 22c.

Line 23

If line 21 is less than zero, you have an amount due. Enter here as a positive number and skip to line 24.

OR

If line 15 is greater than line 14, complete the following steps:

Subtract line 14 from line 15 and enter the total here.....	A	_____
Enter any amount from line 20.....	B	_____
Add lines A + B. Enter total here and on line 23.....	C	_____

Line 24 – Penalty

You may owe a penalty if your tax return is filed after the April 15, 2019, due date and you have an amount due. Penalty is 10 percent of the amount due (line 23 minus line 20) or \$5, whichever is greater.

Exception. No penalty will be due if you have:

- An extension of time to file;
- Are filing and paying the remaining tax due by the extended filing due date, and
- Prepaid at least 90 percent of the amount due by April 15, 2019.

Line 25 – Interest

You will owe interest (even if you have an extension of time to file) if your tax return is filed after the April 15, 2019, due date and you have an amount due. Interest should be figured on the sum of line 23 minus line 20. Contact the department at (317) 232-2240 or visit our website at www.in.gov/dor/3618.htm to get departmental Notice #3 for the current interest rate.

Line 26 – Amount Due – Payment Options

There are several ways to pay the amount you owe.

Make your check, money order or cashier's check payable to Indiana Department of Revenue. Just include the payment loose in the envelope. **Do not staple** it to the return. **Do not send cash.**

You may also pay using the electronic **eCheck** payment method. This service uses a paperless check and may be used to pay the tax due with your Indiana individual income tax return, as well as any billings issued by the Indiana Department of Revenue for any tax type. To pay, go to www.in.gov/dor/4340.htm and follow the step-by-step instructions. You will receive a confirmation number and should keep this with your tax filing records. The fee for using this service is \$1.

Note. All payments made to the Indiana Department of Revenue must be made with U.S. funds.

You may also pay by using your MasterCard® or VISA® by calling (800) 2-PAY TAX ((800) 272-9829). Or, log on to www.in.gov/dor/4340.htm and use your MasterCard® or VISA® to make a payment.

A convenience fee will be charged *by the credit card processor* based on the amount you are paying. You will be told what the fee is and you will have the option to either cancel or continue the credit card transaction.

Payment plan option. If you cannot pay the full amount due at the time you file, you may be eligible to set up a payment plan online.

After you get a tax bill, log on to www.intaxpay.in.gov and select the *Individual Eligibility* tab. **Important.** If using the payment plan option, penalty and interest will be due on all amounts paid after the April 15, 2019 due date.

Returned Checks and Other Types of Payments

If you make a tax payment with a check, credit card, debit card or electronic funds transfer, and the department is unable to obtain payment for its full amount when it is presented for payment, a 10 percent penalty of the unpaid tax or the face value of the check, credit card, debit card, or electronic funds transfer, whichever is smaller, is due.

The assessed amount will be due immediately upon receipt of the tax due notice and must be paid by certified check, bank draft or money order. If payment is not received within 10 days after the notice was mailed, the penalty is increased to 30 percent multiplied by the value of the check, credit card, debit card, or electronic funds transfer, or the unpaid tax, whichever is smaller. Also, *any permits and/or licenses issued by the department may be revoked if the assessed amount is not paid immediately.*

Signatures and Signing Dates

First, read the *Authorization* area on Schedule H. Then, sign and date the tax return. If this is a jointly filed tax return, both you and your spouse must sign and date it. Make sure to enclose the completed Schedule H when filing.

Taxpayer Advocate

As prescribed by the Taxpayer Bill of Rights, the department has an appointed Taxpayer Advocate whose purpose is to facilitate the resolution of taxpayer complaints and complex tax issues. If you have a complex tax issue, you must first pursue resolution through normal channels, such as contacting the tax administration division (317-232-2240). If you are still unable to resolve your tax issue, or a tax assessment places an undue hardship on you, you may receive assistance from the Office of the Taxpayer Advocate.

For more information, and to get required schedules if filing for an offer in compromise or a hardship case, visit our website at www.in.gov/dor/3883.htm. You may also contact the Office of the Taxpayer Advocate directly at taxpayeradvocate@dor.in.gov, or by telephone at (317) 232-4692. Submit supporting information and documents to Indiana Department of Revenue, Office of the Taxpayer Advocate, P.O. Box 6155, Indianapolis, Ind. 46206-6155.

Where to Mail Your Tax Return – Use Labels for Envelope

You'll find mailing labels with the envelope enclosed in this booklet. **Returns with payments enclosed have a different post office box number for mailing purposes.**

If you are enclosing a payment, please mail your tax return with all enclosures to:

Indiana Department of Revenue
P.O. Box 7224
Indianapolis, IN 46207-7224

For all other filings, please mail your tax return with all enclosures to:

Indiana Department of Revenue
P.O. Box 40
Indianapolis, IN 46206-0040

Envelope – Don't Forget the Stamp!

Make sure to put a stamp(s) on the envelope. The U.S. Post Office will not deliver your tax return without the proper postage.

Schedule A

Sections 1, 2 and 3 Instructions

Sections 1, 2 and 3 will help you to separate the income to be taxed and adjustments to be allowed by Indiana.

General Information

Income received from Indiana sources should be reported as Indiana income by nonresidents, except certain types of Indiana-source income that are subject to tax only by your state of residence at the time you receive it.

For part-year residents, the portion of the following types of income from Indiana sources that were *received while a nonresident* should not be reported as income taxed by Indiana: interest, dividends, unemployment compensation, royalties and gains from the sale of capital assets, unless such income results from the conduct of a trade or business. For example, dividends received from an S corporation doing business in Indiana should be reported by nonresidents as income taxable in Indiana.

For full-year nonresidents, the portion of the following types of income from Indiana sources should not be reported as income taxed by Indiana: interest, dividends, unemployment compensation, royalties and gains from the sale of capital assets, unless such income results from the conduct of trade or business.

Example. Dividends received from an S corporation doing business in Indiana must be reported by nonresidents as income taxable in Indiana.

Example. Interest income received by an Illinois resident from an Indiana personal savings account is not income taxable to Indiana.

Read the following line-by-line instructions for more information. Also, see Income Tax Information Bulletin #28 at www.in.gov/dor/3650.htm for more information.

Important Information about Possible Year-End Federal Legislation

This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of the income/loss and adjustments reported may need to be adjusted.

You may wish to periodically check the department's homepage at www.in.gov/dor for updates about any impact of late federal legislation.

How to Report a Loss

When reporting a loss or negative entry, use a negative sign. Example. Write a \$125 loss as -125.

Schedule A

Section 1: Income or Loss

You must complete your federal income tax return first. The instructions for lines 1, 2, 3 and 4 do not reference a particular federal form: these amounts will be taken from the federal Form 1040, and its associated schedules. The remaining Indiana Schedule A instructions generally reference certain federal forms and specific line numbers. For example, the line 7 “Business Income or Loss” instruction references the line on federal Schedule 1, line 12.

Unless otherwise stated:

- Enter in Column A your income and adjustments as they appear on your federal return; and
- Enter in Column B the portion of your income and adjustments that is subject to Indiana income tax.

Lines 1 and 2 — Wages, Salaries, Tips, Etc.

Enter wages, salaries, tips and/or other compensation received as an employee. You should report your income on line 1 and your spouse’s income on line 2. Enter in Column B income received while you were an Indiana resident, and income from Indiana sources received while you were not an Indiana resident.

Note for part-year or full-year nonresidents: do not enter that portion of your Indiana source wage, salary, tip or commission income in Column B earned while you were a resident of a reciprocal agreement state (see *Reciprocal States: Special Filing and Income Reporting Instructions* on page 9).

Lines 3 and 4 — Interest and Dividend Income

Enter in Column A your taxable interest and dividend income as reported on your federal return, and report the interest and dividend income attributable to Indiana in Column B. If any of the interest reported in Column B is from U.S. savings bonds, Treasury notes, T-Bills, etc., you may deduct these amounts on Form IT-40PNR, Schedule C, line 4.

Interest from municipal obligations. Do not report any interest from municipal obligations on line 3. However, if you were an Indiana resident when receiving interest from a non-Indiana municipal obligation, see *OOS municipal obligation interest add-back* on page 18 to see if you are required to add it to your Indiana income to be taxed. See Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm for more information.

Line 5 — Taxable Refunds, Credits or Offsets

Enter in Column A the amount of taxable refunds, credits or offsets of state and local income taxes that was reported on your federal Schedule 1, line 10. Enter in Column B that portion received while you were an Indiana resident.

Line 6 — Alimony Received

Enter in Column A the amount of alimony reported on your federal Schedule 1, line 11. Enter in Column B that portion you received while you were an Indiana resident.

Lines 7, 12 – 16

Important. The amounts on line 7 and lines 12 through 16 should reflect the amounts reported on your federal Form 1040, Schedule 1 (after any application of passive activity loss limitations from federal Form 8582).

Line 7 — Business Income or Loss

Enter in Column A the business income from Schedules C or C-EZ that is reported on federal Schedule 1, line 12. Enter in Column B that portion of business income subject to tax in Indiana. Also, see the instructions for Tax Add-Back on Schedule B, line 1, on page 18; Apportionment on line 19 if this income is from a business doing business both within and outside Indiana; and Other Income on line 20.

Line 8 — Capital Gain or Loss from Sale or Exchange of Property

Enter in Column A the capital gain or loss from federal Schedule D that is reported on federal Schedule 1, line 13. Enter in Column B that portion received while you were an Indiana resident and/or from the sale or exchange of property located in Indiana.

Note. Any capital loss claimed is subject to the same capital loss limitations that apply for federal tax purposes. For more information about federal capital loss limitations, get federal Schedule D, Capital Gains and Losses.

Example. Jessica had a \$4,000 long term capital loss while living in Indiana from Jan. 1, 2018, through Sep. 30, 2018. She moved to Utah on Oct. 1, and lived there the rest of the year. She realized a \$5,000 long term capital gain while she was a resident of Utah. She reported \$1,000 capital gain income on her federal Schedule 1. She will report a \$3,000 loss to Indiana. The remaining \$1,000 loss will be available to offset income on Indiana tax return(s) for other years.

Line 9 — Other Gains or Losses from Form 4797

Enter the gain or loss from the sale or exchange of property as reported for federal tax purposes on federal Schedule 1, line 14. Enter in Column B that portion received:

- If the property was Indiana property, and/or
- While you were an Indiana resident, regardless of the source.

Line 10 — IRA Distributions

Enter in Column A the taxable portion of the IRA distribution reported on your federal Form 1040, line 4b. Enter in Column B that portion received while you were an Indiana resident.

Line 11 — Pensions and Annuities

Enter in Column A the taxable portion of all pensions, annuities and other retirement income as reported on your federal Form 1040, line 4b. Enter in Column B that portion received while you were an Indiana resident.

Note. You will be eligible for a deduction if you included any railroad retirement benefits issued by the U.S. Railroad Retirement Board on this line. See Schedule C, line 6 instructions for more information.

Line 12 — Net Rent or Royalty Income or Loss

Enter in Column A the net rent and royalty income or loss included in the total on federal Schedule 1, line 17.

Enter in Column B the net royalty income/loss:

- Received while you were an Indiana resident; and
- Received while you were an Indiana nonresident if the income/loss results from the conduct of a trade or business conducted in Indiana.

Enter in Column B the net rental income/loss:

- Received while you were an Indiana resident; or
- From real property located in Indiana received while you were a nonresident; and
- In general, from personal property located in Indiana.

Also, see the instructions for tax add-back for Section B, line 1, on page 18.

Lines 13, 14 and 15 — Partnership, Trust and Estates, and S Corporation Income or Loss

Enter in Column A the income or loss from partnerships, trusts and estates, and S corporations, that is included in the total on federal Schedule 1, line 17.

Enter in Column B that portion of income received from the partnerships, trusts and estates, and S corporations while you were an Indiana resident.

Fiduciary. If you are a nonresident, the Indiana fiduciary(s) should provide to you an apportioned amount to be taxed by Indiana. If the fiduciary does not apportion its income, then enter in Column B the same amount as you entered in Column A.

Partnership and S Corporation. If you are a nonresident, the Indiana partnership/S corporation should provide to you an apportioned amount to be taxed by Indiana on Form IN K-1. If that Indiana entity(s) does not apportion the income, then enter in Column B the same amount from that entity(s) as you entered in Column A.

Information for Nonresidents. Indiana partnerships and S corporations are required to:

File an annual return, Form IT-65/Form IT-20S;

- Withhold Indiana state and county income tax on behalf of their nonresident partners/shareholders*; and,
- Figure and pay (with the filing of that annual return) Indiana state and county income tax due on their nonresident partners and shareholders.

Therefore, you are not required to file Form IT-40PNR if:

- You are a full-year nonresident of Indiana, and
- Your only Indiana-source income is from partnership/S corporation (entity) income.

*This withholding requirement does not apply to the residents of Arizona, Oregon, and Washington D.C., who are subject to and pay income taxes at rates of 3.23 percent (.0323) or higher to their resident state.

However, if you have any other Indiana-source income, you are required to file Form IT-40PNR, reporting both that income and any income already reported and taxed on Form IT-65/IT-20S (all Indiana-source income).

You will need to include Schedule IN K-1 with the filing for the Indiana income tax return, and report any withholding from that schedule on Indiana's Schedule F, lines 1 and 2.

Note. See the instructions for tax add-back for Schedule B, line 1, on page 18.

Line 16 — Farm Income or Loss

Enter in Column A the farm income/loss from federal Schedule 1, line 18. Enter in Column B that portion of farm income/loss subject to tax in Indiana.

Also, see the instructions for:

- Apportionment on Section 1, line 19 if this income is from a farm doing business both within and outside Indiana, and
- Tax add-back for Schedule B, line 1, on page 18.

Line 17 — Unemployment Compensation

Enter in Column A the unemployment income from federal Schedule 1, line 19. Enter in Column B that portion of unemployment income received while you were an Indiana resident.

Important. You may qualify for a deduction if you received unemployment compensation while you were an Indiana resident. For more information, see page 24 for Schedule C, line 10 instructions.

Line 18 — Social Security and Railroad Retirement Benefits

Enter in Column A the portion of Social Security and/or railroad retirement benefits that are taxed on your federal Form 1040, line 5b. Enter in Column B* the portion received while you were an Indiana resident.

***Note.** Indiana will not tax Social Security benefits or railroad retirement benefits which are issued by the U.S. Railroad Retirement Board. Therefore, if you listed any of these benefits in Column B, then look at Indiana Schedule C: Deductions. Enter those same amounts on line 5 and/or line 6 on Schedule C.

Line 19 — Indiana Apportioned Income

Apportioned business income from Schedule IT-40PNRA is reported on this line. The apportionment schedule is used only by nonresidents with income or losses from a business that does business both within and outside Indiana. Report the amount from Schedule(s) IT-40PNRA, Part 3, line 3. You may access Schedule IT-40PNRA at www.in.gov/dor/6281.htm.

Note. If you are apportioning business income, make sure to:

- Report the full amount from your federal return onto Indiana Schedule A, Section 1, Column A, and
- Not report any of that income in the corresponding Column B. Instead, you will report the amount to be taxed by Indiana in Column B on this line.

Example. Mark is a full-year nonresident of Indiana. His company did business both within Indiana and in other states. On Indiana Schedule A, Section 1, line 7, Column A, he reported the same amount of business income as he reported on his federal Schedule 1. He left line 7, Column B blank. He entered the amount apportioned to Indiana on Section 1, line 19, Column B.

Line 20 — Other Income

Enter any other income or loss for which there is no named line provided on the IT-40PNR return.

- Report any NOL from your federal Schedule 1, line 21, as a negative amount in Column A only. You will show the Indiana portion of your Indiana net operating loss deduction on Schedule C under line 11. See instructions for *Indiana net operating loss deduction* on page 24 for more information.
- Other types of income or loss would include riverboat winnings, prizes, awards, amounts recovered from bad debts, gross lottery and other gambling winnings, etc., as reported on your federal return.

List the source(s) of the income or loss reported on this line.

Schedule A Proration

The purpose of this section is to compare the Indiana Schedule A, Section 1, line 21A income taxed on your federal return to the line 21B income taxed by Indiana. To do this, divide the amount on line 21B by the amount on line 21A. Please round your answer to a decimal followed by three numbers.

Example. $\$3,100 \div \$8,000 = .3875$, which rounds to .388. Enter the result here and on Schedule D: Exemptions, line 6.

Note. If line 21B is a loss, enter zero (0) in Box 21D and on Schedule D: Exemptions, line 6. If line 21A (or Box 21C) is a loss, and line 21B is a positive amount, enter 1.00 (100 percent) in Box 21D and on Schedule D: Exemptions, line 6.

Special instructions for non-Indiana military personnel. If you are in the military and Indiana is not your home of record, your military income will not be used to reduce your Indiana exemptions. Complete the following worksheet.

Step 1 Enter the amount from Schedule A, line 21A..... 1 _____

Step 2 Enter any non-Indiana service member's military income included on Schedule A, lines 1A and/or 2A..... 2 _____

Step 3 Subtract Step 2 from Step 1. **Enter result here and in Box 21C** on Schedule A, Proration Section 3 _____

Step 4 Enter the amount from Schedule A, line 21B 4 _____

Step 5 Divide Step 4 by Step 3. Round the result to a decimal followed by three numbers. **Enter result here and in Box 21D** of the Proration Section on Schedule A 5 _____

Schedule A Section 2: Adjustments to Income

Adjustments to income from federal Form 1040 and federal Schedule 1.

List the adjustments used in arriving at your federal adjusted gross income.

Unless otherwise stated:

- Enter in Column A your adjustments as they appear on your federal return; and
- Enter in Column B the portion of your adjustments that are available to offset Indiana income tax.

Important information about possible year-end federal legislation.

This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of these adjustments, such as the tuition and fees deduction, may need to be eliminated and/or refigured. You may wish to periodically check the department's homepage at www.in.gov/dor for updates about any impact of late federal legislation.

Line 22 — Educator Expense

Enter in Column A any educator expense deduction claimed on your federal Schedule 1, line 23. Enter in Column B the portion of the expense that was spent while you were an Indiana resident.

Line 23 — Certain Business Expenses of Reservists, Performing Artists, Etc.

Enter in Column A the adjustment claimed for certain business expenses of reservists, performing artists and fee-based government officials claimed on your federal Schedule 1, line 24. Enter in Column B that portion of the deduction that is directly related to the reported income (in Section 1, Column B) produced in conjunction with those expenses.

Line 24 — Health Savings Account Deduction

If you are eligible to take this adjustment on your federal Schedule 1, line 25, you are also allowed the adjustment on your Indiana tax return. Enter the amount of the federal deduction in Column A. If some or all of the income on which this deduction was based is taxed by Indiana, then you will be able to take a deduction in Column B.

Line 25 — Moving Expenses

You may have deducted moving expenses on your federal Schedule 1 if you are a member of the Armed Forces on active duty and, due to a military order, you moved because of a permanent change of station. Enter in Column A the amount of moving expense deduction reported on your federal Schedule 1, line 26. If Indiana is your home of record, report this amount in Column B. If it is not, leave Column B blank.

Line 26 — Deductible Part of Self-Employment Tax

Enter in Column A the amount claimed on federal Schedule 1, line 27. If some or all of the income on which this deduction was based is taxed by Indiana, then you will be able to take a deduction in Column B.

If some or all of your self-employment tax is figured on income derived from other states as well as Indiana, you must prorate your total federal adjustment reported in Column A to arrive at the amount to be reported in Column B. Use the formula below to figure your deduction for Column B.

$$\frac{\text{IN self-employment income}}{\text{Federal self-employment income}} \times \text{Federal Adjustment (Column A)} = \text{Indiana Deduction (Column B)}$$

Line 27 — Payments to Self-Employed, SEP, SIMPLE and Qualified Retirement Plans

Enter in Column A the deduction reported on your federal Schedule 1, line 28. You are allowed a deduction in Column B (based on Indiana self-employment income reported in Column B of Section 1) for contributions to qualified self-employment retirement plans to the extent allowed in arriving at your federal adjusted gross income.

If you have self-employment income derived from other states as well as Indiana, you must prorate your total federal adjustment reported in Column A between the other states and Indiana. Therefore, the allowable Indiana adjustment to be reported in Column B is limited to the percent of your federal adjustment that your Indiana self-employment income bears to your total self-employment income. Use the formula below to figure your deduction for Column B.

$$\frac{\text{IN self-employment income}}{\text{Federal self-employment income}} \times \text{Federal Adjustment (Column A)} = \text{Indiana Deduction (Column B)}$$

If both you and your spouse have Indiana self-employment income and qualify for the deduction on the federal return, you both are allowed a deduction on the Indiana tax return.

Line 28 — Self-Employed Health Insurance Deduction

Enter in Column A the deduction claimed on your federal Schedule 1, line 29. If some or all of the income on which this deduction is based is taxed by Indiana, then you will be able to take a deduction in Column B. The income on which this deduction is based is from self-employment income and certain income from partnerships and/or S corporations. If some or all of your self-employed health insurance deduction is figured on income derived from other states as well as Indiana, you must prorate your total federal adjustment reported in Column A to arrive at the amount to be reported in Column B. Use the formula below to figure your deduction for Column B.

$$\frac{\text{IN source: self-employment income/certain income from partnerships and/or S corporations}}{\text{Federal self-employment income/certain income from partnerships and/or S corporations}} \times \text{Federal Adjustment (Column A)} = \text{Indiana Deduction (Column B)}$$

Line 29 — Penalty on Early Withdrawal of Savings

Enter in Column A the penalty on early withdrawal of savings reported on your federal Schedule 1, line 30. Enter in Column B that portion that was forfeited while you were an Indiana resident (provided it is included on Section 1, line 3, Column B).

Line 30 — Alimony Paid

Enter in Column A the alimony claimed as a deduction on your federal Schedule 1, line 31a. Enter in Column B the portion that was paid while you were an Indiana resident.

Line 31 — IRA Deduction

Enter in Column A the Individual Retirement Account (IRA) deduction reported on your federal Schedule 1, line 32. Enter in Column B an adjustment (based on your Indiana compensation) for the amount you paid into the IRA (provided you qualify for the deduction for federal tax purposes). Compensation includes wages, salaries, commissions, tips, professional fees, bonuses and other amounts you received for providing personal services.

To figure the IRA adjustment for Column B, you must use the percentage that your Indiana compensation bears to your federal compensation. Use the formula below to figure your deduction for Column B.

$$\frac{\text{IN compensation}}{\text{Federal compensation}} \times \text{Federal Adjustment (Column A)} = \text{Indiana Deduction (Column B)}$$

Line 32 — Student Loan Interest Deduction

Enter in Column A the student loan interest deduction reported on your federal Schedule 1, line 33. Enter in Column B the portion of the deductible interest paid while you were an Indiana resident.

Line 33 — Other (Do Not Include Itemized Deductions)

Use this line to report certain deductions claimed on your federal income tax return for which no specific line was otherwise provided when arriving at federal adjusted gross income (Form 1040, line 7). If you have written in allowable deductions on your federal Schedule 1, line 36, enter those amounts here.

Following are two of the more commonly reported deductions:

- Enter in Column A the **Jury Duty Pay** deducted on your federal Schedule 1, line 36. Enter in Column B the jury duty pay turned over to your employer that is in direct relation to the salary being taxed by Indiana (included in the Section 1 line 21, Column B total).

- Enter in Column A the **Archer MSA Deduction** deducted on your federal Schedule 1, line 36. Enter in Column B the portion of the deduction that is directly related to the reported income in Section 1, Column B.

Do not report itemized deductions on this line.

Schedule B: Add-Backs

Some amounts reported on your federal tax return may require different treatment for Indiana income tax purposes. Listed in this area are those items that may need to be added back on your Indiana tax return. Please review the list carefully. When reporting these addbacks, maintain with your records the corresponding federal tax forms and schedules as the department can require you to provide them at a later date.

You may have to complete this schedule if:

- You were a nonresident and had Indiana-source income or loss; and/or
- You reported Indiana add-backs in prior years which impact this year's filing.

Enter those amounts which have a direct relationship to Indiana taxation.

Example. Juan lives in Illinois and owns and runs an Indiana farm. He will have to add back on line 1 any taxes based on or measured by income that were deducted on his federal Schedule F.

Important Information about Possible Year-End Federal Legislation

This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of these add-backs may need to be adjusted. You may wish to periodically check the department's homepage at www.in.gov/dor for updates about any impact of late federal legislation.

Treatment of Previously Discontinued Add-Back

Several discontinued add-backs were created as a result of timing differences between federal and Indiana allowable expenses. See *Certain Discontinued Add-Backs: How and When to Report a Final Catch-Up Modification* on page 20 for information about these add-backs.

Line 1 – Tax Add-Back

If you **did not complete Federal Schedules C, C-EZ, E, or F**, which include sole proprietorship income, farm income, rental, partnership, S corporation, and trust and estate income (or loss), **then do not complete this line.**

Schedule B: Add-Backs continued

On those schedules you are allowed to claim a deduction for taxes paid which are:

- Based on, or
- Measured by income, and
- Levied at a state level by any state in the United States.

If you claimed this kind of deduction on any of these schedules, then you must add it back to your Indiana income.

Do not add back property taxes on this line.

Note. Income, losses and/or expenses from other schedules and forms may flow through to federal Schedules C, E and F. For example, partnership income from federal Schedule K-1 (Form 1065) may be included on federal Schedule E, while expenses from federal Form 8829 may be included on federal Schedule C. Make sure to check these schedules and forms for any deduction that needs to be added back.

Line 2 – OOS Municipal Obligation Interest Add-Back

Interest earned from a direct obligation of a state or political subdivision other than Indiana (out of state, or OOS) is taxable by Indiana if:

- The obligation is acquired after Dec. 31, 2011, and
- You received this income while being an Indiana resident.

Interest earned from obligations held or acquired before Jan. 1, 2013, is not subject to Indiana income tax and should not be reported as an add-back.

Note. Interest earned from obligations of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana is not included in federal gross income and is exempt under federal law. There is no add-back for interest earned on these obligations.

For more information about this add-back, see Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm. Enter code 137 on Schedule B under line 5 if reporting this add-back.

Line 3 – Bonus Depreciation Add-Back

You must make an exception for any bonus depreciation deduction used for property placed in service after Sept. 11, 2001. Bonus depreciation is the additional first-year special depreciation deduction allowed under Section 168(k) of the Internal Revenue Code (IRC).

Figure the net income (or loss) that would have been included in federal adjusted gross income had the bonus depreciation method not been used. Then, enter the difference, which may be a positive or negative amount.

Example. Mack used the bonus depreciation method for federal income tax purposes. After refiguring the depreciation without using the bonus method, he has to add back \$1,500 on his Indiana tax return.

Note. After making an initial adjustment for bonus depreciation you'll need to refigure the amount of depreciation available for state tax purposes for subsequent years.

Example. Ann made an initial adjustment for bonus depreciation on last year's Indiana tax return. This year she figures she is entitled to a \$150 *additional* depreciation amount for state tax purposes. She should enter that amount as a negative entry, or -150, on line 3.

For additional information see Commissioner's Directive #19 at www.in.gov/dor/3617.htm.

Line 4 – Section 179 Expense Add-Back

You may have figured an IRC Section 179 expense using a ceiling or more than \$25,000 for federal tax purposes. Indiana allows you to figure IRC Section 179 expense using a ceiling of no more than \$25,000. If you figured IRC Section 179 expense using a ceiling amount of more than \$25,000, you will need to add back the difference between it and \$25,000 on this line.

Line 5 – Other Add-Backs

Each of the following add-backs has been assigned a 3-digit code number. When reporting the add-back, write its name, the associated 3-digit number and the amount.

Deferral of Business Indebtedness Discharge and Reacquisition Add-Back 107

Add an amount equal to any income not included as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition of a debt instrument (as provided in Section 108(i) of the IRC). Subtract the amount added to income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after Dec. 31, 2008, and before Jan. 1, 2011, of an applicable debt instrument.

Enter code 107 on Schedule B under line 5 if reporting this add-back.

Excess Federal Interest Deduction Modification 142

IRC Section 163(j) limits the federal interest deduction for most business interest to 30% of adjusted taxable income plus business interest. However, Indiana has decoupled from this provision. Subtract an amount equal to the amount as a deduction for excess business interest under IRC Section 163(j) in the year in which the interest was first paid or accrued. If you are deducting any business interest carried over from a previous year, add the amount of this interest deducted. Enter code 142 on Schedule B under line 5 if reporting this add-back.

Federal Repatriated Dividend Deduction Add-Back 139

Untaxed foreign earnings and profits are repatriated dividends that need to be reported when filing state taxes. Indiana resident individuals should add back the deduction taken on the IRC 965 Transition Tax Statement, line 3. Resident and nonresident recipients of Schedule IN K-1 should add back any amount reported on Part 4 designated as a Code No. 139 add-back. Enter code 139 on Schedule B under line 5 if reporting this add-back. For additional information see Information Bulletin #116 at www.in.gov/dor/reference/files/ib116.pdf.

Other (Current Year Conformity) Add-Back 120

Before this publication was finalized Indiana had not conformed to any changes to the Internal Revenue Code (IRC) that may have become law after February 11, 2018. Therefore, the IRC used to figure Indiana income may not be the same as the IRC used to figure federal income.

This add-back is specific to these annual current year conformity issues. If uncertainty exists as to whether or not Indiana will adopt some or all of the federal legislation passed after February 11, 2018, that acts to modify federal AGI, you may add-back those items as an “other” add-back. In the event those items are adopted, an amended return should be filed to recoup the add-back(s).

All entries marked as “other” must be reported as a positive amount on the original tax return. Negative entries will not be allowed.

This add-back is only for current year conformity issues. Conformity issues for preceding tax years must be addressed on the add-back line specific to the item in question.

If the state legislature does not conform to federal code changes enacted after February 11, 2018, you may have to amend your return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the department’s homepage at www.in.gov/dor for updates.

Enter code 120 on Schedule B under line 5 if reporting this add-back.

Qualified Preferred Stock (3-digit code: 113)

If an individual:

- had losses from the sale or exchange of preferred stock in either Federal National Mortgage Association or Federal Home Loan Mortgage Corporation;
- treated the loss from the sale or exchange as ordinary income for federal income tax purposes in the year the loss had been incurred; and
- had any amount previously added back that not been allowed as a deduction,

the individual is permitted to continue deducting the loss not previously allowed as a capital loss. However, the amount allowable as a capital loss must be computed in accordance with federal limitations on allowable capital losses. See IRC sections 1211 and 121 for further details on federal limitations.

Certain Discontinued Add-Backs: How and When to Report a Final Catch-Up Modification.

Required add-backs for the following modifications have been eliminated, effective Jan. 1, 2013:

- Motorsports Entertainment Complex, Code 130
- Qualified Advance Mining Safety Equipment, Code 126
- Qualified Electric Utility Amortization, Code 135
- Qualified Environmental Remediation Costs, Code 121
- Qualified Leasehold Improvement Property, Code 129
- Qualified Restaurant Improvement Property, Code 108
- Qualified Retail Improvement Property, Code 109
- Start-Up Expenditures, Code 131

Required add-backs for the following modifications have been eliminated, effective Jan. 1, 2016:

- Qualified Disaster Assistance Property, Code 110
- Qualified Refinery Property, Code 111
- Qualified Film or Television Production, Code 112

If you previously reported any of these add-backs, see the following example for guidance as to how to figure and report a final catch-up modification.

Example. Grant has qualified restaurant equipment. For federal tax purposes he used the accelerated 15-year recovery period for an asset placed in service since 2009. Since 2009 Grant had 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 was, therefore, different for federal and state purposes. This difference will remain until the asset is fully depreciated or until the time of its disposition.

A simple illustration:

Asset – acquired January, 2009 – qualified restaurant property – purchase price \$120,000. This normally would have had a 39-year recovery period; IRC Sec. 168 allows for a 15-year recovery period.

Schedule B: Add-Backs continued

Asset acquired Jan. 2009 \$120,000 purchase price	Federal Depreciation	Add- Back	Indiana Depreciation
Year 1 (2009)	8,000	4,924	3,076
Year 2 (2010)	8,000	4,924	3,076
Year 3 (2011)	8,000	4,924	3,076
Year 4 (2012)	8,000	4,924	3,076
Year 5 (2013) Accumulated Depreciation	8,000 40,000	0	8,000 20,304
Year 6 – 15 Accumulated Depreciation	80,000 120,000	0	80,000 100,304
Year 16 – 38 Accumulated Depreciation	0	0	0
Year 39 (or year of disposition) Add-back	0	-19,696	19,696

Tax year 2012 is the last year Grant reported an add-back until the end of the recovery period. Had this asset been sold before being fully depreciated, the catch-up modification would be reflected in the year of the sale. If this property is held through 2048 (the 39th year of depreciation), Grant will report a negative \$19,696 catch-up add-back on his 2048 state tax return.

Enter the associated 3-digit code on Schedule B under line 5 if reporting a final catch-up modification.

Schedule C: Deductions

Line 1 – Renter’s Deduction

You may be able to take the renter’s deduction if:

- You paid rent on your principal place of residence, and
- You rented a place that was located in Indiana and subject to Indiana property tax.

Your “principal place of residence” is the place where you have your true, fixed, permanent home and where you intend to return after being absent.

If you rented a manufactured home in Indiana or paid rent for your manufactured home lot, you may claim the renter’s deduction if the above requirements are met. Rent paid for summer homes or vacation homes is not deductible.

Important. You cannot claim the renter’s deduction if the rental property was not subject to Indiana property tax.

How do I report my deduction? First, complete the information area by entering:

- The address where rented if it’s different from the address on the front of the return (leave blank if it is not different),
- The landlord’s name and address,
- The total amount of rent paid, and
- The number of months you lived there.

If you moved during the year or had more than one landlord, you must list the same information for each place that you rented. Attach additional pages if necessary.

How much rent can I deduct? You can deduct up to \$3,000 or the amount of rent paid, whichever is less.

Example. Bill paid \$400 rent for his first apartment, which was located in Indiana. He moved to another Indiana location during the year and paid \$2,800 rent for the rest of the year. His deduction will be limited to \$3,000, even though he paid \$3,200 altogether.

Important. Keep copies of your rental receipts, landlord identifying information and lease agreements as the department can require you to provide this information. For more information about this deduction, see Income Tax Information Bulletin #38 at www.in.gov/dor/3650.htm.

Line 2 – Homeowner’s Residential Property Tax Deduction

You may be able to take a deduction of up to \$2,500 of the Indiana property taxes (residential real estate taxes) paid on your principal place of residence. Your “principal place of residence” is the place where you have your true, fixed home and where you intend to return after being absent.

Note. Property tax paid for summer homes or vacation homes is not deductible.

Important: You cannot claim this deduction for property tax paid in 2018 if you are claiming the Lake County residential income tax credit on Schedule F, line 6.

How do I claim my deduction? First, complete the information area on Schedule C, line 2. Enter the address of your principal residence where the Indiana property tax was paid if it’s different from the address on the front of the return. If you had more than one principal residence during the year, and you paid Indiana property tax on both residences, list the additional residence on a separate piece of paper.

Example. Jamie and Ella married in 2018. They sold both of their Indiana homes during the year and began renting. They are eligible to claim a property tax deduction on the combined property taxes paid on both homes if they are filing a joint return (limited to \$2,500 altogether).

- Enter the number of months you lived there. If you claim more than one residence, enter the number of months lived at the other residence(s) on a separate sheet of paper.
- Enter the amount of Indiana property tax paid.* If you lived in more than one residence during the year, enter the combined amount of Indiana property tax paid on all principal residences.
- Enter the smaller of \$2,500 or the amount of Indiana property tax paid.

***No double benefit allowed.** If any portion of property taxes paid on your principal residence was deducted as an expense on federal Schedule C, C-EZ, E or F, then do not deduct that amount on this line.

Example. Jean paid \$1,200 in Indiana property tax on her home. She used one room of her home for her business, and deducted \$200 Indiana property tax as an expense on her federal Schedule C. Jean is allowed a deduction of \$1,000 (\$1,200 minus the \$200 deduction already taken on federal Schedule C).

How do I find out how much I paid in Indiana property tax on my principal residence? Indiana counties annually send statements to homeowners showing how much property tax is due on their property. Add together the 2018 spring and fall installments, if you paid both of them.

Sometimes mortgage companies pay the Indiana property tax from an escrow account. If your mortgage company pays it, they should send you a Form 1098 (or its equivalent) showing the amount of property tax paid.

Important. You must maintain copies of proof that you paid your Indiana property tax as the department can require you to provide this information. This could include the Form 1098, the property tax statement from your local assessor's office, cancelled checks, etc.

Line 3 – State Tax Refund Reported on Federal Return

If you entered a state tax refund amount on federal Schedule 1, line 10, and you reported it on Indiana Schedule A, Section 1, lines 5A and 5B, then deduct here the amount from line 5B.

Line 4 – Interest on U.S. Government Obligations Deduction

If you reported interest income on Indiana Schedule A, Section 1, line 3B, you may be able to take a deduction. If any part of this interest income is from a direct obligation of the U.S. government, you can deduct it.

Examples of U.S. government obligations include U.S. savings bonds, U.S. Treasury bills and U.S. government certificates. This interest is usually reported on federal Schedule B.

Interest income reported from a trust, estate, partnership or S corporation that is from U.S. government obligations should also be deducted on this line.

Note. When certain U.S. savings bonds are redeemed to pay expenses for higher education, the interest may be excluded from federal adjusted gross income. Therefore, do not enter any interest from U.S. savings bonds that is shown on your federal Schedule B, line 3 (because it has already been excluded from income). For more information about this deduction see Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm.

Lines 5 and 6 – Taxable Social Security and/or Railroad Retirement Benefits Deduction

Indiana does not tax Social Security income or Tier 1 or Tier 2 railroad retirement benefits issued by the U.S. Railroad Retirement Board. If you have included any of these benefits on Indiana Schedule A, Section 1, line 11B or line 18B, deduct those benefits on this line.

Note. See the *Railroad Unemployment and Sickness Benefits* deduction instructions on page 29 if you have received unemployment and/or sickness benefits from the Railroad Retirement Board.

A Word About the Four Military Income Deductions

Military income recipients may be eligible to claim one or more of the four deductions based on the type of income/benefits they get.

- 1. Military Service Deduction (including the National Guard and reserve component of the armed forces)**
Individuals with military pay from active duty, National Guard, and/or the reserve component of the armed forces, may be eligible to deduct up to \$5,000 of that income. See the *Military Service Deduction* on page 23 to find out if you qualify for this deduction.
- 2. Military Retirement Income and/or Survivor's Benefits Deduction**
Individuals with military retirement income and/or survivor's benefits may be eligible to deduct up to \$6,250 of those benefits (increased from \$5,000). Also, no longer is there a minimum age requirement to be eligible for the military retirement income deduction. See the new *Military Retirement Income and/or Survivor's Benefits Deduction* information on page 27 to see if you qualify.

3. National Guard and Reserve Component Members Deduction

This deduction is available for qualified military income received *after* your Indiana National Guard unit is federalized or your reserve component was mobilized and deployed for full-time service. See the *National Guard and Reserve Component Members Deduction* on page 27 to see if you qualify for this deduction.

4. Nonresident Military Spouse Earned Income Deduction

A spouse of a nonresident military servicemember may not owe tax to Indiana on earned income from Indiana sources. See the Nonresident Military Spouse Earned Income Deduction on page 28 for more information.

Line 7 – Military Service Deduction (including the National Guard and reserve component of the armed forces)

Important. The scope of this deduction has changed. The military service deduction and the military retirement income and/or survivor's benefits deduction are now reported in two different places beginning with the 2018 tax year.

- You (and/or your spouse, if married filing jointly and both qualify) will report your active, National Guard and/or reserve military service income deduction here.
- You (and/or your spouse, if married filing jointly and both qualify) will report your military retirement income and/or survivor's benefits deduction on Schedule 2 under line 11, Other Deductions. See the instructions for *Military Retirement Income and Survivor's Benefits Deduction* on page 27.

The income on line 1 of Form IT-40 may include military pay from active duty, National Guard, and/or the reserve component of the armed forces (reserve). If it does, you may be eligible to take this deduction.

The deduction will be the actual amount of your active duty, National Guard, and/or reserve military income or \$5,000, whichever is less. If both you and your spouse received active, National Guard, and/or reserve military income, you may each claim the deduction for a maximum of \$10,000 (up to \$5,000 each).

Example 1. Louis earned \$25,000 from active service in the Army. Brooklynn, his wife, earned \$2,640 from the Indiana National Guard. Louis is eligible for the maximum \$5,000 deduction; Brooklynn is eligible for a \$2,640 deduction.

***Note.** If you served in the reserve or the Indiana National Guard during the tax year, and you were deployed and mobilized for full-time service, or during the period your Indiana National Guard unit was federalized, then you may be eligible to claim the *National Guard and Reserve Component Members Deduction*. See instructions for this deduction on page 27.

Example 2. Alec earned \$1,504 from his service in the National Guard. His unit was federalized in September of the year; he earned \$6,200 after being federalized. Alec is eligible to claim two deductions based on the income he earned. First, he will claim a \$1,504 military service deduction on his Schedule 2, Line 7. Second, he will claim the full \$6,200 income earned after his unit was federalized, on Line 11, using code #621.

Military income earned while in a **combat zone** is not taxable on your federal or state income tax returns. Since Indiana is not taxing this income, your combat zone income is not eligible for a deduction.

Example 3. Jim was on active duty the first month of the year. He was stationed in a combat zone the rest of the year. His military W-2 form shows the first month's regular military wage income of \$1,250 in Box 1. Only \$1,250 of his income is taxed on his federal (and Indiana) tax returns. Jim should claim a \$1,250 military deduction (the lesser of the income being taxed [\$1,250] or \$5,000).

Example 4. Makayla is a member of the National Guard.

- She earned \$7,250 from service in the National Guard from Jan. 1 through Oct. 31.
- Her guard unit was federalized for full-time service on Nov. 1, and she earned an additional \$4,800 through Dec. 31 of the year.

Mikayla is eligible to claim both the *Military Service Deduction* and the *National Guard and Reserve Component Members Deduction*.

- First, she will claim the \$5,000 maximum military service deduction on Schedule 2, line 7, based on the \$7,250 income earned through Oct. 31.
- Second, she will claim the *National Guard and Reserve Components Deduction* of \$4,800 (full amount of income earned after her unit was federalized) under line 11.

Important. You **must** enclose your military W-2 form(s) if you are claiming this deduction.

For more information about this deduction see Income Tax Information Bulletin #27 at www.in.gov/dor/3650.htm.

Line 8 – Private School/Homeschool Deduction

You may be eligible for a deduction based on education expenditures paid for each dependent child who is enrolled in a private school or is homeschooled.

Dependent child qualifications

- Your dependent child must be eligible to receive a free elementary or high school education (K-12 range) in an Indiana school corporation;
- You must be eligible to claim the child as a dependent on your federal tax return; and
- The child must be your natural or adopted child or, if not, you must have been awarded custody of the child in a court proceeding making you the court appointed guardian or custodian of the child.

Education expenditure. This refers to any expenditures made in connection with enrollment, attendance, or participation of your dependent child in a private elementary or high school education program. The term includes tuition, fees, computer software, textbooks, workbooks, curricula, school supplies (other than personal computers), and other written materials used primarily for academic instruction or for academic tutoring, or both. The term does not include the delivery of instructional service in a home setting to your dependent child who is enrolled in a school corporation or a charter school.

A “private elementary or high school education program” means attendance at a nonpublic school (including a private school, a parochial school and a homeschool) in Indiana that satisfies a child’s obligation for compulsory attendance at a school.

The obligation for “compulsory attendance” means a child must be in attendance in a school (public and/or private) for a minimum of 180 days in a calendar year.

Note. No deduction will be available based on a child who is enrolled in school for a period of less than 180 days in a calendar year.

Figure your deduction. If you made an unreimbursed education expenditure during the year your deduction is:

- \$1,000; multiplied by
- the number of qualified dependent children for whom you made education expenditures.

Example. Greg and Constance have three children ages 7, 9 and 11. The two oldest children attend a private school. The youngest child attends the neighborhood public school. The parents purchased schoolbooks for all three children. They will be eligible for a \$2,000 deduction (the youngest does not qualify as he attends a public school).

Note. A qualifying child may be claimed for this deduction only once per year. For example, if a husband and wife are married and filing separately, whichever parent is eligible to claim the child as a dependent for exemption purposes is eligible to claim this deduction.

Line 9 – Indiana Net Operating Loss Deduction

You may take a deduction for the Indiana portion of the federal net operating loss deduction reported on federal Form 1040. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2018.)

Complete Schedule IT-40NOL to determine the amount available to be deducted this year. Make sure to enter the amount you are eligible to deduct as a positive figure.

Note. It is possible to have an Indiana NOL without also having a federal NOL. See Schedule IT-40NOL, which can be found at www.in.gov/dor/6281.htm, for more information. Enclose Schedule A from federal Form 1045 and a completed Indiana Schedule IT-40NOL when claiming this deduction.

You must maintain with your records a copy of the federal Form 1040 from the loss year as the department can require you to provide this information at a later date.

Line 10 – Nontaxable Portion of Unemployment Compensation

You may be eligible for a deduction if you received unemployment compensation while being an Indiana resident. Complete the worksheet below to figure your deduction.

Important. Do not include any unemployment compensation issued by the U.S. Railroad Retirement Board on line 1 of the worksheet. Instead, see the instructions for the *Railroad Unemployment and Sickness Benefits* deduction on page 29 for more information.

Unemployment Compensation Worksheet			
Note. If you were married but filing separately, and you lived with your spouse at any time during the year, enter -0- on line 3 of the worksheet. However, if you were married but filing separately, and lived apart from your spouse the entire year, enter \$12,000 on line 3.			
1. Unemployment compensation included on Schedule A, line 17B (do not include any unemployment compensation issued by the Railroad Retirement Board - see instructions).....	1		
2. Federal adjusted gross income from federal Form 1040, line 7	2		
3. Enter \$12,000 if single, or \$18,000 if married filing a joint return.....	3		
4. Subtract line 3 from line 2. If zero or less, enter -0-	4		
5. Enter one-half of the amount on line 4 (divide line 4 by the number 2)	5		
6. Taxable unemployment compensation for Indiana purposes: enter the amount from either line 1 or line 5, whichever is smaller	6		
7. Subtract line 6 from line 1. Carry this amount to Schedule C, line 10.....	7		

Line 11 – Other Deductions

Each of the following deductions has been assigned a 3-digit code number. When claiming the deduction on Schedule C under line 11, write the name of the deduction, the three-digit code number and the amount claimed.

Civil Service Annuity Deduction 601

If the income on Indiana Schedule A, Section 1, line 11B includes federal civil service annuity payments, you may be eligible to take a deduction if you were at least 62 years of age by the end of the tax year and/or are a surviving spouse of a civil service annuitant.

For each qualifying individual, the deduction is limited to:

- the lesser of the taxable amount of civil service annuity income included in federal adjusted gross income or \$16,000,
- less all amounts of Social Security income and tier 1 Railroad Retirement income (issued by the Railroad Retirement Board) received by the qualifying individual (as reported on federal Form 1040, line 5a),
- multiplied by the ratio of civil service annuity income taxable to Indiana as compared to all taxable civil service annuity income.

Example. You were a full-year Indiana resident (your spouse was a part-year resident). The taxable amount of your civil service annuity reported on Schedule A, Lines 11A and 11B is \$6,000. You received \$1,200 in Social Security income. You are age 67.

Figure your deduction by using the following three-step method:

Step 1

Enter your amount of civil service annuity from Schedule A, line 11B	1A	\$6,000
Enter your amount of civil service annuity from Schedule A, line 11A	1B	\$6,000
Divide line 1A by line 1B (if the result is zero or less, STOP; there is no deduction)	1C	1.00

Step 2

Enter the lesser of the taxable amount of your annuity or \$16,000.....	2A	\$6,000
Enter the total of your Social Security and tier 1 Railroad Retirement income.....	2B	<u>-\$1,200</u>
Tentative allowable deduction	2C	\$4,800

Step 3

Multiply the amount on Line 1C (1.00) by the amount on Line 2C (\$4,800) = \$4,800. This is your deduction.

Both spouses receive a civil service annuity. If both you and your spouse received a civil service annuity, you may each be eligible to take this deduction for a maximum of up to \$16,000 per qualifying person. Each of you must figure your deduction separately.

Example. Matthew and Claire, both age 68, file a joint federal and state income tax return. They each receive a civil service annuity and Social Security income. They moved from Indiana to Arizona on July 1 of the tax year.

Matthew's taxable civil service annuity is \$13,700, which he reported on Schedule A, Line 11A. He reported the \$6,850 portion received while he was an Indiana resident on Line 11B. He also received \$17,500 in Social Security income. Since his Social Security income (regardless of where he lived when he received it) is greater than the total taxable amount of his annuity, he is not eligible for a deduction.

Claire's taxable civil service annuity is \$21,900, which she reported on Schedule A, Line 11A. She reported the \$10,950 portion received while she was an Indiana resident on Line 11B. She also received \$6,300 in Social Security income.

Here is how to figure Claire's deduction.

Step 1

Enter Claire's civil service annuity from Schedule A, line 11B	1A	\$10,950
Enter Claire's civil service annuity from Schedule A, line 11A	1B	\$21,900
Divide line 1A by line 1B.....	1C	.50

Step 2

Enter the lesser of the taxable amount of Claire's annuity or \$16,000.....	2A	\$16,000
Enter the total of Claire's Social Security and tier 1 Railroad Retirement income.....	2B	<u>-\$6,300</u>
Tentative allowable deduction	2C	\$9,700

Step 3

Multiply the amount on Line 1C (.50) by the amount on Line 2C (\$9,700) = \$4,850. This is Claire's deduction.

Surviving Spouse

A surviving spouse may be eligible to claim this deduction. There is no age requirement for the surviving spouse.

To figure the deduction, begin with the taxable amount of civil service annuity income or \$16,000, whichever is less. Subtract from that amount any Social Security income and tier 1 Railroad Retirement income (issued by the Railroad Retirement Board) the surviving spouse received.

Example. Marie is a surviving spouse. The taxable amount of her civil service annuity is \$14,500, and she received \$1,200 in Social Security income.

Here is how to figure Marie's deduction.

Lesser of the taxable amount of the annuity or \$16,000.....	\$14,500
Marie's Social Security income	- \$1,200
Allowable deduction	\$13,300

You must maintain Form CSA 1099-R with your records as the department can require you to provide it at a later date.

For more information about this deduction see Income Tax Information Bulletin #6 at www.in.gov/dor/3650.htm.

Enter code 601 on Schedule C under line 11 if claiming this deduction.

Disability Retirement Deduction 602

To take this deduction you must have been:

- Permanently and totally disabled at the time of retirement,
- Retired on disability before the end of the tax year, and
- Received disability retirement income during the tax year.

If you meet these qualifications, you must complete Schedule IT-2440 and have it signed by your doctor to claim this deduction. You must maintain the completed Schedule IT-2440 with your records as the department can require you to provide it at a later date. For more information about this deduction see Income Tax Information Bulletin #70 at www.in.gov/dor/3650.htm and Schedule IT-2440 at www.in.gov/dor/6281.htm.

This deduction is limited to a maximum of \$5,200 per qualifying individual.

Note. Social Security disability income does not qualify for this deduction because Indiana does not tax this income. Enter code 602 under line 11 if claiming this deduction.

Enterprise Zone Employee Deduction 603

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Your employer will provide Form IT-40QEC to you if you are eligible to claim this deduction. The amount of the deduction is one-half (½) of the earned income shown on Form IT-40QEC or \$7,500, whichever is less. If you and your spouse both have received Form IT-40QEC, you may each take this deduction for a combined maximum of \$15,000 (no more than \$7,500 per qualifying person). You must maintain Form IT-40QEC with your records. Enter code 602 under line 11 if claiming this deduction.

Government or Civic Group Capital Contribution Deduction 633

A deduction is available for certain capital contributions made to a government or civic group. Deduct any eligible contributions as listed on a Schedule K-1 you received from an S corporation, or from an estate or trust that owns a portion of an S corporation AND through which you are receiving a distribution. You must maintain a copy of the Schedule K-1(s) with your records as the department can require you to provide it at a later date. Enter code 633 on Schedule C under line 11 if claiming this deduction.

Human Services Deduction 605

The human services deduction is intended to alleviate any individual income tax burden that might be imposed on Medicaid recipients who are living in a hospital, skilled nursing facility, intermediate care facility, licensed county home, licensed boarding or residential home or a certified Christian Science facility.* The goal of the human services deduction is to reduce the affected individual's adjusted gross income tax liability to zero.

*An eligible Christian Science facility must be listed with and certified by the Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc.

Generally, the deduction should not be used in conjunction with most tax credits in order to create a refund. If you are a Medicaid recipient and live in one of the facilities listed above, to determine whether you are eligible for the deduction you must first prepare your tax return without claiming a human services deduction. Generally, if a refund is due, you are not eligible for a deduction. File your return without claiming the deduction and a refund will be issued. However, if an amount is due, you are eligible to use a deduction. Enter code 605 under line 11 if claiming this deduction.

Indiana Lottery Winnings Annuity Deduction 629

You may be eligible to deduct annuity payments received from a winning Hoosier Lottery ticket for a lottery held prior to July 1, 2002. This deduction applies only to prizes won from the Hoosier Lottery Commission; proceeds from other state lotteries or from other gambling sources, such as casinos, are not deductible. In addition, proceeds from winning Hoosier Lottery tickets for lotteries held after June 30, 2002, are not deductible.

Example. Jennifer won \$2,000,000 playing the Hoosier Lottery with a ticket purchased in June of 2002. She elected to receive annual installment payments of \$100,000. She received the payment before moving out-of-state, and reported the income on Indiana's Schedule A, line 20B. She is eligible to claim the full \$100,000 deduction.

Enter code 629 on Schedule C under line 11 if claiming this deduction.

Indiana Partnership Long-Term Care Policy Premiums Deduction 608

You may take a deduction for the amount of premiums paid for Indiana partnership long term-care insurance.

Important. The Indiana partnership policy will have the following box of information on the outline of coverage, the application or on the front page of the policy:

This policy qualifies under the Indiana long-term care program for Medicaid Asset Protection. This policy may provide benefits in excess of the asset protection provided in the Indiana long-term care program.

If the information shown in the box above is not located in a box on your policy, you do not have a qualifying policy, and are not eligible to take this deduction. The deduction is the amount of premiums paid during the year on the policy for the taxpayer and/or spouse.

No double benefit allowed. Certain self-employed individuals will claim these premiums as a deduction on the front page of federal Form 1040 and on Indiana Schedule A under Section 2. The Indiana deduction will be the actual amount of these premiums paid, minus any amount of these already reported on federal Form 1040.

More information about this program is available at the following website: www.in.gov/iltcp.

Important. Keep a copy of the premium statements as the department can require you to provide this information. Enter code 608 under line 11 if claiming this deduction.

Infrastructure Fund Gift Deduction 631

A deduction is available for certain contributions made to a regional development infrastructure fund. You should keep detailed records of the contribution as the department can require you to provide this information at a later date. Enter code 631 on Schedule C under line 11 if claiming this deduction.

Military Retirement Income and/or Survivor's Benefits Deduction 632

The income on Indiana Schedule A, line 21B may include military retirement income and/or survivor's benefits. If it does, you (and/or your spouse, if married filing jointly and both qualify) may be eligible to take this deduction.

Beginning in 2018:

- There is no minimum age requirement to be eligible for the military retirement income deduction, and
- The maximum amount to be deducted has increased from \$5,000 to \$6,250.

Your deduction will be the amount of military retirement income and/or survivor's benefits included on Indiana Schedule A, line 21B, or \$6,250, whichever is less. If both you and your spouse received military retirement income and/or survivor's benefits, you may each claim the deduction for a maximum of \$12,500 (up to \$6,250 each).

Important. You **must** enclose your military retirement income statement and/or survivor's benefit statement with the tax return if you are claiming this deduction.

For more information about this deduction see Income Tax Information Bulletins #6 at www.in.gov/dor/3650.htm.

National Guard and Reserve Component Members Deduction 621 (also see the Military Service Deduction on page 23)

There is a deduction available for certain Indiana residents who are members of the reserve components of the armed forces and the Indiana National Guard. If you are eligible (based on the requirements listed below), your deduction is the *qualified military income** received during the period you were deployed and mobilized for full time service, or during the period your Indiana National Guard unit was federalized.

"Mobilization" includes assembling and organizing personnel and material for active duty military forces, activating the Reserve Component (including federalizing the National Guard), extending terms of service, surging and mobilizing the industrial base and training bases, and bringing the Armed Forces of the United States to a state of readiness for war or other national emergency.

*Servicemembers serving on full time orders in an Active Guard and Reserve Program (AGR) are not considered mobilized for purposes of claiming their income as qualified military income.

"Deployment" is the relocation of forces and material to desired operational areas. Deployment encompasses all activities from origin or home station through destination, specifically including intra-continental U.S., inter-theater, and intra-theater movement legs, staging, and holding areas.

If you meet the qualifications listed below, you will want to deduct that qualified military income here (unlike the Military Service Deduction, there is no ceiling on the amount of this kind of income which is eligible for a deduction).

Who is Eligible?

You must be an Indiana resident who is member of the reserve components of:

- the Army;
- the Navy;
- the Air Force;
- the Coast Guard;
- the Marine Corps; or
- the Merchant Marine.

Or, a member of:

- the Indiana Army National Guard; or
- the Indiana Air National Guard.

What is Eligible to be Deducted?

If you are eligible, your deduction is the qualified military income* received during the period you were deployed and mobilized for full time service, or during the period your Indiana National Guard unit was federalized.

* Military income received due to service in a combat zone is not taxable on your federal or state income tax returns. Since Indiana is not taxing this income, your combat zone income is not eligible for this deduction.

What is Qualified Military Income?

Qualified military income is military wages paid to a member of a reserve component of the armed forces or the Indiana National Guard for the period during the member's full-time service in a reserve component of the armed forces or the period when Indiana National Guard unit was federalized.

Note. You cannot claim both this deduction and the *Military Service Deduction* (see page 23) based on the same income. See the following example.

Example. Brandon is a member of the Indiana National Guard.

- From January through Oct. 15, 2018, Brandon earned \$6,000 from the guard.
- His unit was federalized on Oct. 16, 2018. He earned \$7,000 from that point through Dec. 1, 2018.
- His unit was assigned to a combat zone on Dec. 2, 2018, and he earned \$3,000 from then until the end of the year.
- Brandon's military W-2 shows \$13,000 in Box 1, Wages, tips, other compensation (the combat zone income is not included in Box 1 because it is not taxable).

Brandon is eligible for both Indiana military deductions. First, he will claim the \$5,000 maximum Military Service Deduction on line 7 based on the \$6,000 income earned through October 15. Then, he will claim

the National Guard and Reserve Components Deduction of \$7,000 (full amount of income earned after his unit was federalized) under line 11. **Note:** He will not deduct the \$3,000 income earned while stationed in a combat zone because it was not taxed to begin with.

Military withholding statements must be attached to the tax return when claiming this deduction.

Note. The department may request copies of your military orders to help determine eligibility.

Enter code 621 under line 11 if claiming this deduction.

Nonresident Military Spouse Earned Income Deduction 625

A spouse of a nonresident military servicemember may not owe tax to Indiana on earned income from Indiana sources. The spouse may be eligible to claim a deduction if:

- Indiana is not the military servicemember's state of domicile as reported on the servicemember's Form DD-2058;
- The military servicemember and spouse are domiciliaries of the same state;
- The military servicemember is in Indiana on military orders;
- The military servicemember's spouse is in Indiana in order to live with the servicemember, and resides at the same address; or
- The military servicemember and spouse live together in a state other than Indiana, but the servicemember's spouse works in Indiana; and
- The Indiana-source income is included on Indiana Schedule A on line 1B, 2B and/or 7B.

To claim this deduction you must enclose a completed Schedule IN-2058SP, which is available at www.in.gov/dor/6281.htm. Enter code 625 under line 11 if claiming this deduction.

Olympic/Paralympic Medal Winners Deduction 627

You are eligible for a deduction if, while an Indiana resident, you won a gold, silver and/or bronze medal from participating in the Olympic/Paralympic games. The deduction equals the value of the medal(s) won plus the amount of income received during the taxable year from the United States Olympic Committee as prize money for winning the Olympic medal(s). This deduction may be claimed only in the tax year in which it was won.

Enter code 627 under line 11 if claiming this deduction.

Qualified Patents Income Exemption Deduction 622

Some of the income from qualified patents included in federal taxable income may be exempt from Indiana adjusted gross income tax. A qualified patent is a utility patent or a plant patent issued after Dec. 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent.

The exemption includes licensing fees or other income received for the use of the patent, royalties received for the infringement, receipts from the sale of a qualified patent, and income from the taxpayer's own use of the patent to produce the claimed invention.

You must maintain the completed Schedule IN-PAT with your records as the department can require you to provide it at a later date. You may get Schedule IN-Pat at www.in.gov/dor/6281.htm. For more information about this deduction see Income Tax Information Bulletin #104 at www.in.gov/dor/3650.htm.

Enter code 622 on Schedule C under line 11 if claiming this deduction.

Railroad Unemployment and Sickness Benefits 624

Benefits issued by the U.S. Railroad Retirement Board are not taxable by Indiana. Deduct unemployment and/or sick pay benefits issued by the U.S. Railroad Retirement Board on this line if:

- You included these benefits as taxable income on Indiana Schedule A: Section 1, Column B, and
- You did not already deduct these benefits on Schedule C, lines 5 and/or 6.

Do not include any supplemental sick pay benefits on this line.

Make sure to keep the statements (such as Form 1099G) issued by the U.S. Railroad Retirement Board as the department may request them at a later date. Enter code 624 on Schedule C under line 11 if claiming this deduction.

Recovery of Deductions 616

If you did not complete the "other income" line 20B on Indiana Schedule A: Section 1, then do not complete this line.

Generally, Indiana does not allow you to claim itemized deductions from federal Schedule A. However, if you reported *recovered* itemized deductions as "other income" on line 21 of your federal Schedule 1, use the portion of that amount also reported on Indiana Schedule A, Section 1, line 20B as a deduction on this line. Enter code 616 under line 11 if claiming this deduction.

Repayment of Previously Taxed Income Deduction 630

You may be eligible to claim a deduction for the repayment of previously taxed income, also known as "claim of right," if:

- You reported the income to Indiana in a previous year,
- You repaid some or all of it this year, and
- For federal tax purposes, you are eligible to:
 - claim the repayment as an itemized deduction, or
 - claim a credit based on the repayment amount.

Important. If you filed an Indiana state tax return and reported income that was paid back in a later tax year, you may be eligible for a deduction even if you weren't otherwise required to file an Indiana state tax return in the year you paid it back.

Example 1. Ryan was a full-year Indiana resident in 2015, and received \$1,700 unemployment compensation that year. He reported the full amount on his 2015 federal and Indiana income tax returns. Ryan moved to and became a resident of Arkansas in October of 2016.

Ryan found out he had to repay \$345 of that compensation, which he repaid in July of 2018. For 2018 federal tax purposes he is eligible to claim an itemized deduction* based on the \$345 amount repaid. Ryan is eligible to claim the \$345 amount as a repayment of previously taxed income as a deduction on his 2018 Indiana state tax return, Form IT-40PNR, even if he is not otherwise required to file with Indiana.

*In this example Ryan is not required to claim itemized deductions when figuring his federal taxable income; he may have opted to use the standard deduction instead. Regardless, he is still eligible to claim the deduction on his state tax return.

Note. An adjustment will need to be made if an unemployment compensation deduction was claimed on the return in the year the income was reported. To do this, reduce the amount previously reported by the amount repaid; refigure the deduction based on the reduced amount. Subtract the difference from the repayment amount to be deducted.

Example 1, continued. Ryan claimed a \$73 unemployment compensation deduction on his 2016 state tax return. He refigured the deduction based on the reduced \$1,355 compensation (\$1,700 - \$345), which reduced the deduction by \$15. Ryan will report the \$330 net difference (\$345 repayment minus the \$15 reduced deduction amount) as the repayment of previously taxed income deduction.

Important. While no corresponding state credit for the repayment of previously taxed income is available, a deduction based on the amount repaid is.

Example 2. In 2018 Cynthia repaid \$3,450 of income originally reported on her 2016 federal and Indiana state tax returns. She claimed a credit on her 2018 federal tax return based on the \$3,450 amount repaid. Cynthia is eligible to claim the \$3,450 amount as a deduction on her Indiana state tax return.

Example 3. Ashley moved to Indiana in 2017, and filed her first state tax return with Indiana that year. In 2018 she repaid \$2,700 income originally reported on her 2015 federal income tax return. Since this income was not reported to Indiana in 2015, she is not eligible to claim a deduction for the amount of the repayment.

Important. Indiana does not tax Social Security income. Therefore, any amount of Social Security income repaid in a subsequent year is not eligible for a deduction (since Indiana had not previously taxed this income).

Note. Keep a copy of your records detailing the required repayment as the department can require you to provide this information at a later date.

Enter code 630 on Schedule C under line 11 if claiming this deduction.

Exemptions

Exemptions may be claimed on the Indiana return. Categories include exemptions for:

1. You, and your spouse, if married filing jointly
2. Certain dependents
3. Certain dependent children (additional)
4. Age 65 or older and/or blind
5. Additional age 65 or older (based on income)

While you will need to complete Schedule D to list all of your exemptions, you will also need to complete Schedule IN-DEP if claiming any dependents.

NEW Figuring regular and dependent exemptions for your Indiana tax return has been relatively simple over the years; just enter the number claimed on your federal tax return. However, beginning with tax year 2018, exemptions are no longer claimed on the federal tax return. Therefore, new instructions have been added to help you figure your regular and dependent exemptions for Indiana. Read below to see how *Schedule D: Exemptions* and *Schedule IN-DEP: Dependent Information and Additional Dependent Child Information* have changed, and follow the line-by-line instructions to help you complete them.

Schedule D: Exemptions

Line-by-line instructions.

Line 1 – Exemptions for taxpayer, spouse (if married filing jointly)

If you are married filing jointly, enter \$2,000 on this line. All other filers* should enter \$1,000 on this line.

***Important.** Enter \$1,000 on this line even if you are claimed on someone else's tax return, such as a parent or guardian.

Lines 2 and 3 – Exemptions for dependents; Additional exemptions for certain dependent children

Read the following information to see if you are eligible to claim any dependents. If you are, complete Schedule IN-DEP after reviewing these steps.

- Step 1 Do You Have a Qualifying Child?
- Step 2 Is Your Qualifying Child Your Dependent?
- Step 3 Is Your Qualifying Relative Your Dependent?

Step 1 Do You Have a Qualifying Child?

A qualifying child is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND,
was...

- Under age 19 at the end of the year and younger than you (or your spouse, if filing jointly), or
- Under age 24 at the end of the year, a student (defined later), and younger than you (or your spouse, if filing jointly), or
- Any age and permanently and totally disabled (defined later)

AND,
who...

- Didn't provide over half of his or her own support for the year (see Information Bulletin #117),
- Is not filing a joint return for the year, or is filing a joint return for the year only as a claim for refund of withheld income tax or estimated tax paid (see Information Bulletin #117 for details and examples),
- Lived with you for more than half the year. If the child didn't live with you for the required time, see *Exception to time lived with you*, later.

Caution. If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for the year, or the child was married, see *Qualifying child of more than one person*, later.

Schedule D: Exemptions continued

Do you have a child who meets the conditions to be your qualifying child?

Yes. Go to Step 2.

No. Go to Step 3.

Step 2 Is Your Qualifying Child Your Dependent?

1. Was the child a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico? (See Information Bulletin #117 for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see *Exception to citizen test*, later.)

Yes. Continue.

No. STOP. You cannot claim this child as a dependent.

2. Was the child married?

Yes. See *Married Person*, later.

No. Continue.

3. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's tax return? See Steps 1 and 2.

Yes. STOP. You cannot claim any dependents.

No. You can claim this child as a dependent. See Schedule IN-DEP instructions below.

Step 3 Is Your Qualifying Relative Your Dependent?

A qualifying relative is a person who is your...

- Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild), or
- Brother, sister, half brother, half sister, half brother, half sister, or a son or daughter of any of them (for example, your niece, or nephew), or
- Father, mother, or an ancestor of sibling of either of them (for example, your grandmother, grandfather, aunt or uncle), or
- Any other person (other than your spouse) who lived with you all of the year as a member of your household if your relationship does not violate local law. If the person did not live with you for the required time, see *Exception to time lived with you*, later.

AND, who...

- Was not a qualifying child (see Step 1) of any taxpayer during the year. For this purpose, a person isn't a taxpayer if he or she isn't required to file a U.S. income tax return **and** either doesn't file such a return or files only to get a refund of withheld income tax or estimated tax paid. See Information Bulletin #117 for details and examples.
- Had gross income of less than \$4,150 during the year. If the person was permanently and totally disabled, see *Exception to gross income test*, later.

AND, for whom ...

You provided over half of his or her support during the year. But see *Children of divorced or separated parents, Multiple support agreements, and Kidnapped child*, later.

1. Does any person meet the conditions to be your qualifying relative?

Yes. Continue.

No. STOP. You cannot claim this person as a dependent.

2. Was your qualifying relative a U.S. citizen, a U.S. national, U.S. resident alien, or a resident of Canada or Mexico? (See federal Publication 519 for the definition of a U.S. national or U.S. resident alien.) If your qualifying relative was adopted, see *Exception to citizen test*, later.

Yes. Continue

No. STOP. You cannot claim this person as a dependent.

3. Was your qualifying relative married?

Yes. See *Married person*, later.

No. Continue.

4. Could you or your spouse if filing jointly, be claimed as a dependent on someone else's tax return this year? See Steps 1 and 2.

Yes. STOP. You cannot claim any dependents.

No. You can claim this person as a dependent. See Schedule IN-DEP instructions below.

If you are eligible to claim one or more dependent from Step 2 and/or Step 3, complete Schedule IN-DEP.

Schedule IN-DEP instructions

You must complete and enclose Schedule IN-DEP if you are claiming any dependents on lines 2 and/or 3 of Schedule D.

Question 1 – Did you answer “No” to STEP 2, question 3 above? If so, you are eligible to claim the qualifying child (children) as a dependent. Read the *Lines 1 through 5* instructions below. If not, skip to *Question 2* below.

Lines 1 through 5

For each qualified dependent child, enter his or her:

- First and last name in Box A and Box B.
- Social Security number (SSN) in Box C.
- Date of birth in Box D.

See *Additional Dependent Exemptions* below to determine whether or not to complete line E.

Schedule D: Exemptions continued

Example 1. Cooper and Grace Doe are eligible to claim their daughter Tatum as a dependent on Schedule IN-DEP. Here is how they will complete line 1:

	Dep. First Name		Dep. Last Name
1A	Tatum	1B	Doe
	Dependent's SSN		Dependent's DOB
1C	123 45 6789	1D	06 01 2012

Question 2 – Did you answer “No” to STEP 3, question 4 above? If so, you are eligible to claim the qualifying relative as a dependent.

For each qualified relative, enter his or her:

- First and last name in Box A and Box B.
- Social Security number (SSN) in Box C.
- Date of birth in Box D.

Example 2. Cooper and Grace Doe (see *Example 1* above) are also eligible to claim Grace's grandmother, Irene Smith, who lives with them, as a dependent. Here is how they will complete line 2:

	Dep. First Name		Dep. Last Name
2A	Irene	2B	Smith
	Dependent's SSN		Dependent's DOB
2C	987 65 4321	2D	10 15 1940

Line 6

Add the qualified dependents listed on lines 1 through 5, and enter the total in Box 6. Then, enter this amount in the box on Schedule D, line 2.

Additional Dependent Exemptions

Read below to see if you are eligible to claim an additional dependent exemption for a dependent child (children) listed on lines 1 through 5.

An additional \$1,500 exemption is allowed for certain dependent children. Carefully read the following *Dependent child definition* below to see if you are eligible for this additional exemption(s).

Note. Beginning with tax year 2018, a child for whom you are a legal guardian may now be included in the eligibility requirements for this exemption.

Dependent child definition: According to state statute, to be eligible for this exemption a dependent child must be a son, stepson, daughter, stepdaughter, child for whom you are a legal guardian, and/or foster child (and/or your spouse's child, if filing a joint return). He/she must be either under the age of 19 by the end of the tax year, or be a full-time student who is under the age of 24 by the end of the tax year.

If any dependent included in Box 6 on this schedule also meets the *Dependent child definition* above, place an “X” in box E on the line where the dependent is listed (see following example). Add the number of box E's containing an “X”. Enter that number in Box 7, which is located at the bottom of the schedule.

Example 3. Cooper and Grace Doe (see *Example 1* above) are eligible to claim **the additional dependent exemption** for their daughter Tatum. They should enter an “X” on Line 1E.

	Dep. First Name		Dep. Last Name
1A	Tatum	1B	Doe
	Dependent's SSN		Dependent's DOB
1C	123 45 6789	1D	06 01 2012
1E	Additional dependent child exemption		X

Note. Not all dependent children are eligible for this additional exemption. For instance, you may have included a grandson as a dependent in Box 6. However, if he doesn't meet the qualification of being a child for whom you are a legal guardian, or being a foster child under the *Dependent child definition* on the next page, you will not be able to claim the additional exemption for him on Line 7.

Line 7

Add the number of any additional dependent child exemptions located in boxes 1E through 5E. Enter the total in Box 7. Then, enter this amount in the box on Schedule D, line 3.

Claiming more than five dependents

If you are claiming more than five dependents, attach an additional Schedule IN-DEP. Make sure to add the additional information to the totals on the first schedule, Boxes 6 and 7, where applicable.

Example 4. June has six dependents. She entered information for her sixth dependent on line 1 on a second Schedule IN-DEP. She added the dependent claimed on the second schedule to the five claimed on the first schedule, and entered “6” on the first Schedule IN-DEP, Box 6. She made sure to include the second schedule with her filing. Likewise, she would include the sixth dependent in the total listed in Box 7 if the child listed on the second Schedule IN-DEP qualified for the additional dependent child exemption.

Schedule D: Exemptions, continued

Line 4 – Age 65 or Older or Blind

If you and/or your spouse (if filing a joint return) are age 65 or older, you and/or your spouse can take an additional \$1,000 exemption. If you and/or your spouse (if filing a joint return) are legally blind, you and/or your spouse can take an additional \$1,000 exemption. Place an “X” in the boxes that apply to you and/or your spouse. Enter the total number of boxes marked on this line and multiply by \$1,000.

Line 5 – Additional Exemption for Age 65 or Older

An additional \$500 exemption is available for you and/or your spouse (if filing a joint return) if you are age 65 or older and the amount on Indiana Schedule A, line 35A, is less than \$40,000. Place an “X” in the boxes that apply to you and/or your spouse. Enter the total number of boxes marked on this line and multiply by \$500.

Line 7 – Proration Amount

At the top of the back of Indiana Schedule A is the Proration Section. The number in Box 21D represents the percentage of your total income being taxed by Indiana. For example, .450 means that Indiana is taxing 45 percent (.45) of your total income. Enter the amount from Box 21D on Schedule D, line 7.

Multiply the line 6 total by the amount on line 7; enter the result on line 8.

Example. If line 6 is \$1,000 and line 7 is .450, your line 8 total exemptions will be \$450. Since Indiana is taxing 45 percent (.45) of your total income, you're allowed to deduct 45 percent of your total exemptions.

See instructions for the *Proration section* on page 16 for more information.

Definitions and Special Rules for Dependents

Important.

- Various Internal Revenue Service (IRS) forms and publications you may need can be found online at <https://apps.irs.gov/app/picklist/list/formsPublications.html>.
- Indiana's Information Bulletin #117 can be found online at www.in.gov/dor/3650.htm.

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

Adoption taxpayer identification numbers (ATINs). If you have a dependent who was placed with you for legal adoption and you don't know his or her SSN, you must get an ATIN for the dependent from the IRS. Get federal Form W-7A for details. If the dependent isn't a U.S. citizen or resident alien, apply for an ITIN instead, using federal Form W-7.

Children of divorced or separated parents. A child will be treated as the qualifying child or qualifying relative of his or her noncustodial parent (defined later) if all of the following conditions apply.

1. The parents are divorced, legally separated, separated under a written separation agreement, or lived apart at all times during the last 6 months of the year (whether or not they are or were married).

2. The child received over half of his or her support for the year from the parents (and the rules on *Multiple support agreements*, later, do not apply). Support of a child received from a parent's spouse is treated as provided by the parent.
3. The child is in custody of one or both of the parents for more than half of the year.
4. Either of the following applies.
 - a. The custodial parent signs federal Form 8332 or a substantially similar statement that he or she won't claim the child as a dependent for the year, and the noncustodial parent maintains a copy of the signed federal Form 8332 with his or her records (as the department can require this to be provided at a later date). If the divorce decree or separation agreement went into effect after 1984 and before 2009, the noncustodial parent may be able to include certain pages from the decree or agreement instead of federal Form 8332. See *Post-1984 and pre-2009 decree or agreement* and *Post-2008 decree or agreement*.
 - b. A pre-1985 decree of divorce or separate maintenance or written separation agreement between the parents provides that the noncustodial parent can claim the child as a dependent, and the noncustodial parent provides at least \$600 for support of the child during the year.

If conditions (1) through (4) apply, only the noncustodial parent can claim the child for purposes of the dependency.

Custodial and noncustodial parents. The custodial parent is the parent with whom the child lived for the greater number of nights in the year. The noncustodial parent is the other parent. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher federal AGI. See Information Bulletin #117 for an exception for a parent who works at night, rules for a child who is emancipated under state law, and other details.

Post-1984 and pre-2009 decree or agreement. The decree or agreement must state all three of the following.

1. The noncustodial parent can claim the child as a dependent without regard to any condition, such as payment of support.
2. The other parent will not claim the child as a dependent.
3. The years for which the claim is released.

The noncustodial parent must maintain with his or her records a copy of all of the following pages from the decree or agreement as the department can require these to be provided at a later date.

- Cover page (include the other parent's SSN on that page).
- The pages that include all the information identified in (1) through (3) above.
- Signature page with the other parent's signature and date of agreement.

Post-2008 decree or agreement. If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent cannot include pages from the decree or agreement instead of federal Form 8332. The custodial parent must sign either federal Form 8332 or a substantially similar statement the only purpose of which is to release the custodial parent's claim to an exemption for a child, and the noncustodial parent must include a copy with his or her return. The form or statement must release the custodial parent's claim to the child without any conditions. For example, the release must not depend on the noncustodial parent paying support.

Release of exemption revoked. A custodial parent who has revoked his or her previous release of a claim to exemption for a child must maintain with his or her records a copy of the revocation as the department can require this to be provided at a later date. For details, see federal Form 8332.

Exception to citizen test. If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the requirement to be a U.S. citizen in Step 2, question 1.

Exception to gross income test. If your relative (including a person who lived with you all year as a member of your household) is permanently and totally disabled (defined later), certain income for services performed at a sheltered workshop may be excluded for this test. For details, see Information Bulletin #117.

Exception to time lived with you. Temporary absences by you or the other person for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time the person lived with you. Also see *Children of divorced or separated parents*, earlier, or *Kidnapped child*, later.

If the person meets all other requirements to be your qualifying child but was born or died during the year, the person is considered to have lived with you for more than half of the year if your home was this person's home for more than half the time he or she was alive during the year. Any other person is considered to have lived with you for all of the year if the person was born or died during the year and your home was this person's home for the entire time he or she was alive during the year.

Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Kidnapped child. If your child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member, you may be able to take the child into account in determining the dependency exemption. For details, see Information Bulletin #117.

Married person. If the person is married and files a joint return, you cannot claim that person as your dependent. However, if the person is married but does not file a joint return or files a joint return only to claim a refund of withheld income tax or estimated tax paid, you may be able to claim him or her as a dependent. (See Information Bulletin #117 for details and examples.) In that case, go to Step 2, question 3 (for a qualifying child) or Step 3, question 4 (for a qualifying relative).

Multiple support agreements. If no one person contributed over half of the support of your relative (or a person who lived with you all year as a member of your household) but you and another person(s) provided more than half of your relative's support, special rules may apply that would treat you as having provided over half of the support. For details, see Information Bulletin #117.

Permanently and totally disabled. A person is permanently and totally disabled if, at any time during the year, the person cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition has lasted or can be expected to last continuously for at least a year or can be expected to lead to death.

Public assistance payments. If you received payments under the Temporary Assistance for Needy Families (TANF) program or other public assistance program and you used the money to support another person, see Information Bulletin #117.

Qualifying child of more than one person. Even if a child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a dependent. If you and any other person can claim the child as a dependent, the following rules apply:

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent;
- If the parents file a joint return together and can claim the child as a qualifying child, the child is treated as the qualifying child of the parents;
- If the parents do not file a joint return together but both parents claim the child as a qualifying child, the department will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time during the year. If the child lived with each parent for the same amount of time, the department will treat the child as the qualifying child of the parent who had the higher federal AGI for the year;
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest federal AGI for the year;
- If a parent can claim the child as a qualifying child but chooses not to, the child is treated as the qualifying child of the person who had the highest federal AGI for the year, but only if that person's federal AGI is higher than the highest federal AGI of any parent of the child who can claim the child.

Schedule D: Exemptions continued

Example. You, your daughter and your mother live together. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your daughter doesn't meet the conditions to be a qualifying child of any other person, including her other parent. Under the rules just described, you can claim your daughter as a dependent. Your mother cannot claim your daughter. However, if your mother's federal AGI is higher than yours and you do not claim your daughter as a dependent, your daughter is the qualifying child of your mother.

For more details and examples, see Information Bulletin #117.

Social Security Number. You must enter each dependent's Social Security number (SSN) on Schedule IN-DEP, Box C. Be sure the name and SSN entered agree with the dependent's Social Security card. Otherwise, we may disallow the exemption claimed for the dependent. If the name or SSN on the dependent's Social Security card is not correct or you need to get an SSN for your dependent, contact the Social Security Administration.

If your dependent child was born and died during the year and you do not have an SSN for the child, enter "Died" in Box C and keep a copy of the child's birth certificate, death certificate, or hospital records as the department can require you to provide these at a later date. The document must show the child was born alive.

Example.

If you apply for an ATIN or an ITIN on or before the due date of your 2018 return (including extensions) and the IRS issues you an ATIN or an ITIN as a result of the application, the IRS will consider your ATIN or ITIN as issued on or before the due date of your return.

Student. A student is a child who during any part of 5 calendar months of the tax year was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Schedule E: Other Taxes

Line 1 – Use Tax on Internet, Mail Order and/or Out-Of-State Purchases

If, while a resident of Indiana, you made purchases while you were outside Indiana, through the mail (for instance, by catalog or offer through the mail), through radio or television advertising and/or over the Internet, these purchases may be subject to Indiana sales and use tax if sales tax was not paid at the time of purchase. This tax, called "use" tax, is figured at 7 percent (.07).

When you make purchases from a company in Indiana, that company is responsible for collecting the Indiana sales tax from you. When you make purchases from an out-of-state company, *you* are responsible for making sure the use tax is paid. Either the out-of-state company collects the tax from you or you must pay the tax directly to the State of Indiana.

Complete the worksheet below to figure your tax. If you paid sales tax to the state where the item was originally purchased, you are allowed a credit against your Indiana use tax for an amount paid up to 7 percent.

Line 2 – Household Employment Taxes

If, while you lived in Indiana, you paid cash wages during 2018 to an individual who is **not** your spouse, your child under age 21, your parent, and/or an employee under age 18; and the individual

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	1	
2. Sales/use tax: Multiply line 1 by .07 (7%)	2	
3. Sales tax previously paid on the above items (up to 7% per item)	3	
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-40PNR, Schedule E, line 1. If the amount is negative, enter zero and put no entry on Schedule E, line 1	4	

worked in and around your home as a baby-sitter, nanny, health aide, private nurse, maid, caretaker, yard worker or someone who does similar domestic duties, then that individual may be defined as your employee.

For more information on defining an employee, see federal Publication 926, Household Employer's Tax Guide, visit www.irs.gov/formspubs or call the IRS at (800) 829-1040.

If you paid cash wages over \$2,100 to a household worker who is your employee, or total cash wages of \$1,000 or more in any calendar quarter of 2017 or 2018 to all household employees, you should have withheld state and county income taxes. To pay these taxes on your Indiana income tax return, contact the department for Schedule IN-H, or download one from www.in.gov/dor/6281.htm.

Line 3 – Recapture of Indiana's CollegeChoice 529 Education Savings Plan Credit

You may be eligible for a credit if you made a contribution(s) to Indiana's CollegeChoice 529 education savings plan (see instructions on page 48 for credit details). However, if you made a non-qualified withdrawal(s) from this plan, you will probably have to repay some or all of any credits previously claimed.

Withdrawals made for higher education expenses tend to be qualified withdrawals. Other withdrawals may fall under the category of "nonqualified." For more information about withdrawals, contact the department for Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm. See Schedule IN-529R at www.in.gov/dor/6281.htm to figure any amount to be recaptured.

Line 4 – Nonresident professional team member's county tax from Schedule IN-PRO

Enter the total county tax reported on line 11 of Schedule IN-PRO.

Schedule IN-PRO

This schedule serves to collect Indiana county income tax from certain nonresident professional team members.

You must complete Schedule IN-PRO if you and/or your spouse, if married filing jointly:

- Were a professional team member*,
- Were not an Indiana resident on January 1 of the year,
- Were not working in Indiana on January 1 of the year, and
- Received from a professional team salaries, wages, bonuses, and any other type of compensation, apportioned to Indiana.**

*A **professional team member** includes:

- Professional baseball, basketball, football, hockey, or soccer team employees who are active players, players on the disabled list, and any other individuals required to travel and who do travel with and perform services on behalf of a team on a regular basis, including coaches, managers, and trainers, and
- Race team members, including employees or independent contractors who render services on behalf of the race team, including, but not limited to, drivers, pit crew members, mechanics, technicians, spotters, and crew chiefs.

****Income apportioned to Indiana.**

- Nonresident professional team members will apportion their income to Indiana based on duty days performed in Indiana (by county) compared to total duty days in a taxable year. See Income Tax Information Bulletin #88, including section VI. *Local Income Tax*, at www.in.gov/dor/3650.htm for assistance in determining the amount of income that is subject to county tax.
- Nonresident race team members also will apportion their income to Indiana based on duty days performed in Indiana (by county) compared to total duty days in a taxable year. See Commissioner's Directive #51 at www.in.gov/dor/3617.htm for assistance in determining the amount of income that is subject to county tax.

Once you have determined the amount of income to be taxed and by which county, follow the line-by-line instructions below to complete Schedule IN-PRO.

Line-By-Line Instructions

Before you begin, visit our website at www.in.gov/dor/6281.htm to get Schedule CT-40PNR. The county code numbers and tax rates are located on the back of the schedule.

Line 1 –

- Column A – Enter the two-digit county code number for the income reported in Column B.
- Column B – Enter the modified wage income (income apportioned to Indiana) associated with the county listed in Column A.
- Column C – Enter the county tax rate associated with the county listed in Column A.
- Column D – Multiply Column B by Column C. Round your entry to the nearest whole dollar.

Lines 2 – 10 – Complete these lines if you are reporting income subject to tax by other Indiana counties.

Line 11 – Add all amounts from Column D, lines 1 through 10, and enter the result here. Also, enter this amount on Schedule E, line 4.

Schedule D: Exemptions continued

Example. Eddie is a full-year Illinois resident. He is a member of a professional baseball team, and played four games in Indiana during the year. He played two games in Ft. Wayne, Ind. (Allen County), was traded, and played two games in Evansville, Ind. (Vanderburgh County). His modified wage income for the games played in Ft. Wayne is \$2,800, and \$2,400 for the games played in Evansville.

Here is how Eddie will complete Schedule IN-PRO.

	Column A	Column B	Column C	Column D
1	02	2800	.0148	41
2	82	2400	.02	<u>48</u>
11				89

He will carry the \$89 total county tax due to Schedule E, line 4.

You must enclose all W-2s, 1099s, etc., showing income from Indiana sources. Make sure to include any Indiana state/county withholding amounts on Schedule F, which is available on our website at www.in.gov/dor/6281.htm.

Note. Nonresident professional team members who meet the requirements to file Schedule IN-PRO and who are residents of a reciprocal state (Kentucky, Michigan, Ohio, Pennsylvania, and Wisconsin) are not eligible to file Form IT-40RNR; they must file form IT-40PNR, and figure county tax on Schedule IN-PRO.

Schedule F: Credits

Lines 1 and 2 – Indiana State and County Tax Withheld

The amount of Indiana state tax withheld is usually shown on box 17 and the amount of Indiana county tax withheld is usually shown on box 19 of your W-2s. Indiana state withholding amounts may also be present on other forms, including W-2Gs, various 1099s, Schedule IN K-1, etc.

You **must** enclose your (and your spouse's, if married filing jointly) withholding statements, including W-2s, W-2Gs, 1099s and Schedule IN K-1s, with your tax return to verify Indiana state and county taxes claimed as being withheld. If you had more than one job, a W-2 form for each job must be attached to the tax return so you can get credit for all Indiana state and county tax withheld. Failure to enclose all necessary withholding statements will result in a reduced refund or increase in the amount you owe.

If you had Indiana state tax and/or county tax withheld on any other form, such as a W-2G or 1099R, you must attach them to the tax return to get credit for the amount withheld. Use of substitute W-2s will delay the processing of your return and/or refund.

Do not claim credit for taxes withheld for states other than Indiana or for localities outside Indiana.

A note about your W-2s. It is important that your W-2 form is readable. The income and state and county tax amounts withheld are verified on every W-2 form that comes in with your tax return. If you are not filing electronically, we encourage you to enclose the best copy available when you file.

Special instructions for composite filers. Additional state/county withholdings may have been made on your behalf by a partnership and/or S corporation that files with Indiana. Information about these withholdings will be made available to you on Schedule IN K-1. Make sure to include any withholdings from Lines 8 and 9 of Schedule IN K-1, and enclose the schedule when filing.

Line 3 – Estimated tax paid for 2018

If you made estimated tax payments, enter the total paid for 2018 on this line. Also include any extension payment made with Form IT-9 “Extension of Time to File” for tax year 2018.

Note. Do not include on this line any estimated tax paid for tax year 2019.

Line 4 – Unified Tax Credit for The Elderly

You may be able to claim a credit if you or your spouse meet all the following requirements:

- You and/or your spouse must have been age 65 or older by Dec. 31, 2018,
- If married and living together at any time during the year, you must file a joint return,
- You must have been a resident of Indiana for at least six months during 2018,
- The amount on Indiana Schedule A, Section 3, line 35A must be less than \$10,000, and
- You must not have been in prison for 180 days or more in 2018.

Note. Disabled persons under age 65 do not qualify for this credit.

Important.

- If your spouse died after Jan. 1, 2018, you can claim this credit by filing a joint return.
- If a person dies and does not have a surviving spouse, then no one can claim the credit on behalf of the deceased person.
- If your income is low enough that you are not required to file a Form IT-40PNR, and you meet the requirements for claiming the Unified Tax Credit for the Elderly, do not file Form IT-40PNR. Instead, file the simplified Form SC-40 to claim this credit*.

*Form SC-40 can be found at www.in.gov/dor/6281.htm. Or, call (317) 615-2581. You can claim the credit on either Form IT-40PNR or Form SC-40, but *file only one of these forms, and only file once.*

Note. You must file the Form IT-40PNR if you are eligible to take the Lake County residential income tax credit. See line 6 instructions on page 43 for more information.

The Deadline for Claiming This Credit Is July 2, 2018

The only exception to this rule is if you have an extension of time to file, Form 4868 or Form IT-9, or by making an online extension payment. Having an extension will allow you to claim this credit through Nov. 14, 2019. See *Extension of Time to File – What if You Can't File on Time?* on page 7 for information about getting an extension of time to file.

To Figure Your Unified Tax Credit for the Elderly:

Use Table A if:

You meet all the requirements listed above, and:

- You are filing a joint return, lived with your spouse during the tax year, both were Indiana residents for at least six months and both of you were age 65 or older by Dec. 31, 2018, or
- Both you and your spouse met all the requirements, and your spouse died after Jan. 1, 2018.

Table A

Joint Filers Both Age 65 or Older

If the income on Line 35A of Indiana Schedule A, Section 3 is:	Your Allowable Credit* is:
less than \$1,000	\$140
between \$1,000 and \$2,999	\$90
between \$3,000 and \$9,999	\$80

Use Table B if:

You meet all the requirements listed above, and:

- You are age 65 or older and are single or widowed,
- You are filing a joint return and only one of you is age 65 or older, or
- You are filing a joint return and only one was an Indiana resident for at least six months, or you are married but did not live with your spouse during the tax year, are age 65 or older and are married filing separately.

Table B

Only One Person Age 65 or Older

If the income on Line 35A of Indiana Schedule A, Section 3 is:	Your Allowable Credit* is:
less than \$1,000	\$100
between \$1,000 and \$2,999	\$50
between \$3,000 and \$9,999	\$40

*Once you have located your credit on Table A or Table B, enter that amount on line 4.

Line 5 Indiana's Earned Income Credit (EIC)

If you are eligible for an earned income credit on your federal tax return, you may be eligible for Indiana's earned income credit, too. Here are some important things to know:

- You must be eligible for and have claimed an EIC on your federal tax return. If not, **STOP**. You are not eligible to claim Indiana's EIC.
- Your income on Form IT-40, line 1 (or Indiana's Schedule A, line 35A), must be less than \$45,800. If it is the same amount or more, **STOP**. You are not eligible to claim Indiana's EIC.
- Schedule IN-EIC must be completed and enclosed by all filers claiming the EIC.

Indiana's Publication EIC is available for additional information. It may be viewed online at www.in.gov/dor/6281.htm.

What is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you don't owe any tax.

To figure your Indiana earned income credit:

- Follow the steps below.
- Complete the Worksheet(s) that apply to you.
- Complete and enclose Schedule IN-EIC.
- Enter on Schedule F, line 5:
 - Box A, your Indiana Earned Income Credit from Schedule IN-EIC, line A-3;
 - Box B, the number from Schedule A, Proration Section, line 21D; then
 - Multiply the amount in Box A by the number in Box B. Enter the total on line 5.

Step 1 All Filers

Did you claim an EIC on your 2018 federal tax return Form 1040, line 17a?

Yes. *Continue*

No. **STOP.** You cannot take the credit.

If, in 2018:

- 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 35A), less than \$45,800?
- 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 35A), less than \$40,300?
- No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 35A), less than \$15,200?

Yes. *Continue*

No. **STOP.** You cannot take the credit.

Step 2 Investment Income

Add amounts from:

Federal Form 1040, Line 2b	+ _____
Federal Form 1040, Line 2a	+ _____
Federal Form 1040, Line 3b	+ _____
Federal Schedule 1, Line 13*	+ _____

Investment Income = _____

*If line 13 is a loss, enter -0-.

Is your investment income more than \$3,500?

Yes. Continue.

No. Skip question 3; go to question 4.

Did you file federal Form 4797 (relating to sales of business property)?

No. STOP. You cannot take the credit.

Yes. If the amount on federal Schedule 1, line 13, includes an amount from federal Form 4797, you must use Worksheet 1 in Indiana’s Publication EIC (located online at www.in.gov/dor/6281.htm) to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

Do any of the following apply for 2018?

- You filed federal Schedule E.
- You are claiming a loss on federal Form 1040, Schedule 1 line, 12, 13 and/or 18.
- You are reporting income or a loss from the rental of personal property not used in a trade or business.
- You and/or spouse if married filing jointly received a distribution from a pension, annuity, IRA or Coverdell ESA that is not fully taxable.
- You reported income on federal Schedule 1, line 21, from federal Form 8814 (relating to election to report child’s interest and dividends).

Yes. You must use Worksheet 3 in Indiana’s Publication EIC to see if you can take the credit. You may find Publication EIC at www.in.gov/dor/6281.htm.

No. Go to Step 3.

Step 3 Qualifying Child

Did a child live with you in 2018?

No. Go to Step 4.

Yes. Continue.

A qualifying child is a child who is your...

- Son
- Daughter
- Grandchild
- Stepchild
- Foster child and/or related child (see page 41)

AND, was...

- Under age 19 at the end of the year and younger than you (or your spouse, if filing jointly), or
- Under age 24 at the end of the year, a student (see page 42), and younger than you (or your spouse, if filing jointly), or
- Any age and permanently and totally disabled (see page 41),

AND, who...

Is not filing a joint return for the year, or is filing a joint return for the year only as a claim for refund,

AND, who...

Lived with you in the United States for more than half of the year or, if a foster child, for all of the year. If the child did not live with you for the required time, see *Exception to “time lived with you”* on page 41.

Caution. If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for the year, or the child was married, see page 41.

Do you have at least one child who meets the conditions to be your qualifying child?

Yes. The child must have a valid Social Security number (SSN) unless the child was born and died during the year*. If at least one qualifying child has a valid SSN (or was born and died during the year), go to Step 5.

No. Continue to Step 4.

***Exception.** If your qualified dependent child was born and died during the year and you do not have an SSN for the child, you may be able to claim the child for earned income credit purposes (see page 41).

Step 4 Filers Without a Qualifying Child

If you have no qualifying child (see Step 3) but you claimed an EIC on your federal tax return Form 1040, line 17a), then you may be eligible to claim Indiana's EIC. Continue to Step 5.

Step 5 Modified Adjusted Gross Income (MAGI)

Add amounts from:

1. Federal Form 1040, line 2a + _____
- Federal Form 1040, line 7 + _____

Modified Adjusted Gross Income* =

Box A	
--------------	--

***Note.** If you completed **Worksheet 3** from Publication EIC, enter in Box A the amount from **Worksheet 3**, line 17.

2. If you have:
 - 2 or more qualifying children, is Box A less than \$45,800?
 - 1 qualifying child, is Box A less than \$40,300?
 - No qualifying children, is Box A less than \$15,250?

Yes. Go to Step 6.

No. STOP. You cannot take the credit.

Step 6 Earned Income

1. Did you file federal Schedule SE because you are a member of the clergy or you had church employee income of \$108.28 or more?

Yes. See *Clergy or Church employees*, whichever applies, below.

No. Continue.

2. Figure earned income:
 - A. Enter amount from federal Form 1040, line 1 _____

Subtract, if included on line A above, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2. _____
- Amount received for work performed while an inmate in a penal institution. _____
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan. This amount may be shown in Box 11 of form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity. _____
- Amount of the qualified foster care payments included in Box 1 of Form W-2 that you have elected to exclude from your federal adjusted gross income - _____
- Add all of your nontaxable combat pay if you elect to include it in earned income*. + _____

Earned Income =

Box B	
--------------	--

***Caution.** Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

3. Were you self-employed at any time in 2018, or did you file federal Schedule SE because you were a member of the clergy or you had church employee income, or did you file federal Schedule C or C-EZ as a statutory employee?

Yes. Skip question 4 and Step 7; go to **Worksheet B** on page 35.

No. Continue.

4. If you have:
 - 2 or more qualifying children, is your total earned income (Box B) less than \$45,800?
 - 1 qualifying child, is your total earned income (Box B) less than \$40,300?
 - No qualifying children, is your total earned income (Box B) less than \$15,200?

Yes. Go to Step 7.

No. STOP. You cannot take the credit.

Step 7 How to Figure the Credit

Go to **Worksheet A** on page 43.

Definitions and Special Rules*

Adopted child. An adopted child is always treated as your own child. The term "adopted child" includes a child who was lawfully placed with you for legal adoption, even if the adoption is not final.

Church employees. A church employee means an employee (other than a minister or member of a religious order) of a church or qualified church-controlled organization that is exempt from employer Social Security and Medicare taxes. Determine how much of the amount on federal Form 1040, line 1, was also reported on federal Schedule SE, Section B, line 5a. Subtract that amount from the amount on federal Form 1040, line 1, and enter the result in the first space of Step 6, line 2. Be sure to answer "Yes" to question 1 in Step 6.

Claim for refund. A claim for refund is a federal return filed only to get a refund of withheld income tax or estimated tax paid. A federal return is not a claim for refund if the EIC or any other similar refundable credit is claimed on it.

Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing federal Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on federal Form 1040, line 1;

- Determine how much of the amount on federal Form 1040, line 1, was also reported on federal Schedule SE, Section A, line 2, or Section B, Line 2.
- Subtract that amount from the amount on federal Form 1040, line 1. Enter the result in the first space of Step 6, line 2.
- Be sure to answer “yes” to question 1 in Step 6.

Combat pay, nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income:

- If you included your combat pay when figuring your federal EIC, then enter the same amount in Step 6, line 2.
- If you did not include it when figuring your federal EIC, then do not enter any amount in Step 6, line 2.

Exception to “time lived with you” condition. A child is considered to have lived with you for all of the year if the child was born or died during the year and your home was this child’s home for the entire time he or she was alive during the year. Temporary absences, such as for school, vacation, medical care, or detention in a juvenile facility, count as time lived at home. If your child is presumed to have been kidnapped by someone who is not a family member, see Indiana’s Pub EIC (www.in.gov/dor/6281.htm) to find out if that child is a qualifying child for the EIC. If you were in the military stationed outside the United States, see *Members of the military* below.

Federal Form 4797 filers. If the amount on federal Schedule 1, line 13, includes an amount from federal Form 4797, you must use Worksheet 1 in Indiana’s Pub. EIC to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

Foster child.

- Any child you cared for as your own child and who is (a) your brother, sister, stepbrother, or stepsister; (b) a descendant (such as a child, including an adopted child) of your brother, sister, stepbrother, or stepsister; or (c) a child placed with you by an authorized placement agency. For example, if you acted as the parent of your niece or nephew, this child is considered your foster child.
- The qualifying foster child must live with you for the entire year (except for temporary absences).

Grandchild. For the EIC, this means any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.

***Indiana’s Publication EIC**, available online at www.in.gov/dor/6281.htm, has additional information, including rules if you have a qualifying child, an investment income calculation worksheet, additional definitions, tiebreaker rules, etc.

Married child. A child who was married at the end of the year is a qualifying child only if (a) you can claim him or her as your dependent on Indiana Schedule IN-DEP, or (b) you could have claimed him or her as your dependent except for the special rule for *Children of divorced or parents who lived apart*. Get Indiana’s Pub. EIC for more information about this special rule.

Members of the military. U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period for purposes of the EIC. Extended active duty is military duty ordered for an indefinite period or a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you do not serve more than 90 days.

Permanently and totally disabled. A person is permanently and totally disabled if, at any time during the year, the person could not engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can be expected to lead to death.

Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only the person who had the **highest** modified adjusted gross income (MAGI) for the year may treat that child as a qualifying child. The other person(s) cannot take the EIC for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule does not apply. If you have the highest MAGI, this child is your qualifying child. If you do not have the highest MAGI, **STOP**; you cannot take the EIC. See Step 5 to figure your modified adjusted gross income.

Example. You and your 8-year-old daughter moved in with your mother during the year. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your MAGI for the year was \$8,000 and your mother’s was \$14,000. Because your mother’s MAGI was higher, your daughter is your mother’s qualifying child for EIC purposes. You **cannot** figure an EIC using your child as a qualifying child, even if your mother does not claim the credit.

Social Security Number. Your child must have a valid Social Security number (SSN) unless the child was born and died in 2018. If your dependent child was born and died during the year and you do not have an SSN for the child, you will be able to claim the child for purposes of claiming Indiana's earned income credit as long as all the other requirements have been met. For more information, see the instructions on Schedule IN-EIC.

Student. A student is a child who, during any 5 months of the year, was enrolled as a full-time student at a school that has a regular teaching staff, course of study, and regular student body at the school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school does not include a technical, trade or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Temporary absences. Count time that you or your child is away from home on a temporary absence due to a special circumstance as time the child lived with you. Examples of a special circumstance include illness, school attendance, business, vacation, military service, and detention in a juvenile facility.

*Indiana's Publication EIC, available online at www.in.gov/dor/6281.htm, has additional information, including rules if you have a qualifying child, an investment income calculation worksheet, additional definitions, tiebreaker rules, etc.

Worksheet A – Indiana’s Earned Income Credit (EIC)

Keep for your records

Before you begin: Be sure you are using the correct worksheet. Use Worksheet A if you answered “No” to Step 6, question 3.
Use Worksheet B if you answered “Yes” to Step 6, question 3.

Part 1: All filers using Worksheet A

1. Enter your earned income from Step 6, Box B 1 _____
 2. Look up the amount on line 1 above in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here..... 2 _____

If line 2 is zero, **STOP**. You cannot claim the credit.
 3. Enter your modified adjusted gross income from Step 5, Box A 3 _____
 4. Are the amounts on lines 3 and 1 the same?
Yes. Skip line 5; enter the amount from line 2 on line 6.
No. Go to line 5.
-

Part 2: Filers who answered “No” on line 4

5. If you have:
 - No qualifying children, is the amount on line 3 less than \$8,500?
 - 1 qualifying child, is the amount on line 3 less than \$18,750?
 - 2 or more qualifying children, is the amount on line 3 less than \$18,700?
Yes. Leave line 5 blank; enter the amount from line 2 on line 6.

No. Look up the amount on line 3 in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here 5 _____

Look at the amounts on line 5 and 2. Then, enter the **smaller** amount on line 6.
-

Part 3: Your Indiana earned income credit

6. This is the amount from Part 1 or Part 2 above..... 6 _____
7. If you have an alternative minimum tax on our federal tax return, Form 1040, then multiply that amount by 9 percent (.09) and enter the result here..... 7 _____
8. Subtract line 7 from line 6 (if zero or less, **STOP**. You cannot take a credit). Enter this amount here..... 8 _____
9. Enter the earned income credit claimed on your federal tax return Form 1040 9 _____
10. Multiply line 9 by .09 (9%). Enter result here 10 _____
11. Look at the amount on line 8 and on line 10. Then, enter the **smaller** amount here and on Schedule IN-EIC, line A-3..... **Indiana Earned Income Credit** 11 _____

Final Step – You must complete Schedule IN-EIC and enclose it with your filing.

Worksheet B – Indiana’s Earned Income Credit (EIC)

Keep for your records

Use this worksheet if you answered “Yes” to Step 6, question 3.

- Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
- If you are married filing a joint return, include your spouse’s amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1: Self-employed, members of the clergy, and people with church employee income filing federal Schedule SE.

- 1a. Enter the amount from federal Schedule SE, Section A, line 3, or Section B, line 3, whichever applies..... 1a _____
- b. Enter any amount from federal Schedule SE, Section B, line 4b, and line 5a..... + 1b _____
- c. Add lines 1a and 1b = 1c _____
- d. Enter the amount from federal Schedule SE, Section A, line 6, or Section B, line 13, whichever applies..... - 1d _____
- e. Subtract line 1d from 1c..... = 1e _____
-

Part 2: Self-employed NOT required to file federal Schedule SE

For example, your net earnings from self-employment were less than \$400.

2. Do not include on these lines any statutory employee income, any net profit from services performed as a notary public, any amount exempt from self-employment tax as the result of filing and approval of federal Form 4029 or Form 4361, or any other amounts exempt from self-employment tax.
- a. Enter any net farm income or (loss) from federal Schedule F, line 34, and from farm partnerships, Schedule K-1 (federal Form 1065), box 14, code A 2a _____
- b. Enter any net profit or (loss) from federal Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (federal Form 1065), box 9, code J1 + 2b _____
- c. Add lines 2a and 2b = 2c _____
-

Part 3: Statutory employees filing federal Schedule C or C-EZ

3. Enter the amount from federal Schedule C or Schedule C-EZ, line 1c, that you are filing as a statutory employee 3 _____
-

Part 4: All filers using Worksheet B

- 4a. Enter your earned income from Step 6, Box B..... 4a _____
- b. Add lines 1e, 2c, 3 and 4a. **This is your total earned income**..... 4b _____

If line 4b is zero or less, **STOP**. You cannot take the credit.

5. If you have:
- 2 or more qualifying children, is line 4b less than \$45,800?
 - 1 qualifying child, is line 4b less than \$40,300?
 - No qualifying children, is line 4b less than \$15,200?

Yes. Enter the amount from line 4b on line 6 of this worksheet.

No. STOP. You cannot take the credit.

Part 5: All filers using Worksheet B

- 6. Enter your total earned income from Part 4, line 4b 6 _____
- 7. Look up the amount on line 6 above in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here..... 7 _____

If line 7 is zero, **STOP**. You cannot take the credit.

- 8. Enter your modified adjusted gross income from Step 5, Box A. (If you filled out Worksheet 3, enter the amount from line 17.)..... 8 _____
- 9. Are the amounts on lines 8 and 6 the same?

Yes. Skip line 10; enter the amount from line 7 on line 11.

No. Go to line 10.

Part 6: Filers who answered “No” on line 9

- 10. If you have:
 - No qualifying children, is the amount on line 8 less than \$8,500?
 - 1 qualifying child, is the amount on line 8 less than \$18,750?
 - 2 or more qualifying children, is the amount on line 8 less than \$18,700?

Yes. Leave line 10 blank; enter the amount from line 7 on line 11.

No. Look up the amount on line 8 in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here..... 10 _____

Look at the amounts on lines 10 and 7. Then, enter the smaller amount on line 11.

Part 7: Your Indiana earned income credit.

- 11. This is the amount from Part 5 or Part 6 above..... 11 _____
- 12. If you have an alternative minimum tax on your federal tax return, Form 1040, then multiply that amount by 9 percent (.09) and enter the result here..... 12 _____
- 13. Subtract line 12 from line 11 (if zero or less, **STOP**. You cannot take a credit). Enter this amount here..... 13 _____
- 14. Enter the earned income credit claimed on your federal tax return, Form 1040 14 _____
- 15. Multiply line 14 by .09 (9%). Enter result here 15 _____
- 16. Look at the amount on line 13 and on line 15. Then, enter the smaller amount here and on Schedule IN-EIC, line A-3..... **Indiana Earned Income Credit** 16 _____

Final Step – You must complete Schedule IN-EIC and enclose it with your tax return when you file.

2018 Indiana Earned Income Credit (EIC) Table

1. To find your credit, read down the "At least-But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.

2. Then, read across to the column that includes the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

Example. If you have one qualifying child and the amount you are looking up from your EIC Worksheet is \$2,455, you would enter \$76.

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
2,400	2,450	17	74	87
2,450	2,500	17	76	89

If the amount you are looking up from the worksheet is —		And you have —			Your credit is —	If the amount you are looking up from the worksheet is —		And you have —			Your credit is —	If the amount you are looking up from the worksheet is —		And you have —			Your credit is —		
		No children	One child	Two children				No children	One child	Two children				No children	One child	Two children		No children	One child
At least	But less than	Your credit is —			At least	But less than	Your credit is —			At least	But less than	Your credit is —			At least	But less than	Your credit is —		
0	50	0	1	1	2000	2050	14	62	73	4000	4050	28	123	145	6000	6050	41	184	217
50	100	1	2	3	2050	2100	14	64	75	4050	4100	28	125	147	6050	6100	42	186	219
100	150	1	4	5	2100	2150	15	65	77	4100	4150	28	126	149	6100	6150	42	187	221
150	200	1	5	6	2150	2200	15	67	78	4150	4200	29	128	150	6150	6200	42	189	222
200	250	2	7	8	2200	2250	15	68	80	4200	4250	29	129	152	6200	6250	43	191	224
250	300	2	8	10	2250	2300	16	70	82	4250	4300	29	131	154	6250	6300	43	192	226
300	350	2	10	12	2300	2350	16	71	84	4300	4350	30	132	156	6300	6350	44	194	228
350	400	3	12	14	2350	2400	16	73	86	4350	4400	30	134	158	6350	6400	44	195	230
400	450	3	13	15	2400	2450	17	74	87	4400	4450	31	135	159	6400	6450	44	197	231
450	500	3	15	17	2450	2500	17	76	89	4450	4500	31	137	161	6450	6500	45	198	233
500	550	4	16	19	2500	2550	17	77	91	4500	4550	31	139	163	6500	6550	45	200	235
550	600	4	18	21	2550	2600	18	79	93	4550	4600	32	140	165	6550	6600	45	201	237
600	650	4	19	23	2600	2650	18	80	95	4600	4650	32	142	167	6600	6650	46	203	239
650	700	5	21	24	2650	2700	18	82	96	4650	4700	32	143	168	6650	6700	46	204	240
700	750	5	22	26	2700	2750	19	83	98	4700	4750	32	145	170	6700	6750	46	206	242
750	800	5	24	28	2750	2800	19	85	100	4750	4800	33	146	172	6750	6800	47	207	244
800	850	6	25	30	2800	2850	19	86	102	4800	4850	33	148	174	6800	6850	47	209	246
850	900	6	27	32	2850	2900	20	88	104	4850	4900	34	149	176	6850	6900	47	210	248
900	950	6	28	33	2900	2950	20	90	105	4900	4950	34	151	177	6900	6950	47	212	249
950	1000	7	30	35	2950	3000	21	91	107	4950	5000	34	152	179	6950	7000	47	213	251
1000	1050	7	31	37	3000	3050	21	93	109	5000	5050	35	154	181	7000	7050	47	215	253
1050	1100	7	33	39	3050	3100	21	94	111	5050	5100	35	155	183	7050	7100	47	217	255
1100	1150	8	34	41	3100	3150	22	96	113	5100	5150	35	157	185	7100	7150	47	218	257
1150	1200	8	36	42	3150	3200	22	97	114	5150	5200	36	158	186	7150	7200	47	220	258
1200	1250	8	38	44	3200	3250	22	99	116	5200	5250	36	160	188	7200	7250	47	221	260
1250	1300	9	39	46	3250	3300	23	100	118	5250	5300	36	161	190	7250	7300	47	223	262
1300	1350	9	41	48	3300	3350	23	102	120	5300	5350	37	163	192	7300	7350	47	224	264
1350	1400	9	42	50	3350	3400	23	103	122	5350	5400	37	165	194	7350	7400	47	226	266
1400	1450	10	44	51	3400	3450	24	105	123	5400	5450	37	166	195	7400	7450	47	227	267
1450	1500	10	45	53	3450	3500	24	106	125	5450	5500	38	168	197	7450	7500	47	229	269
1500	1550	11	47	55	3500	3550	24	108	127	5500	5550	38	169	199	7500	7550	47	230	271
1550	1600	11	48	57	3550	3600	25	109	129	5550	5600	38	171	201	7550	7600	47	232	273
1600	1650	11	50	59	3600	3650	25	111	131	5600	5650	39	172	203	7600	7650	47	233	275
1650	1700	12	51	60	3650	3700	25	113	132	5650	5700	39	174	204	7650	7700	47	235	276
1700	1750	12	53	62	3700	3750	26	114	134	5700	5750	39	175	206	7700	7750	47	236	278
1750	1800	12	54	64	3750	3800	26	116	136	5750	5800	40	177	208	7750	7800	47	238	280
1800	1850	13	56	66	3800	3850	26	117	138	5800	5850	40	178	210	7800	7850	47	239	282
1850	1900	13	57	68	3850	3900	27	119	140	5850	5900	40	180	212	7850	7900	47	241	284
1900	1950	13	59	69	3900	3950	27	120	141	5900	5950	41	181	213	7900	7950	47	243	285
1950	2000	14	60	71	3950	4000	27	122	143	5950	6000	41	183	215	7950	8000	47	244	287

2018 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —						
At least	But less than	No child- ren	One child	Two child- ren	At least	But less than	No child- ren	One child	Two child- ren	At least	But less than	No child- ren	One child	Two child- ren				
		Your credit is —					Your credit is —					Your credit is —			Your credit is —			
8000	8050	47	246	289	10400	10450	33	311	375	12800	12850	17	311	462	15200	15250	311	514
8050	8100	47	247	291	10450	10500	33	311	377	12850	12900	16	311	464	15250	15300	311	514
8100	8150	47	249	293	10500	10550	33	311	379	12900	12950	16	311	465	15300	15350	311	514
8150	8200	47	250	294	10550	10600	32	311	381	12950	13000	16	311	467	15350	15400	311	514
8200	8250	47	252	296	10600	10650	32	311	383	13000	13050	15	311	469	15400	15450	311	514
8250	8300	47	253	298	10650	10700	32	311	384	13050	13100	15	311	471	15450	15500	311	514
8300	8350	47	255	300	10700	10750	31	311	386	13100	13150	15	311	473	15500	15550	311	514
8350	8400	47	256	302	10750	10800	31	311	388	13150	13200	14	311	474	15550	15600	311	514
8400	8450	47	258	303	10800	10850	31	311	390	13200	13250	14	311	476	15600	15650	311	514
8450	8500	47	259	305	10850	10900	30	311	392	13250	13300	14	311	478	15650	15700	311	514
8500	8550	46	261	307	10900	10950	30	311	393	13300	13350	13	311	480	15700	15750	311	514
8550	8600	46	262	309	10950	11000	30	311	395	13350	13400	13	311	482	15750	15800	311	514
8600	8650	46	264	311	11000	11050	29	311	397	13400	13450	13	311	483	15800	15850	311	514
8650	8700	45	266	312	11050	11100	29	311	399	13450	13500	12	311	485	15850	15900	311	514
8700	8750	45	267	314	11100	11150	29	311	401	13500	13550	12	311	487	15900	15950	311	514
8750	8800	45	269	316	11150	11200	28	311	402	13550	13600	12	311	489	15950	16000	311	514
8800	8850	44	270	318	11200	11250	28	311	404	13600	13650	11	311	491	16000	16050	311	514
8850	8900	44	272	320	11250	11300	28	311	406	13650	13700	11	311	492	16050	16100	311	514
8900	8950	44	273	321	11300	11350	27	311	408	13700	13750	11	311	494	16100	16150	311	514
8950	9000	43	275	323	11350	11400	27	311	410	13750	13800	10	311	496	16150	16200	311	514
9000	9050	43	276	325	11400	11450	26	311	411	13800	13850	10	311	498	16200	16250	311	514
9050	9100	43	278	327	11450	11500	26	311	413	13850	13900	10	311	500	16250	16300	311	514
9100	9150	42	279	329	11500	11550	26	311	415	13900	13950	9	311	501	16300	16350	311	514
9150	9200	42	281	330	11550	11600	25	311	417	13950	14000	9	311	503	16350	16400	311	514
9200	9250	42	282	332	11600	11650	25	311	419	14000	14050	9	311	505	16400	16450	311	514
9250	9300	41	284	334	11650	11700	25	311	420	14050	14100	8	311	507	16450	16500	311	514
9300	9350	41	285	336	11700	11750	24	311	422	14100	14150	8	311	509	16500	16550	311	514
9350	9400	41	287	338	11750	11800	24	311	424	14150	14200	8	311	510	16550	16600	311	514
9400	9450	40	288	339	11800	11850	24	311	426	14200	14250	7	311	512	16600	16650	311	514
9450	9500	40	290	341	11850	11900	23	311	428	14250	14300	7	311	514	16650	16700	311	514
9500	9550	40	292	343	11900	11950	23	311	429	14300	14350	6	311	514	16700	16750	311	514
9550	9600	39	293	345	11950	12000	23	311	431	14350	14400	6	311	514	16750	16800	311	514
9600	9650	39	295	347	12000	12050	22	311	433	14400	14450	6	311	514	16800	16850	311	514
9650	9700	39	296	348	12050	12100	22	311	435	14450	14500	5	311	514	16850	16900	311	514
9700	9750	38	298	350	12100	12150	22	311	437	14500	14550	5	311	514	16900	16950	311	514
9750	9800	38	299	352	12150	12200	21	311	438	14550	14600	5	311	514	16950	17000	311	514
9800	9850	38	301	354	12200	12250	21	311	440	14600	14650	4	311	514	17000	17050	311	514
9850	9900	37	302	356	12250	12300	21	311	442	14650	14700	4	311	514	17050	17100	311	514
9900	9950	37	304	357	12300	12350	20	311	444	14700	14750	4	311	514	17100	17150	311	514
9950	10000	36	305	359	12350	12400	20	311	446	14750	14800	3	311	514	17150	17200	311	514
10000	10050	36	307	361	12400	12450	20	311	447	14800	14850	3	311	514	17200	17250	311	514
10050	10100	36	308	363	12450	12500	19	311	449	14850	14900	3	311	514	17250	17300	311	514
10100	10150	35	310	365	12500	12550	19	311	451	14900	14950	2	311	514	17300	17350	311	514
10150	10200	35	311	366	12550	12600	19	311	453	14950	15000	2	311	514	17350	17400	311	514
10200	10250	35	311	368	12600	12650	18	311	455	15000	15050	2	311	514	17400	17450	311	514
10250	10300	34	311	370	12650	12700	18	311	456	15050	15100	1	311	514	17450	17500	311	514
10300	10350	34	311	372	12700	12750	18	311	458	15100	15150	1	311	514	17500	17550	311	514
10350	10400	34	311	374	12750	12800	17	311	460	15150	15200	1	311	514	17550	17600	311	514

2018 Indiana Earned Income Credit (EIC) Table – *Continued*

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			
		No child- ren	One child	Two child- ren			No child- ren	One child	Two child- ren			No child- ren	One child	Two child- ren	
At least	But less than	Your credit is —			At least	But less than	Your credit is —			At least	But less than	Your credit is —			
17600	17650	311	514	20000	20050	292	489	22400	22450	257	443	24800	24850	223	398
17650	17700	311	514	20050	20100	291	488	22450	22500	257	442	24850	24900	222	397
17700	17750	311	514	20100	20150	290	487	22500	22550	256	441	24900	24950	221	396
17750	17800	311	514	20150	20200	290	486	22550	22600	255	440	24950	25000	221	395
17800	17850	311	514	20200	20250	289	485	22600	22650	255	439	25000	25050	220	394
17850	17900	311	514	20250	20300	288	484	22650	22700	254	438	25050	25100	219	393
17900	17950	311	514	20300	20350	288	483	22700	22750	253	437	25100	25150	219	392
17950	18000	311	514	20350	20400	287	482	22750	22800	252	436	25150	25200	218	391
18000	18050	311	514	20400	20450	286	481	22800	22850	252	436	25200	25250	217	390
18050	18100	311	514	20450	20500	285	480	22850	22900	251	435	25250	25300	216	389
18100	18150	311	514	20500	20550	285	479	22900	22950	250	434	25300	25350	216	388
18150	18200	311	514	20550	20600	284	478	22950	23000	249	433	25350	25400	215	387
18200	18250	311	514	20600	20650	283	477	23000	23050	249	432	25400	25450	214	386
18250	18300	311	514	20650	20700	283	476	23050	23100	248	431	25450	25500	213	385
18300	18350	311	514	20700	20750	282	475	23100	23150	247	430	25500	25550	213	384
18350	18400	311	514	20750	20800	281	474	23150	23200	247	429	25550	25600	212	383
18400	18450	311	514	20800	20850	280	473	23200	23250	246	428	25600	25650	211	382
18450	18500	311	514	20850	20900	280	473	23250	23300	245	427	25650	25700	211	382
18500	18550	311	514	20900	20950	279	472	23300	23350	244	426	25700	25750	210	381
18550	18600	311	514	20950	21000	278	471	23350	23400	244	425	25750	25800	209	380
18600	18650	311	514	21000	21050	277	470	23400	23450	243	424	25800	25850	208	379
18650	18700	311	514	21050	21100	277	469	23450	23500	242	423	25850	25900	208	378
18700	18750	311	513	21100	21150	276	468	23500	23550	242	422	25900	25950	207	377
18750	18800	310	512	21150	21200	275	467	23550	23600	241	421	25950	26000	206	376
18800	18850	309	511	21200	21250	275	466	23600	23650	240	420	26000	26050	206	375
18850	18900	308	510	21250	21300	274	465	23650	23700	239	419	26050	26100	205	374
18900	18950	308	509	21300	21350	273	464	23700	23750	239	418	26100	26150	204	373
18950	19000	307	509	21350	21400	272	463	23750	23800	238	418	26150	26200	203	372
19000	19050	306	508	21400	21450	272	462	23800	23850	237	417	26200	26250	203	371
19050	19100	306	507	21450	21500	271	461	23850	23900	237	416	26250	26300	202	370
19100	19150	305	506	21500	21550	270	460	23900	23950	236	415	26300	26350	201	369
19150	19200	304	505	21550	21600	270	459	23950	24000	235	414	26350	26400	201	368
19200	19250	303	504	21600	21650	269	458	24000	24050	234	413	26400	26450	200	367
19250	19300	303	503	21650	21700	268	457	24050	24100	234	412	26450	26500	199	366
19300	19350	302	502	21700	21750	267	456	24100	24150	233	411	26500	26550	198	365
19350	19400	301	501	21750	21800	267	455	24150	24200	232	410	26550	26600	198	364
19400	19450	301	500	21800	21850	266	454	24200	24250	231	409	26600	26650	197	364
19450	19500	300	499	21850	21900	265	454	24250	24300	231	408	26650	26700	196	363
19500	19550	299	498	21900	21950	265	453	24300	24350	230	407	26700	26750	195	362
19550	19600	298	497	21950	22000	264	452	24350	24400	229	406	26750	26800	195	361
19600	19650	298	496	22000	22050	263	451	24400	24450	229	405	26800	26850	194	360
19650	19700	297	495	22050	22100	262	450	24450	24500	228	404	26850	26900	193	359
19700	19750	296	494	22100	22150	262	449	24500	24550	227	403	26900	26950	193	358
19750	19800	295	493	22150	22200	261	448	24550	24600	226	402	26950	27000	192	357
19800	19850	295	492	22200	22250	260	447	24600	24650	226	401	27000	27050	191	356
19850	19900	294	491	22250	22300	260	446	24650	24700	225	400	27050	27100	190	355
19900	19950	293	491	22300	22350	259	445	24700	24750	224	400	27100	27150	190	354
19950	20000	293	490	22350	22400	258	444	24750	24800	224	399	27150	27200	189	353

2018 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			
		No child- ren	One child	Two child- ren			No child- ren	One child	Two child- ren			No child- ren	One child	Two child- ren	
At least	But less than	Your credit is —		At least	But less than	Your credit is —		At least	But less than	Your credit is —		At least	But less than	Your credit is —	
27200	27250	188	352	29600	29650	154	307	32000	32050	119	261	34400	34450	85	216
27250	27300	188	351	29650	29700	153	306	32050	32100	119	260	34450	34500	84	215
27300	27350	187	350	29700	29750	152	305	32100	32150	118	259	34500	34550	83	214
27350	27400	186	349	29750	29800	152	304	32150	32200	117	258	34550	34600	83	213
27400	27450	185	348	29800	29850	151	303	32200	32250	116	257	34600	34650	82	212
27450	27500	185	347	29850	29900	150	302	32250	32300	116	256	34650	34700	81	211
27500	27550	184	346	29900	29950	149	301	32300	32350	115	255	34700	34750	80	210
27550	27600	183	346	29950	30000	149	300	32350	32400	114	255	34750	34800	80	209
27600	27650	183	345	30000	30050	148	299	32400	32450	114	254	34800	34850	79	208
27650	27700	182	344	30050	30100	147	298	32450	32500	113	253	34850	34900	78	207
27700	27750	181	343	30100	30150	147	297	32500	32550	112	252	34900	34950	78	206
27750	27800	180	342	30150	30200	146	296	32550	32600	111	251	34950	35000	77	205
27800	27850	180	341	30200	30250	145	295	32600	32650	111	250	35000	35050	76	204
27850	27900	179	340	30250	30300	144	294	32650	32700	110	249	35050	35100	75	203
27900	27950	178	339	30300	30350	144	293	32700	32750	109	248	35100	35150	75	202
27950	28000	178	338	30350	30400	143	292	32750	32800	109	247	35150	35200	74	201
28000	28050	177	337	30400	30450	142	291	32800	32850	108	246	35200	35250	73	200
28050	28100	176	336	30450	30500	142	291	32850	32900	107	245	35250	35300	73	200
28100	28150	175	335	30500	30550	141	290	32900	32950	106	244	35300	35350	72	199
28150	28200	175	334	30550	30600	140	289	32950	33000	106	243	35350	35400	71	198
28200	28250	174	333	30600	30650	139	288	33000	33050	105	242	35400	35450	70	197
28250	28300	173	332	30650	30700	139	287	33050	33100	104	241	35450	35500	70	196
28300	28350	173	331	30700	30750	138	286	33100	33150	104	240	35500	35550	69	195
28350	28400	172	330	30750	30800	137	285	33150	33200	103	239	35550	35600	68	194
28400	28450	171	329	30800	30850	137	284	33200	33250	102	238	35600	35650	68	193
28450	28500	170	328	30850	30900	136	283	33250	33300	101	237	35650	35700	67	192
28500	28550	170	327	30900	30950	135	282	33300	33350	101	237	35700	35750	66	191
28550	28600	169	327	30950	31000	134	281	33350	33400	100	236	35750	35800	65	190
28600	28650	168	326	31000	31050	134	280	33400	33450	99	235	35800	35850	65	189
28650	28700	167	325	31050	31100	133	279	33450	33500	98	234	35850	35900	64	188
28700	28750	167	324	31100	31150	132	278	33500	33550	98	233	35900	35950	63	187
28750	28800	166	323	31150	31200	131	277	33550	33600	97	232	35950	36000	62	186
28800	28850	165	322	31200	31250	131	276	33600	33650	96	231	36000	36050	62	185
28850	28900	165	321	31250	31300	130	275	33650	33700	96	230	36050	36100	61	184
28900	28950	164	320	31300	31350	129	274	33700	33750	95	229	36100	36150	60	183
28950	29000	163	319	31350	31400	129	273	33750	33800	94	228	36150	36200	60	182
29000	29050	162	318	31400	31450	128	273	33800	33850	93	227	36200	36250	59	182
29050	29100	162	317	31450	31500	127	272	33850	33900	93	226	36250	36300	58	181
29100	29150	161	316	31500	31550	126	271	33900	33950	92	225	36300	36350	57	180
29150	29200	160	315	31550	31600	126	270	33950	34000	91	224	36350	36400	57	179
29200	29250	160	314	31600	31650	125	269	34000	34050	91	223	36400	36450	56	178
29250	29300	159	313	31650	31700	124	268	34050	34100	90	222	36450	36500	55	177
29300	29350	158	312	31700	31750	124	267	34100	34150	89	221	36500	36550	55	176
29350	29400	157	311	31750	31800	123	266	34150	34200	88	220	36550	36600	54	175
29400	29450	157	310	31800	31850	122	265	34200	34250	88	219	36600	36650	53	174
29450	29500	156	309	31850	31900	121	264	34250	34300	87	218	36650	36700	52	173
29500	29550	155	309	31900	31950	121	263	34300	34350	86	218	36700	36750	52	172
29550	29600	155	308	31950	32000	120	262	34350	34400	86	217	36750	36800	51	171

2018 Indiana Earned Income Credit (EIC) Table — Continued

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —		
		No child- ren	One child	Two child- ren			No child- ren	One child	Two child- ren			No child- ren	One child	Two child- ren
At least	But less than	Your credit is —			At least	But less than	Your credit is —			At least	But less than	Your credit is —		
36800	36850	50	170	39200	39250	16	125	41600	41650	79	44000	44050	34	
36850	36900	50	169	39250	39300	15	124	41650	41700	78	44050	44100	33	
36900	36950	49	168	39300	39350	14	123	41700	41750	77	44100	44150	32	
36950	37000	48	167	39350	39400	14	122	41750	41800	76	44150	44200	31	
37000	37050	47	166	39400	39450	13	121	41800	41850	75	44200	44250	30	
37050	37100	47	165	39450	39500	12	120	41850	41900	74	44250	44300	29	
37100	37150	46	164	39500	39550	11	119	41900	41950	73	44300	44350	28	
37150	37200	45	164	39550	39600	11	118	41950	42000	73	44350	44400	27	
37200	37250	45	163	39600	39650	10	117	42000	42050	72	44400	44450	26	
37250	37300	44	162	39650	39700	9	116	42050	42100	71	44450	44500	25	
37300	37350	43	161	39700	39750	9	115	42100	42150	70	44500	44550	24	
37350	37400	42	160	39750	39800	8	114	42150	42200	69	44550	44600	23	
37400	37450	42	159	39800	39850	7	113	42200	42250	68	44600	44650	22	
37450	37500	41	158	39850	39900	6	112	42250	42300	67	44650	44700	21	
37500	37550	40	157	39900	39950	6	111	42300	42350	66	44700	44750	20	
37550	37600	40	156	39950	40000	5	110	42350	42400	65	44750	44800	19	
37600	37650	39	155	40000	40050	4	110	42400	42450	64	44800	44850	19	
37650	37700	38	154	40050	40100	4	109	42450	42500	63	44850	44900	18	
37700	37750	37	153	40100	40150	3	108	42500	42550	62	44900	44950	17	
37750	37800	37	152	40150	40200	2	107	42550	42600	61	44950	45000	16	
37800	37850	36	151	40200	40250	1	106	42600	42650	60	45000	45050	15	
37850	37900	35	150	40250	40300	1	105	42650	42700	59	45050	45100	14	
37900	37950	34	149	40300	40350		104	42700	42750	58	45100	45150	13	
37950	38000	34	148	40350	40400		103	42750	42800	57	45150	45200	12	
38000	38050	33	147	40400	40450		102	42800	42850	56	45200	45250	11	
38050	38100	32	146	40450	40500		101	42850	42900	55	45250	45300	10	
38100	38150	32	146	40500	40550		100	42900	42950	55	45300	45350	9	
38150	38200	31	145	40550	40600		99	42950	43000	54	45350	45400	8	
38200	38250	30	144	40600	40650		98	43000	43050	53	45400	45450	7	
38250	38300	29	143	40650	40700		97	43050	43100	52	45450	45500	6	
38300	38350	29	142	40700	40750		96	43100	43150	51	45500	45550	5	
38350	38400	28	141	40750	40800		95	43150	43200	50	45550	45600	4	
38400	38450	27	140	40800	40850		94	43200	43250	49	45600	45650	3	
38450	38500	27	139	40850	40900		93	43250	43300	48	45650	45700	2	
38500	38550	26	138	40900	40950		92	43300	43350	47	45700	45750	1	
38550	38600	25	137	40950	41000		91	43350	43400	46	45750	45800	1	
38600	38650	24	136	41000	41050		91	43400	43450	45				
38650	38700	24	135	41050	41100		90	43450	43500	44				
38700	38750	23	134	41100	41150		89	43500	43550	43				
38750	38800	22	133	41150	41200		88	43550	43600	42				
38800	38850	22	132	41200	41250		87	43600	43650	41				
38850	38900	21	131	41250	41300		86	43650	43700	40				
38900	38950	20	130	41300	41350		85	43700	43750	39				
38950	39000	19	129	41350	41400		84	43750	43800	38				
39000	39050	19	128	41400	41450		83	43800	43850	37				
39050	39100	18	128	41450	41500		82	43850	43900	37				
39100	39150	17	127	41500	41550		81	43900	43950	36				
39150	39200	16	126	41550	41600		80	43950	44000	35				

Line 6 – Lake County (Indiana) Residential Income Tax Credit

You may be eligible to claim a Lake County (Indiana) Residential Income Tax credit if you meet **all three** of the following requirements.

1. **You paid property tax to Lake County (Indiana) on your residence.** Your “residence” is your principal dwelling. You must either own or be buying the residence under contract, and must pay property tax to Lake County (Indiana) on that residence.
2. **Your Modified Indiana Adjusted Gross Income (AGI) is less than \$18,600.**
3. **You are not claiming the homeowner’s residential property tax deduction on Indiana Schedule C, line 2.** If you are claiming this credit, make sure to see the **Final Step** after *Worksheet B*.

Complete the following steps to see if you are eligible to claim this credit.

Step 1

Did you pay property tax to Lake County (Indiana) on your residence during the year? Yes No
 If you answered “no”, **STOP**. You do not qualify for this credit.
 If you answered “yes”, continue to Step 2.

Step 2

1. First, prepare your state tax return (Form IT-40PNR) through line 7. Enter amount from line 7 here..... 1 _____
2. Enter any Homeowner’s Residential Property Tax Deduction reported on Schedule C, line 2 2 _____
3. Modified Indiana AGI. Add lines 1 and 2, enter result here and continue to Step 3 3 _____

Step 3

- If the amount from Step 2, line 3 is greater than \$18,599, **STOP**. You do not qualify for this credit.
- If the amount from Step 2, line 3 is less than \$18,000, go to *Worksheet A* to figure your credit.
- If the amount from Step 2, line 3 is between \$18,000 and \$18,599, go to *Worksheet B* to figure your credit.

Worksheet A:

Complete if the answer from Step 2, line 3 is less than \$18,000.

- A1** Enter the amount of Indiana property tax you paid on your Lake County residence **A1** \$ _____
- A2** Maximum credit..... **A2** \$ 300
- A3** Enter the smaller of A1 or A2. This is your credit. Enter here and on Schedule F, line 6, and skip to the Final Step below **A3** \$ _____

Worksheet B: Indiana AGI Phaseout

Complete if the answer from Step 2, line 3 is between \$18,000 and \$18,600.

- B1** Allowable maximum Indiana AGI..... **B1** \$ 18,600
- B2** Enter the amount from Step 2, line 3 **B2** \$ _____
- B3** Subtract B2 from B1 (if answer is zero or a negative amount, **STOP**. You do not qualify for this credit) **B3** \$ _____
- B4** Multiply the amount on B3 by 0.5. Round answer; see page 6 for rounding instructions..... **B4** \$ _____
- B5** Enter the amount of Indiana property tax you paid on your Lake County residence **B5** \$ _____
- B6** Enter the smaller of B4 or B5. This is your credit. Enter here and on Schedule G, line 6, and continue to the **Final Step** below **B6** \$ _____

Final Step

Remember, you are not eligible to claim both the Homeowner’s Property Tax Deduction and the Lake County Residential Income Tax Credit in the same year. Therefore, if you are claiming this credit, make sure to remove any Homeowner’s Property Tax Deduction reported on Schedule C, line 2.

Lines 7 and 8:

Economic Development for a Growing Economy Credit (EDGE)

Economic Development for a Growing Economy Retention Credit (EDGE-R)

If you have business income (including partnership or S corporation income) you may be eligible for one or both of these credits. These credits are available to businesses who conduct certain activities that are designed to foster job creation and/or job retention in Indiana.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

Schedule F: Credits continued

Contact the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204, for eligibility requirements, or visit <https://iedc.in.gov> for additional information.

To claim these credits you must complete and enclose Schedule IN-EDGE or Schedule IN-EDGE-R, which are located online at www.in.gov/dor/6281.htm. The information to be reported on Schedule IN-EDGE or Schedule IN-EDGE-R is located on the Indiana Schedule IN K-1 or on the approved credit agreement letter from the IEDC.

Schedule IN-DONATE

Each of the following funds has been assigned a three-digit code number. When listing your contribution on Schedule IN-DONATE under line 1, enter the name of the fund, the three-digit code number and the amount to be contributed.

You may contribute all or a portion of your Form IT-40PNR, line 16 overpayment to the following funds:

- **Indiana Nongame Wildlife Fund 200**

The Indiana Wildlife Diversity Program offers you the opportunity to play an active role in conserving Indiana's nongame and endangered wildlife. This program is funded through public donations to the Indiana Nongame Wildlife Fund. The money you donate goes directly to the protection and management of more than 750 wildlife species in Indiana - from songbirds and salamanders to state-endangered Trumpeter swans and spotted turtles.

Enter both the name of the fund and the amount you wish to donate under line 1, and enter 200 as the designated 3-digit code number. Also, see the Limitation in the next column.

If you do not have an overpayment, but want to support the Wildlife Diversity Section, do not change your tax return. You may make a contribution online at www.in.gov/dnr/fishwild/3316.htm.

- **Military Family Relief Fund 201**

The Indiana Department of Veterans Affairs' Military Family Relief Fund provides emergency grants to be used by military and veteran families. The funds can be utilized for needs such as food, housing, utilities, medical services, transportation, and other essential family support expenses which have become difficult to afford. The Military Family Relief Fund has helped more than 2,000 families since its inception in 2007.

Enter both the name of the fund and the amount you wish to donate under line 1, and enter 201 as the designated 3-digit code number. Also, see the Limitation below.

If you do not have an overpayment, but want to support the Military Family Relief Fund, you may make a contribution by writing a check made payable to the Military Family Relief Fund and send it to the Indiana Department of Veterans Affairs, 302 W. Washington Street, Suite E-120, Indianapolis, IN 46204.

Read more about this fund and other programs available for Hoosier veteran's online at www.in.gov/dva.

- **Public K – 12 Education Fund 202**

You may donate all or a portion of your overpayment to help fund public education for kindergarten through grade 12 in Indiana. Enter both the name of the fund and the amount you wish to donate under line 1, and enter 202 as the designated 3-digit code number. Also, see the Limitation below.

Limitation

The combination of the amounts you wish to donate to these funds **cannot exceed** the overpayment shown on Form IT-40PNR, line 16.

- If the total of the donations designated on this schedule is more than your available overpayment, the donation(s) will be reduced on a pro rata basis. For example, Sam wants to donate \$20 to each fund, for a total of \$60. His actual overpayment is \$51. The donations to the three funds have been evenly reduced to \$17 each.
 - If you entered a donation to one or more of these funds, and wish to apply some of your overpayment to next year's estimated tax account, the overpayment will be applied first to the selected fund(s) and then to the estimated tax account. Any remaining overpayment will be refunded to you. For example, Aaron donated \$100 to the Indiana Nongame Wildlife Fund, and is applying \$50 to next year's estimated tax account. His actual overpayment is only \$110. The full \$100 will be applied to the selected fund; the remaining \$10 will be applied to next year's estimated tax account.
-

Schedule G: Offset Credits

Note. The following credits cannot be refunded; their purpose is to help reduce your state and/or county tax liabilities. See the *Combined Limitation* areas after the instructions for line 3 on page 53 and line 7 instructions (on page 62).

Line 1 – Credit for Local Taxes Paid Outside of Indiana

If you figured county tax on Form IT-40PNR, line 9, and had to pay a local income tax outside Indiana, you may be able to take a credit. This credit applies only if the tax you paid outside Indiana was to another city, county, town, or other local governmental entity, and they did not refund the tax or give you a credit for Indiana county tax.

The credit can be used to reduce your county tax liability. Carefully read instructions for Line B below.

Complete lines A, B and C to figure your credit.

- A. Enter the amount of tax paid to the non-Indiana locality A _____
- B. Multiply the amount of income taxed by the non-Indiana locality by the rate from Schedule CT-40PNR, Section 1, line 4, or Section 2, line 6. Enter result here B _____
- C. Enter the amount of Indiana county income tax shown on Form IT-40PNR, line 9... C _____

The amount of the credit is the lesser of the amounts on A, B or C.

*Do not include any county tax reported on Schedule E: Other Taxes, line 4.

Note. See the **Combined Limitation** in the next column.

Important. You must enclose either a copy of your W-2s or other withholding statements showing the non-Indiana locality amount withheld or a copy of the non-Indiana locality tax return.

Remember, you can use this credit only if you have **both**:

- A county tax amount on Form IT-40PNR, line 9, and
- A local income tax that you had to pay outside Indiana.

Line 2 – Community Revitalization Enhancement District Credit

A state **and** local income tax liability credit is available for a qualified investment made within a community revitalization enhancement district. The expenditure must be made under a plan adopted by an advisory commission on industrial development and approved by the Indiana Economic Development Corporation before it is made. The credit is equal to 25 percent of the qualified investment made by the taxpayer during the taxable year.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

The allowable credit is the lesser of the available credit, or the county tax due on line 9 of Form IT-40PNR. Also, claim any unused amount (within certain limitations) on Schedule G under line 6 (see instructions for this credit on page 58).

Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204 for additional information.

Note. See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** below for additional limitations.

Line 3 – Other Local Credits

Currently, there are no other local credits available to be reported in this space.

Restriction for Certain Tax Credits - Limited to One Per Project

A taxpayer may not be granted more than one credit for the same project. The credits that are subject to this limitation are the Alternative Fuel Vehicle Manufacturer Credit, Community Revitalization Enhancement District Credit, Enterprise Zone Investment Cost Credit, Hoosier Business Investment Credit, Industrial Recovery Credit, and the Venture Capital Investment Credit.

For more information see Commissioner’s Directive #29 at www.in.gov/dor/3617.htm. Apply this restriction first when figuring your credits. Then apply the following **Combined Limitation**.

Combined Limitation: There is one final limitation if you claim more than one credit on lines 1 through 3 of Schedule G. These credits, *when combined*, cannot be greater than the county tax shown on Form IT-40PNR line 9; if they are, adjust the amounts before you enter them. See the following *Order of Application* and examples for guidance.

Order of Application

First, use the credits which cannot be carried over and applied against your county tax in another year. These credits include the credit for local taxes paid outside Indiana. Then, use any community revitalization enhancement district credit.

How to Adjust the Amount of Credit to be Entered (Example)

Example. Megan is eligible to claim a \$100 credit for local taxes paid outside Indiana plus a \$200 community revitalization enhancement district credit (CREED), for a \$300 total amount in offset credits.

Her county tax due (IT-40PNR, line 9) is \$160. Since her combined credits are \$140 more than her county tax due, she should reduce the last entry (the \$200 CREED credit) by the \$140 difference to \$60. She will enter the full \$200 credit for local taxes paid outside Indiana on Schedule G, line 1, and the \$60 limited CREED credit on line 3a.

Note. Megan may use the \$140 remaining CREED credit to offset any state tax due on this year's tax return (IT-40PNR, line 8). See additional instructions for the CREED credit on page 48.

Line 4 – College credit

If you donated money or property to an Indiana college or university, you may be able to take a credit of up to \$100 on a single return or \$200 on a joint return. To claim this credit you must complete and attach Schedule CC-40. Contact the department to get more information and the Schedule CC-40 at www.in.gov/dor/6281.htm and Income Tax Information Bulletin #14 at www.in.gov/dor/3650.htm. You must maintain documentation of your contributions as the department can require you to provide this information at a later date.

Important. You must maintain documentation of your contributions. The department can require you to provide this information at a later date.

Note. Tuition paid to a college or university is not a contribution, and does not qualify for this credit. Also, see the **Combined Limitation** on page 62.

Line 5 – Credit for Taxes Paid to Other States

If you received income from another state while you were an Indiana resident, you must report that income on your Indiana income tax return. You may be able to take a credit for taxes paid to another state. If you had income from another state, and had to pay taxes to that state, read the following instructions carefully.

If you were an Indiana resident during part or all of the tax year and had income from any of the states listed in Group A below, you should first find out what the other state's rules are concerning the taxation of your income.

Group A

No Agreement (Credit taken on resident return)

Alabama	Louisiana	New York
Arkansas	Maine	North Carolina
California	Maryland	North Dakota
Colorado	Massachusetts	Oklahoma
Connecticut	Minnesota	Rhode Island
Delaware	Mississippi	South Carolina
Georgia	Missouri	Tennessee*
Hawaii	Montana	Utah
Idaho	Nebraska	Vermont
Illinois	New Hampshire*	Virginia
Iowa	New Jersey	West Virginia
Kansas	New Mexico	

Any foreign countries or U.S. possessions

*Capital gain, interest, and dividends only.

Group A Worksheet

- A. Enter the amount of tax paid to the other state. (This does not mean the tax withheld from your wages, but the actual tax figured on the other state's return)A _____
- B. Multiply the amount of income from the other state (that is subject to Indiana tax) by 3.23% (.0323)B _____
- C. Enter the amount of Indiana state income tax shown on Form IT-40PNR line 8C _____

The lesser of the amounts on A, B or C is your allowable credit for taxes paid to other states.

You must enclose a copy of the income tax return (not just the W-2 forms) you filed with the other state to claim this credit. If the other state's return is not enclosed, the credit will not be allowed. Likewise, if you have a foreign tax credit, complete the Group A Worksheet and enclose federal Form 1116. If Form 1116 was not required, attach Forms 1099-INT and/or 1099-DIV (or a substitute statement) to verify the foreign tax and amount of income being taxed.

Exception. Gambling winnings from other states. If, during your Indiana residency, you had gambling winnings from another state, and you are not required to file a return with that state, attach the W-2G issued by that state. Use the amount of state tax withheld by that state on Line A of the Group A Worksheet.

Group B

Reciprocal Agreement (Wages, Salaries, Tips, and Commissions Only)

Kentucky Michigan Ohio
Pennsylvania Wisconsin

If you were an Indiana resident during the tax year and had income from one of the states listed in Group B, you are covered by a reciprocal agreement. However, this agreement only applies to income from wages, salaries, tips and commissions. If you had other types of income from these states (such as business income, farm income, etc.), use the Group A Worksheet to figure your credit.

Normally, employers in these states will withhold Indiana state tax from your wages because of the reciprocal agreement. However, if the state tax they withheld is not for Indiana, you must file a claim for refund with that state. You still have to include this income on your Indiana return and pay the Indiana tax. You will get some or all of the other state's taxes back by filing a refund claim with them.

If you were a full-resident of one of the reciprocal states and had other types of income from Indiana, or were a part-year Indiana resident, you will need to file form IT-40PNR.

Note. Winnings from Indiana **riverboats** and **lotteries** are not eligible for the reciprocal agreement.

Caution. You may have to make estimated tax payments to Indiana. If the reciprocal state employer does not withhold Indiana withholding on your wage income, or does not withhold enough, you may need to make estimated tax payments.

If you were a full-year resident of one of the reciprocal states and your only income from Indiana was from wages, salaries, tips, and commissions, you should file Form IT-40RNR, Reciprocal Nonresident Income Tax Return. If you were a resident of one of the reciprocal states and had other types of income from Indiana, or were a part-year Indiana resident, you will need to file Form IT-40PNR.

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona Oregon Washington D.C.

If you were an Indiana resident during the tax year and had income from one of the states in Group C, you must pay Indiana tax on all your income. You will also need to file a nonresident return with the other state and claim a credit on their tax return for the Indiana tax paid.

If you were a resident of a Group C state and had income from Indiana, you must file an Indiana nonresident return, figure your tax, and then claim a credit for taxes paid to other states on the Indiana nonresident return. Make sure to attach a copy of the other state's return to substantiate the credit.

Note. Beginning with the 2017 tax year, California is no longer treated as a reverse credit agreement state. Instead, it has been added to the Group A list above. See Information Bulletin 28 at www.in.gov/dor/reference/files/ib28.pdf for additional information.

Group D

No State Income Tax (No credit allowed)

Alaska Florida Nevada
South Dakota Texas Washington
Wyoming

If you were an Indiana resident during the tax year and had income from one of the states in Group D, you are not allowed to claim this credit. These states do not have an income tax. You must file an Indiana resident return and pay Indiana tax on all your income.

Note. See the **Combined Limitation** on page 62.

Line 6 – Other Credits

Each of the following credits has been assigned a three-digit code number. When claiming the credit on Schedule G under line 6, enter the name of the credit, the three-digit code number and the amount claimed.

Adoption Credit 859

You may be eligible to claim an adoption credit on your state tax return if you claimed an adoption credit on your federal tax return. The amount of the credit may be as much as 10 percent of the federal credit allowed per child, or \$1,000 per child, whichever is less. Complete Worksheet B on the next page to figure your credit.

Federal adoption carryforward credits.

A carryforward credit claimed on federal Form 8839 may be allowed if any of it is from tax year 2015 and/or 2016 (carryforward credits from years prior to 2015 are not allowed when figuring the Indiana adoption credit).

Federal Adoption Credit Carryforward Calculation

Use *Worksheet A-1* to figure each child's pro rata share of any 2015 carryforward credit shown on line 15 of the 2016 Adoption Credit Carryforward Worksheet (from the 2016 instructions for federal Form 8839) . Enter that amount in the appropriate column on line 6 of Worksheet B.

Use *Worksheet A-2* to figure each child's pro rata share of any 2016 carryforward credit shown on line 17 of the 2016 Adoption Credit Carryforward Worksheet (from the 2016 instructions for federal Form 8839) . Enter that amount in the appropriate column on line 6 of Worksheet B.

Use *Worksheet A-3* to figure each child's pro rata share of any 2017 carryforward credit shown on line 20 of the 2017 Adoption Credit Carryforward Worksheet (from the 2017 instructions for federal Form 8839) . Enter that amount in the appropriate column on line 8 of Worksheet B.

If you have no federal adoption credit to carry forward from either 2015 or 2016, skip Worksheets A-1 and A-2 and complete Worksheet B.

Federal Adoption Credit Carryforward

Worksheet A-1: 2015 Carryforward Credit	Child 1	Child 2	Child 3
1. Enter amount from 2015 Form 8839, line 11	\$	\$	\$
2. Enter the amount from 2015 Form 8839, line 12	\$	\$	\$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2015 carryforward credit used in 2018 (line 4 minus line 14 of the 2018 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
5. Multiply line 3 by line 4; round to nearest whole dollar. Enter this amount in the appropriate column on line 6 of Worksheet B below	\$	\$	\$

Federal Adoption Credit Carryforward

Worksheet A-2: 2016 Carryforward Credit	Child 1	Child 2	Child 3
1. Enter amount from 2016 Form 8839, line 11	\$	\$	\$
2. Enter the amount from 2016 Form 8839, line 12	\$	\$	\$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2016 carryforward credit used in 2018 (line 5 minus line 16 of the 2018 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
5. Multiply line 3 by line 4; round to nearest whole dollar. Enter this amount in the appropriate column on line 7 of Worksheet B below	\$	\$	\$

Federal Adoption Credit Carryforward

Worksheet A-3: 2017 Carryforward Credit	Child 1	Child 2	Child 3
1. Enter amount from 2017 Form 8839, line 11	\$	\$	\$
2. Enter the amount from 2017 Form 8839, line 12	\$	\$	\$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2017 carryforward credit used in 2018 (line 6 minus line 18 of the 2018 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
5. Multiply line 3 by line 4; round to nearest whole dollar. Enter this amount in the appropriate column on line 8 of Worksheet B below	\$	\$	\$

Indiana Adoption Credit Calculation

Complete Worksheet B to figure your Indiana adoption credit. Add more columns to the worksheet below if claiming this credit for more than three children.

You will need to have your 2018 federal Form 8839 on hand.

Indiana Adoption Credit Calculation

Worksheet B	Child 1	Child 2	Child 3
1. Enter amount from Form 8839, Line 11, per child	\$	\$	\$
2. Enter the amount from Form 8839, line 12, in each column of this worksheet where there is an amount on line 1	\$	\$	\$
3. Enter the amount from Form 8839, line 15, reduced by the amount on Form 8839, line 13, in each column where there is an amount on line 1 (if equal to or more than amount on line 2, leave blank; skip line 4, enter the amount from line 1 on line 5). If less than zero, leave blank	\$	\$	\$
4. Divide line 1 by line 2; round answer to four decimal places			
5. Multiply line 3 by line 4; round to nearest whole dollar	\$	\$	\$
6. Enter pro rata share of any 2015 adoption carryforward credit from Worksheet A-1, line 5	\$	\$	\$
7. Enter pro rata share of any 2016 adoption carryforward credit from Worksheet A-2, line 5	\$	\$	\$
8. Enter pro rata share of any 2017 adoption carryforward credit from Worksheet A-3, line 5			
9. Add lines 5, 6, 7, and 8	\$	\$	\$
10. Limitation	\$ 10,000	\$ 10,000	\$ 10,000
11. Enter the smaller of line 9 or line 10	\$	\$	\$
12. Multiply line 11 by 10% (.10); round to nearest whole dollar	\$	\$	\$
13. Add all amounts from each column on line 12. Enter total here.	This is your credit		
			\$

See Income Tax Information Bulletin #111 at www.in.gov/dor/3650.htm for more information about this credit.

Maintain with your records a copy of the federal Form 8839, federal Adoption Credit Carryforward Worksheets (if applicable), and Form 1040 as the department can require you to provide this information at a later date.

Enter code 859 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Airport Development Zone Employment Expense Credit 800

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

Enter code 800 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Airport Development Zone Investment Cost Credit 801

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

Enter code 801 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Airport Development Zone Loan Interest Credit 802

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

Enter code 802 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Alternative Fuel Vehicle Manufacturer Credit 845

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

Enter code 845 under line 6 if claiming this credit. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 62 for additional limitations.

Blended Biodiesel Credit 803

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

Enter code 803 under line 6 if claiming this credit. See the **Combined Limitation** on page 62 for additional limitations.

Indiana's CollegeChoice 529 Education Savings Plan Credit 837

You may be eligible for a credit for contributions made to Indiana's CollegeChoice 529 education savings plan. Also, beginning with the 2018 tax year, individuals may now include contributions to fund Indiana K-12 education. While there are many 529 college savings plans available both in Indiana and nation-wide, only contributions made to this specific *CollegeChoice 529 education savings plan* are eligible for this credit.

This plan is administered through the Indiana Education Savings Authority. More information can be obtained online at www.in.gov/tos/iesa and at www.collegechoiceplan.com. See Schedule IN-529 at www.in.gov/dor/6281.htm to figure your credit. This schedule must be enclosed when claiming the credit. Finally, see Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm for more information about this credit.

Enter code 837 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Coal Gasification Technology Investment Credit 806

A credit may be available for a qualified investment in an integrated coal gasification power plant or a fluidized bed combustion technology. This credit is available to pass-through entities, such as members of partnerships and S corporations. You must file an application for certification with the Indiana Economic Development Corporation (IEDC). For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at <https://iedc.in.gov/>. Also, see Income Tax Information Bulletin #99 at www.in.gov/dor/3650.htm for more information.

Enter code 806 under line 6 if claiming this credit. Enclose the certificate of compliance issued by IEDC to support this credit. Also, see the **Combined Limitation** on page 62.

Community Revitalization Enhancement District Credit 808

See the Schedule G line 3 instructions for details about this credit. This credit is available to offset **both** your state and local tax liabilities, and any unused remainder is available to be carried forward. Pass-through entities are eligible for this credit.

If you did not use all of the available community revitalization enhancement district credit on Schedule G, line 3, the remaining credit should be claimed on this line. For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at <https://iedc.in.gov/>.

Note. If you have not used all of the community revitalization enhancement district credit, the unused portion should be carried over to next year's tax return.

Enter code 808 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 62 for additional limitations.

About Enterprise Zone Credits

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Use this website to look up contact information for a particular enterprise zone: www.aiez.org/directory.html.

Sole proprietors who operate and/or invest in a business located in a zone and pass-through entities are eligible to claim the enterprise zone employment expense credit and/or the enterprise zone loan interest credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at <https://iedc.in.gov/> for more information about these credits.

Enterprise Zone Employment Expense Credit 812

This credit is based on qualified investments made within Indiana. It is the lesser of 10 percent of qualifying wages, or \$1,500 per qualified employee, up to the amount of tax liability on income derived from the enterprise zone.

For more information see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule EZ, Parts 1, 2 and 3 at www.in.gov/dor/3515.htm. Also, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at <https://iedc.in.gov/>. Schedule EZ must be enclosed if claiming this credit.

Enter code 812 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Enterprise Zone Investment Cost Credit 813

This credit is based on qualified investments made within Indiana. It can be up to a maximum of 30 percent of the investment, depending on the number of employees, the type of business and the amount of investment in an enterprise zone.

For more information about this credit, see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at: <https://iedc.in.gov/>.

See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 62 for additional limitations.

Enter code 813 under line 6 if claiming this credit.

Enterprise Zone Loan Interest Credit 814

This credit can be for up to 5 percent of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone.

For more information, and how to calculate this credit, get Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule LIC at www.in.gov/dor/3515.htm.

Note. Schedule LIC must be enclosed if claiming this credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at <http://iedc.in.gov/> for additional information.

Enter code 814 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Ethanol Production Credit 815

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

Enter code 815 under line 6 if claiming this credit. See the **Combined Limitation** on page 62 for additional limitations.

Headquarters Relocation Credit 818

A business with annual worldwide revenue of \$50 million, and at least 75 employees, which relocates its corporate headquarters to Indiana may be eligible for a credit. The credit may be as much as 50 percent of the cost incurred in relocating the headquarters.

For more information, including limitations and the application process, see Income Tax Information Bulletin #97 at www.in.gov/dor/3650.htm.

Enter code 818 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Historic Building Rehabilitation Credit 819

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

Enter code 819 under line 6 if claiming this credit. See the **Combined Limitation** on page 62 for additional limitations.

Hoosier Business Investment Credit 820

This credit is for qualified investments, which include the purchase of new telecommunications, production, manufacturing, fabrication, processing, refining or finishing equipment. Pass-through entities are eligible for this credit.

This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at <https://iedc.in.gov/> or call (317) 234-4046 for additional information.

Schedule G: Offset Credits continued

See Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm for more information.

Note. See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 62 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/6281.htm. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

Hoosier Business Investment Credit – Logistics 860

This credit is for qualified expenditures for certain logistics investments. Pass-through entities are eligible for this credit.

This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at <https://iedc.in.gov/> or call (317) 234-4046, and get Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm for additional information.

Note. See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 62 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/6281.htm. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

Indiana’s Research Expense Credit 822

Indiana has a research expense credit that is similar to the federal credit for research and experimental expenses paid in carrying on your trade or business in Indiana. S corporations and partnerships may pass through the credit to their shareholders and partners. Enclose your schedule IN K-1 to support your claim.

A completed Form IT-20REC must be kept with your records as the department can require you to provide this information. Get Form IT-20REC at www.in.gov/dor/5414.htm.

Enter code 822 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

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 organization must have an approved program number from the Indiana Housing and Community Development Authority (IHCDA) before a contribution qualifies for pre-approval. Applications for the credit are filed through the IHCDA.

S corporations and partnerships may take this credit and pass through the unused portion to their shareholders and partners.

To request additional information about the definitions, procedures and qualifications for obtaining this credit, contact: Indiana Housing and Community Development Authority, 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777.

Keep the approval certification from IEDC or letter of assignment with your records as the department can require you to provide this information.

Enter code 823 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

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.” For additional information regarding procedures for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their website at <https://iedc.in.gov/>.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

Enter code 824 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 62 for additional limitations.

Military Base Investment Cost Credit 826

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

Enter code 826 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62 for additional limitations.

Military Base Recovery Credit 827

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. You must enclose approval certification from IEDC or a letter of assignment with your return.

Enter code 827 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62 for additional limitations.

Natural Gas Commercial Vehicle Credit 858

This credit has sunset. No new credit will be allowed for vehicles placed in service after Dec. 31, 2016. However, any previously approved yet unused credit is available to be claimed. This carryforward credit is available to pass-through entities, such as members of partnerships and S corporations.

The carryforward portion of the previously approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/6281.htm. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

Note. See the **Combined Limitation** on page 62 for additional limitations.

Neighborhood Assistance 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.

Important. Do not report fees paid to your neighborhood association on this line. They are not eligible for this credit.

Enter code 828 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

New Employer Credit 850

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

Enter code 850 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62 for additional limitations.

Public School Educator Expense Credit 861

If you are an eligible educator working for an **Indiana** school corporation, you may be entitled to a credit for qualified expenses paid for certain classroom supplies. The credit can be as much as \$100 (\$200 if married filing joint and both spouses meet the requirements, but not more than \$100 each).

You are an **eligible educator** if, during the taxable year, you are employed as a Kindergarten – 12 Indiana public school:

- Teacher
- Librarian
- Counselor
- Principal
- Superintendent

Public school means a school maintained by an Indiana school corporation, and includes charter schools. Private schools, parochial schools and homeschools are not public schools.

Qualified expenses are amounts you paid or incurred during the tax year for certain classroom supplies, which include books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that you use in the classroom. For courses in health and physical education, expenses for supplies are qualified expenses only if related to athletics.

Important. Qualified expenses **do not** include certain expenses for professional development courses related to the curriculum, or to the students, that the educator teaches.

Reimbursements. You must reduce your expenses for the qualified supplies by any reimbursements you received that were not included in box 1 of your Form W-2.

Example 1. Jonah spent \$40 for qualified supplies; he was reimbursed for \$30 out of petty cash, none of which was included on his W-2. He will claim the \$10 difference as a credit.

Figure the credit. The amount of the credit is the lesser of:

1. The total amount paid for qualified supplies, less any reimbursements for those qualified supplies not included on line 1 of your W-2, or
2. \$100.

Example 2. Liam was an 8th grade teacher for four months at an Indiana public school. During that time period he spent \$314 for qualified supplies. He is eligible to claim a \$100 credit.

Example 3. Chris and Pat are employed as teachers at an Indiana public high school. They are filing a joint tax return. During the year Chris spent \$74 for qualified supplies; Chris's credit is \$74. Pat spent \$214 for qualified supplies; Pat's credit is \$100 (limited to the lesser of the amount Pat spent or \$100). They will claim a \$174 combined credit.

Important. Make sure to keep a copy of the expense receipts used to figure this credit as the department can require you to provide this information at a later date.

Note. Claiming an educator expense deduction on your federal tax return in no way prohibits you from being eligible to claim this credit on your state tax return.

Enter code 861 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 62.

Residential Historic Rehabilitation Credit 831

A credit is available for the repair and rehabilitation of residential property that is listed on the Indiana Register of Historic Sites and Structures, is at least 50 years old, and will be used as your primary residence. All work must meet the Secretary of the Interior's Standards for Rehabilitation of Historic Properties.

For more information about this credit, see Income Tax Information Bulletin #87A at www.in.gov/dor/3650.htm. Also, contact the Office of Community and Rural Affairs at One North Capitol, Suite 600 Indianapolis, IN 46204-2027, call (317) 233-3762, or visit Residential Historic Rehabilitation Credit at www.in.gov/ocra/2284.htm.

Enter code 831 under line 6 if claiming this credit. Also, see the **Combined Limitation** in the next column.

Riverboat Building Credit 832

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

Enter code 832 under line 6 if claiming this credit. See the **Combined Limitation** in the next column for additional limitations.

School Scholarship Credit 849

A credit is available for donations to certain scholarship-granting organizations (SGOs). The amount of credit is equal to 50% of the amount of the contribution. While there are no limits to how much a donor can contribute to a qualified SGO, the entire tax credit program cannot award more than \$14 million in credits per state fiscal year of July 1, 2018 – June 30, 2019.

To qualify for the credit, you must make a contribution to a scholarship granting organization that is certified by the Department of Education. Visit the Indiana Department of Education's website at www.doe.in.gov/choice/school-scholarships for additional information.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/6281.htm. Make sure to enclose this schedule with your tax filing. Also, see the **Combined Limitation** in the next column.

Venture Capital Investment Credit 835

A taxpayer that provides qualified investment capital to a qualified Indiana business may be eligible for this credit.

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, telephone number (317) 232-8827, or visit <https://iedc.in.gov/>.

Enter code 835 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** below and the **Combined Limitation** in the next column for additional limitations.

Restriction for Certain Tax Credits - Limited to One per Project

A taxpayer may not be granted more than one credit for the same project. The credits that are subject to this limitation are the Alternative Fuel Vehicle Manufacturer Credit, Community Revitalization Enhancement District Credit, Enterprise Zone Investment Cost Credit, Hoosier Business Investment Credit, Industrial Recovery Credit, and the Venture Capital Investment Credit. Apply this restriction first when figuring your credits. Then apply the **Combined Limitation** below.

Combined Limitation: There is one final limitation if you have more than one credit to be entered on lines 4 through 7 of Schedule G. These credits, *when combined*, cannot be greater than the state adjusted gross income tax shown on Form IT-40PNR line 8; if they are, adjust the amounts before you enter them. This includes any credits reported on Schedule IN-OCC, and carried to line 7 of Schedule G.

How to Adjust the Amount of Credit to Enter (Examples)

Example. Tanya is eligible to claim both a \$200 College Credit and a \$300 Credit for Taxes Paid to Other States, for a \$500 total amount of offset credits. Her state adjusted gross income tax due (IT-40PNR, line 8) is \$360. Since her combined credits are \$140 more than her state tax due, she should reduce the last entry (the \$300 Credit for Taxes Paid to Other States) by the \$140 difference to \$160. She will enter the full \$200 College Credit on Schedule G, line 4, and the \$160 limited Credit for Taxes Paid to Other States on line 5.

Example. Matthew has a \$500 Indiana College Choice 529 Savings Plan Credit and a \$600 Industrial Recovery Credit. His state adjusted gross income tax due (IT-40PNR, line 8) is \$700. He will report the full \$500 Indiana College Choice 529 Savings Plan Credit on Schedule G, line 6a, and enter \$200 of the Industrial Recovery Credit on line 6b. He will carry the \$400 remaining unused Industrial Recovery Credit over to next year's tax return.

Schedule H

Section 1: Residency Information Your (and Spouse's) Information

Tell us where you were a resident during 2018 by completing this area. Enter the 2-letter name for the other state(s) where you lived.

Complete the area asking for the time period you lived in Indiana and/or other state(s). If you lived in more than one state other than Indiana, let us know where and when.

Note. If you were a resident of a foreign country during all or a part of 2018, enter the 2-letter code "OC" for other country. In addition, indicate whether or not you filed a tax return with the state/country you were a resident of in 2018.

Schedule H

Section 2: Additional Required Information

Line 1 – Federal Filing Information

You must place an “X” in the “yes” or “no” box to answer the question: “Are you filing a federal income tax return for 2018?”

Line 2 – Extension of Time to File Information

Place an “X” in the box on line 2a if you have a federal extension of time to file (you filed federal Form 4868, Form 2350, or made an online extension payment.). Place an “X” in the box on line 2b if you have an Indiana extension of time to file (you filed Form IT-9 or made an online extension payment).

Line 3 – Farmers and Fishermen

Farmers and fishermen have special filing considerations. If at least two-thirds (2/3) of your gross income is from farming or fishing, mark the box provided on Schedule H, line 3. This will make sure that a penalty for the underpayment of estimated tax is not assessed provided you have followed through by:

- Paying all your estimated tax on or by Jan. 15, 2019, and filing your Form IT-40PNR by April 15, 2019, **or**
- Filing your Form IT-40PNR by March 1, 2019, and paying all the tax due at that time. You are not required to make an estimated tax payment if you use this option.

Important. If you have checked the box, you must enclose the completed Schedule IT-2210 to support your claim.

Line 4 – Date of Death

If the taxpayer and/or spouse died during 2018, and this return is being filed with his/her name on it, make sure to enter the month and day of death in the appropriate box. For example, a date of death of Jan. 9, 2018, would be entered as 01/09/2018. See instructions on page 6 for more information.

Note. If the taxpayer and/or spouse died before 2018, or after Dec. 31, 2018, but before filing his or her tax return, do not enter his/her date of death in this box.

Line 5 – Professional Team Member

Place an “X” in the box if you were a professional team member during the year. Also, see instructions for Schedule IN-PRO on page 36 to see if you need to complete it.

Line 6 – Telephone Number and Email Address Information

If this is a joint return, both you and your spouse must sign and date the tax return. Please enter your daytime telephone number so we can call you if we have any questions about your tax return. Also, enter your email address if you would like us to be able to contact you by email.

Personal Representative Information

Typically, the department will contact you (and your spouse, if filing jointly) if there are any questions or concerns about your tax return. If you wish to allow the department to discuss your tax return with someone else (e.g. the person who prepared it, a relative or friend, etc.), you will need to complete this area.

First, you must check the “Yes” box, which follows the sentence, “I authorize the department to discuss my tax return with my personal representative.”

Next, enter the name of the individual you are designating as your personal representative, that person’s telephone number, and that person’s complete address.

If you complete this area, you are authorizing the department to be in contact with someone other than you concerning information about this tax return.

Note. If you are due a refund, it will be paid to you (and your spouse, if filing jointly) even if you designate a personal representative.

You may decide at any time to revoke the authorization for the department to speak with your personal representative. You will need to provide a signed statement indicating you revoke this authorization. Include your name, Social Security number and the year of your tax return. Mail your statement to Indiana Department of Revenue, P.O. Box 40, Indianapolis, IN. 46206-0040.

Paid Preparer Information

Have your paid preparer complete this area (even if the paid preparer is the same individual designated as your personal representative).

The paid preparer must provide:

- The name of the firm that he/she represents,
- The preparer’s tax identification number (PTIN), and
- The firm’s address or his/her address if self-employed.

Opt-Out Designation

There are many benefits to electronic filing, which include:

- Elimination of math errors.
- Faster refunds.

Paid preparers are required to electronically file all Indiana individual income tax returns if they prepare more than 10 tax returns annually. If you use a paid preparer and do not want your tax return to be filed electronically, you must complete a state Form IN-OPT. This form requires your signature (and your spouse’s, if filing jointly), and must be maintained by your paid preparer with his or her records. Get Form IN-OPT at www.in.gov/dor/6281.htm for more information.

Make sure you keep a copy of your completed tax return, including all required enclosures, such as W-2s and schedules.

County Tax: Schedule CT-40PNR

If you live or work in an Indiana county as of January 1 of the tax year, you will probably owe county tax. Complete the county tax Schedule CT-40PNR to figure if you owe, and how much it will be.

County Where You Lived Defined

The county where you lived is the county where you maintained your home on Jan. 1, 2018. If you had more than one home on this date, then your county of residence as of Jan. 1, 2018, was:

- Where you were registered to vote. If this did not apply, then your county of residence was
- Where your personal automobile was registered. If this did not apply, then your county of residence was
- Where you spent the majority of your time in Indiana during 2018.

Did You Move During The Year?

If you moved to another Indiana county (or out-of-state) after Jan. 1, 2018, the county where you lived for tax purposes will not change *until the next year*.

County Where You Worked Defined

The county where you worked (county of principal employment) is the county where your main place of business was located or where your main work activity was performed as of Jan. 1, 2018. If you began working in another county (or out of state) after Jan. 1, 2018, the county where you worked for tax purposes *will not change until next year*.

Example. Jessie worked in Marion County, Indiana, on Jan. 1, 2018. She quit that job and began a new one in Johnson County, Indiana, on Feb. 10, 2018. She will enter the Marion County two-digit code “49” in the *County Where You Worked* box on the front of Form IT-40PNR even though she changed jobs during the year.

If you had more than one job on Jan. 1, 2018, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2018, your county of principal employment was not in Indiana, write county code “00” (out-of-state) in the *County Where You Worked* box on the front of Form IT-40PNR.

Exception. If you worked in any of the following states on Jan. 1, 2018, enter their two-digit code number (instead of 00):

<u>State</u>	<u>Use Code #</u>
Illinois	94
Kentucky	95
Michigan	96
Ohio	97
Pennsylvania	98
Wisconsin	99

Principal Employment Income

You must figure your principal employment income if, on Jan. 1, 2018, you lived out-of-state and were employed in an Indiana county. Your principal employment income is income you earned from your main Indiana work activity (job) for the entire year. See instructions for Section 2, line 1 on page 57 for more information.

Military Personnel

If you were stationed in Indiana, your county of residence is the county where you lived on Jan. 1 of the year you entered the military service. If, on Jan. 1, 2018, you were stationed outside Indiana and your family was with you, write county code “00” (out-of-state) in all the county boxes on the front of Form IT-40PNR (you won’t owe a county tax).

If, however, you maintained your home in an Indiana county and/or your spouse and a family were still living in an Indiana county on Jan. 1, 2018, you are considered to be a resident of that county and will be subject to county tax.

Retired Persons, Homemakers or Unemployed

If you were retired, a homemaker, or were unemployed on Jan. 1, 2018, put your county of residence two-digit code number in both the Indiana County where you lived and *Indiana County Where You Worked* boxes on Form IT-40PNR. **Do not write the word “Retired,” “Homemaker” or “Unemployed” over the boxes.**

Special Note to Married Taxpayers Filing a Joint Return

- If you lived in different Indiana counties on Jan. 1, 2018, you need to figure your county tax separately on Section 1.
- If both of you lived out-of-state on Jan. 1, 2018, but worked in different Indiana counties, you must figure your tax separately on Section 2.
- If only one of you is subject to county tax, then you may use all of the exemptions from Schedule D, line 8, except for your spouse’s personal exemption, to figure your tax.*

**Example.* On Schedule D Jack and Sue claim \$2,000 on line 1, one exemption (\$1,000) on line 2, and one additional dependent exemption (\$1,500) on line 3. The line 6 amount is \$4,500. The line 7 amount is .40. Jack can use \$1,400 (the \$3,500 exemption amount x .40 = \$1,400) to figure his county tax.

County Tax Schedule CT-40PNR Section 1: Line-By-Line Instructions

Where Did You Live?

Did you live in an Indiana county on Jan. 1, 2018? If “yes,” complete Section 1 for yourself, and skip Section 2. If your answer is “no,” skip Section 1 and go to *Section 2: Line-By-Line instructions*.

If you are filing a joint return, did your spouse live in an Indiana county on Jan. 1, 2018? If yes, complete Section 1 for your spouse, and skip Section 2. If your answer is no, skip Section 1 and go to *Section 2: Line-By-Line instructions*.

Line 1 – If you are filing a single return or are married filing separately, enter in Column A the state taxable income from line 7 of Form IT-40PNR.

If you are filing a joint return and you both lived in the same Indiana county on Jan. 1, 2018, enter in Column A the state taxable income from line 7 of Form IT-40PNR. Leave Column B blank.

Example. On Jan. 1, 2018, Jack and Diane lived in the same Indiana county. They will enter their Form IT-40PNR, line 7 combined state taxable income in Column A.

If you are filing a joint return and you and your spouse lived in different Indiana counties on Jan. 1, 2018, enter each person's share of state taxable income from Form IT-40PNR, line 7, in the appropriate columns.

Following are two examples for when a taxpayer and spouse file married filing jointly but live in different Indiana counties on January 1 of the tax year.

Example. Simon and Tina married in 2018 and are filing a joint return. On Jan. 1, 2018, Simon lived in Greene County (Indiana) and Tina lived in Clay County (Indiana). Their federal adjusted gross income is \$55,400. Their Form IT-40PNR line 7 income (subject to tax in Indiana) of \$29,302 includes the following breakdown:

Simon: \$20,000 wages
 + 200 (½ joint interest income)
 - 549 exemption*
 \$19,651 income for CT-40PNR Section 1, line 1 Column A

Tina: \$10,000 wages
 + 200 (½ joint interest income)
 - 549 exemption*
 \$ 9,651 income for CT-40PNR Section 1, line 1 Column B

* *Exemptions.* Schedule D line 8 is $.549 \times \$2,000 = \$1,098$. Simon and Tina will each use one-half of that total, or \$549.

Use of exemptions when separating income. Each individual must use his/her own personal exemption when figuring his/her share of net income subject to county tax. Additional exemptions, such as for dependents, age 65 or older, etc., should be divided up in whole* in a way that provides the most benefit to the individuals. This usually results with the individual with the higher county tax rate using all of the exemptions *except* for his/her spouse's personal exemption.

*Exemptions must be assigned in whole (before applying the proration percentage). For example, a \$1,000 exemption may not be separated into \$700 to be used by one spouse, with the remaining \$300 to be used by the other spouse. The full \$1,000 (times the proration percentage) must be used by one spouse only.

Note. The total amount of exemptions used in Section 1 may not be greater than the total amount of exemptions reported on Schedule D, line 8.

Example. Sam and Molly married in January of 2018 and are filing a joint return. On Jan. 1, 2018, Sam lived in County A, which has a county tax rate of .01. Molly lived in County B, which has a county tax rate of .025. They claim their five-year old son Sebastian as a dependent, and also claim him as an additional dependent exemption. Their total exemptions before proration are \$4,500 (\$1,000 each for Sam and Molly, \$1,000 for Sebastian, plus the \$1,500 additional dependent exemption for Sebastian).

Sam's Indiana wage income is \$49,000; Molly's is \$45,000. They claimed a \$2,500 homeowner's property tax deduction. They moved to Minnesota in November of the tax year and earned \$32,000 after moving there. Their proration amount is 75 percent (.75).

Molly will use all of the prorated exemptions except for Sam's personal exemption ($\$1,000 \times .75 = \750) when figuring her share of income subject to county tax since she has the higher county tax rate.

Their individual share of the \$88,125 state taxable income reported on line 7 of their Form IT-40PNR is to be reported on Schedule CT-40PNR between Column A and Column B in the following way:

Sam: \$49,000 wages
 - 1,250 (½ property tax deduction)
 - 750 exemption total (after proration)*
 \$47,000 amount for CT-40PNR Section 1, line 1 Column A

Molly: \$45,000 wages
 - 1,250 (½ property tax deduction)
 - 2,625 exemption total (after proration)*
 \$ 41,125 amount for CT-40PNR Section 1, line 1 Column B

*Sam's prorated exemption total is \$750 ($\$1,000 \times .75$). Molly's prorated exemption total is \$2,625 ($\$3,500 \times .75$).

Sam will enter \$47,000 on line 1A and Molly will enter \$41,125 on line 1B.

Line 2 – Find your county on the County Income Tax Chart located on the back of Schedule CT-40PNR. Find the rate from the *County Tax Rate* column and enter it here.

Line 4 – Add the amounts from line 3, Columns A and B. If you were a Perry County (Indiana) resident and worked in the Kentucky counties of Breckinridge, Hancock or Meade, review Lines 5 and 6 instructions. Otherwise, skip to line 7.

Lines 5 and 6

If you:

- were a Jan. 1, 2018 Perry County resident,
- worked in the Kentucky counties of Breckinridge, Hancock and/or Meade; and
- the income from those counties was subject to either a Kentucky county income tax or a local income tax for a locality in those counties, review the following instructions. Otherwise, skip these lines and go to line 7.

Line 5 – If the Kentucky counties of Breckinridge, Hancock and/or Meade, or a locality located within these counties figured a locality tax on your income, enter the amount of that income here.

Line 6 – Multiply the amount on line 5 by .0181 and enter the result here. Continue to line 7.

Line 7

Subtract any entry on line 6 from the amount on line 4. Continue with Section 2 below if you are married filing jointly and your spouse needs to complete it. Otherwise, enter the result here and on line 9 of Form IT-40PNR.

County Tax Schedule CT-40PNR Section 2: Line-By-Line Instructions

Where Did You Work?

Did you work in an Indiana county on Jan. 1, 2018? If “yes,” complete this section. If your answer is “no,” you will not owe any county tax. Do not complete this section on your behalf.

If you are filing a joint return, did your spouse work in an Indiana county on Jan. 1, 2018? If yes, complete this section. If your answer is “no,” your spouse will not owe any county tax. Do not complete this section on your spouse’s behalf.

Line 1 – Enter your principal employment income that is included on Indiana Schedule A, Section 1, Column B* (if you are a resident of a reciprocal state [Kentucky, Ohio, Pennsylvania, Michigan or Wisconsin], see *Reciprocal state residents* on page 67). This can include income from wages, tips, salaries and commissions; net

self-employment income from federal Schedule C/C-EZ; Schedule IN K-1, and/or net farm income from federal Schedule F. Do not include passive-source income like nonbusiness interest and dividends, pension, capital gains, farm rental, unemployment compensation, etc.

Do not include income from a part-time job if you held it at the same time you had a full-time job.

Example. During 2018, Jake received income from the following Indiana sources (included on Indiana Schedule A, Section 1, Column B):

- \$15,000 from his full-time job (held for the entire year)
- \$1,850 from his part-time job
- \$50 nonbusiness interest income
- \$800 pension income

Jake will enter his \$15,000 principal employment income on line 1.

***Exception.** A spouse of a nonresident military servicemember who claims the nonresident military spouse earned income deduction on Schedule C, line 11, will not owe county tax on that income.

Example. Jo Anne and her husband John are Illinois residents. They moved to Indiana two years ago when John, who is in the military, was stationed in Indiana. She has an Indiana job. Jo Anne reported her \$35,000 Indiana-source wage income on Schedule A, lines 2A and 2B. She reported the \$35,000 as a military spouse earned income deduction on Schedule C, line 11. That \$35,000 income is not subject to Indiana county tax. She will not enter it on Schedule CT-40PNR, Section 2, line 1B.

If you had more than one job at different times during the year (not including part-time employment), and that income is taxed on Indiana Schedule A, Column B, add the income from those jobs and enter here.

Example. Sarah had two full-time jobs in Indiana during the year. She earned \$13,000 from her first job, which she held from January through April. She began a new job in May and worked through year’s end, earning \$21,000. She should enter the \$34,000 combined amount here.

If you worked two or more jobs at the same time, enter the portion you earned from your main job.

Example. Daniel had two jobs at the same time. On Job #1 he worked 30 hours a week and earned \$270 a week. On Job #2 he worked 10 hours a week and earned \$80 a week. Daniel should enter only the amount he earned from Job #1 (\$270 per week) as his principal employment income.

Reciprocal state residents (see instructions on page 9 and under Line 4 in the next column) with Indiana-source income from wages, tips or other compensation may owe county tax on that income even though it's not taxed on Schedule A, Section 1, Column B.

Example. Fred and Deanna are full-year Michigan residents. Deanna earned \$55,000 wage income from an Elkhart, Indiana employer, which is the county where she worked as of Jan. 1, 2018. Fred received \$10,000 winnings from an Indiana riverboat. Fred's gambling income is subject to Indiana state tax (he will report it on Schedule A, line 20, Column B); however, his winnings are not subject to Indiana county tax (he lived and worked in Michigan on Jan. 1, 2018).

Conversely, while Deanna's wage income is not subject to Indiana adjusted gross income tax, it is subject to county tax. Enter her \$55,000 wage income on CT-40PNR, Section 2, line 1B. See **NEW** under Line 4 instructions in the next column and the *Example* for more information on how to figure her county tax.

Line 2 – You may use certain deductions to lower the amount of income to be taxed. These deductions must have been claimed on Indiana Schedule A, Section 2, Column B, or Indiana Schedule C and must have a direct relationship to the income being taxed on line 1.

The allowable deduction from your Indiana Schedule C can include the enterprise zone employee deduction if the deduction is directly related to the income reported on line 1.

The allowable deductions reported on Indiana Schedule A, Section 2, can include the educator expense deduction, certain business expenses of reservists, performing artists and fee-based government officials, health savings account deduction, deductible part of self-employment tax, SEP, SIMPLE and qualified plans, self-employed health insurance deduction, and/or IRA deduction, if the deduction is directly related to the income reported on line 1.

Example. Ann is an Illinois resident teaching in Indiana. Her Indiana wages were \$51,000, which she reported on Schedule A, lines 1A and 1B. She claimed a \$250 educator expense deduction on Indiana Schedule A, Section 2, lines 22A and 22B. She will claim the \$250 educator expense deduction on line 2.

Example. Tim and Jane file a joint tax return and are full-year Illinois residents. Jane does not owe county tax, but Tim does because his business is located in an Indiana county. Jane has a \$21,000 wage income and a \$2,000 IRA deduction. Tim has \$23,000 net income from his Indiana photography shop and claimed a \$700 self-employed SEP deduction. He will enter his \$23,000 income on line 1 of Section 2 and the \$700 SEP deduction on line 2 of Section 2. He is not eligible to take the IRA deduction because the wage income that it is in relation to is not being taxed for county tax purposes (it is associated with Jane's income).

Line 4 – If you are married filing jointly, enter a portion of the your exemption(s) (personal, over 65 and/or blind) included on Schedule D, line 8*. All other filers should enter the total exemptions from Schedule D, line 8*.

You cannot claim your spouse's personal exemption. Exemptions for dependents; and age 65 or older or blind can be claimed by either spouse, as long as the total of line 4, Columns A and B is not greater than the total reported on Schedule D, line 8.

Example. On Schedule D Jack and Sue claim \$2,000 on line 1, one dependent exemption (\$1,000) on line 2, and one additional dependent exemption (\$1,500) on line 3. The line 6 amount is \$4,500. The line 7 amount is .40. Jack can use \$1,400 (the \$3,500 exemption amount x .40 = \$1,400) to figure his county tax.

***NEW** Beginning with the 2018 tax year, **reciprocal state residents** (see instructions on page 9) with Indiana-source income from wages, tips or other compensation (reciprocal income) may not use any exemptions to reduce their income for county tax calculation purposes.

Example. Alex lived in Michigan and worked in Indiana on Jan.1 of the year, earning \$65,000 wages (reciprocal income) from his Elkhart County job.

He also had \$5,000 income from his St. Joseph County, Indiana business (rental income, which is not reciprocal income).

While his wage income is not subject to Indiana income tax, it is subject to county tax. He will complete Schedule CT-40PNR, Section 2, Column A, entering his \$65,000 wage income on lines 1 and 3. He is not eligible to claim any exemptions on line 4.

Line 6 – Find your county on the County Income Tax Chart the back of Schedule CT-40PNR. Find the rate from the *County Tax Rate* column and enter it here.

Note. If you have figured a tax in Section 1 and Section 2, add amounts from Section 1, line 9 and Section 2, line 8, and enter on Form IT-40PNR, line 9.

A stylized torch with a flame at the top, emitting several thin lines radiating outwards, positioned above the letter 'I' in the word 'INDIANA'.

INDIANA
A State that Works

Index to Instructions

2018 Changes3

A	
Additional Required Information: Schedule H, Section 2.....	63
Add-Backs: Treatment of Previously Discontinued Add-Backs....	18
Address Change/Moving?	4
Adjustments to Income Indiana Sch. A, Section 2.....	16
Adoption Credit	56
Airport Development Zone:	
Employment Expense Credit	58
Investment Cost Credit.....	58
Loan Interest Credit	58
Alimony:	
Paid (Deduction).....	18
Received (Income)	14
Alternative Fuel Vehicle Manufacturer Credit	58
Amended Return	4
Amount Due - Payment Options	12
Annual Public Hearing	5
Apportioned Income (Indiana).....	16
Archer MSA Deduction (Other Adjustments).....	18

B	
Business Income (Federal Schedule C)	14
Blended Biodiesel Credit	58
Bonus Depreciation Add-Back	19

C	
Capital Gains/Losses (Federal Schedule D)	14
Certain Business Expenses of Reservists, Etc.	17
Change of Address/Moving?.....	4
Civil Service Annuity Deduction	25
Coal Gasification Technology Investment Credit.....	58
CollegeChoice 529 Education Savings Plan Credit (Indiana)	58
College Credit.....	54
Combined Limitation (Credits).....	53, 62
Community Revitalization Enhancement District Credit	53, 58
Composite Filer Withholding Credits.....	37
County Tax:	
County Where You Lived Defined.....	64
County Where You Worked Defined	64
Military Personnel.....	64
Reciprocal State Residents.....	67
Retired, Homemakers or Unemployed Persons	64
Credit for Local Taxes Paid Outside Indiana.....	53
Credit for Taxes Paid to Other States	54

D	
Death of a Taxpayer:	
Enter Date of Death	7, 63
Filing Requirements	6
How to Cash a Refund	7
How to Sign the Tax Return.....	7
Deferral of Business Indebtedness Discharge Add-Back	19
Deductible Part of Self-Employment Tax	17
Dependents, Exemptions for.....	30

Direct Deposit	11
Disability Retirement Deduction.....	26
Dividend Income and Interest.....	13

E	
Earned Income Credit:	
Instructions.....	38
Tables	46-50
Economic Development for a Growing Economy/Retention Credit	51
Educator Expense Deduction	17
Elderly Persons:	
County Income Tax - Retired Persons	64
Exemption	33
Human Services Deduction	26
Railroad Retirement Benefits Deduction.....	22
Social Security Benefits Deduction.....	22
Unified Tax Credit for the Elderly.....	37
Electronic Filing/INfreefile.....	2, 4
Enclosures	6
Enterprise Zone:	
About Enterprise Zone Credits	59
Employee Deduction	26
Employment Expense Credit	59
Investment Cost Credit.....	59
Loan Interest Credit	59
Estimated Tax:	
Apply Overpayment to Next Year.....	9
Estimated Tax Paid.....	37
Penalty for Underpayment.....	10
Ethanol Production Credit.....	59
Excess Federal Interest Deduction Modification	19
Exemptions:	
Additional Exemption for Certain Dependent Children.....	32
Additional Age 65 or Older.....	33
Age 65 or Older or Blind.....	33
Definitions and Special Rules for Dependents.....	33
Dependents:	
Child	30
Relative	31
Personal, Spouse.....	30
Schedule D: Exemptions.....	30
Schedule IN-DEP	31
Proration (Schedule A, line 21).....	16
Extensions:	
Extensions of Time to File.....	7
Where to Report Extension Payment (Line 3) (Estimated Tax Paid).....	37

F	
Farm Income or Loss	15
Farmers and Fishermen	11, 63
Federal Repatriated Dividend Deduction Add-Back.....	20
Filing Status:	
Married Filing Separately.....	5
Married Persons Who Live Apart.....	5
Same-Sex Marriage Tax Filing Guidelines.....	5
Foreign Country Code.....	5

Forms:	
Choosing the Right Form.....	3
Where to Get Forms:	
Automated Information Line.....	4
Form Order Line (Use Your Telephone)	4
Internet Address	4
Where to Mail Your Return.....	13
Free File (INfreefile)	2, 4

G	
Government or Civic Group Capital Contribution Deduction	26

H	
Headquarters Relocation Credit.....	59
Health Savings Account (Deduction).....	17
Historic Building Rehabilitation Credit.....	59
Homeowner’s Residential Property Tax Deduction.....	21
Hoosier Business Investment Credit	59
Hoosier Business Investment Credit — Logistics.....	60
Household Employment Tax	35
Human Services Deduction.....	26

I	
Income/Loss: Indiana Schedule A, Section 1	13
Income Taxed by Indiana: General Information.....	13
Indiana Nongame Wildlife Fund.....	52
Indiana Partnership Long-Term Care Deduction.....	27
Indiana’s CollegeChoice 529 Education Savings Plan Credit.....	58
Individual Development Account Credit	60
Individual Taxpayer Identification Number (ITIN).....	5
Industrial Recovery Account Credit.....	60
Infrastructure Fund Gift Deduction	27
INfreefile	4
Interest	
Interest and Dividend Income.....	14
Late Payment of Tax.....	12
OOS Municipal Obligation Interest Add-Back.....	19
U.S. Government Obligations Deduction.....	22
Internet Address (Our Website)	4
IRA	
Deduction.....	18
Distribution	14

J	
Jury Duty Pay You Gave Your Employer (Other Adjustments)	18

L	
Lake County Residential Income Tax Credit.....	51
Losses - How to Write Them.....	6
Lottery Winnings Annuity Deduction (Indiana)	26

M	
Mailing Address.....	13
Military Base Investment Cost Credit.....	60
Military Base Recovery Credit.....	60
Military Family Relief Fund Donation	52

Military Issues:	
A Word About Four Military Income Deductions	22
Combat Zone Issues	8, 23, 24
County Tax	64
Exemption Proration.....	16, 33
Extension of Time to File.....	7
Filing Requirements.....	6
Military Retirement Income and/or Survivor's	
Benefits Deduction	27
Military Service Deduction.....	23
National Guard and Reserve Component Members Ded.	27
Nonresident Military Spouse Earned Income Deduction	28
Residency	6
Military Service Deduction.....	23
Moving?/Change of Address.....	4
Moving Expenses.....	17

N	
National Guard and Reserve Component Members Deduction....	27
Natural Gas Commercial Vehicle Credit.....	61
Neighborhood Assistance Credit	61
Net Operating Loss	
Indiana Deduction.....	24
Reporting (Other Income)	16
Net Rent or Royalty Income.....	15
New Employer Credit.....	61
Nongame Wildlife Fund (Indiana).....	52
Nonresidency and Income Taxable to Indiana.....	8
Nonresident Military Spouse Earned Income Deduction	28

O	
Offset of Refund (A Note About Refund Offsets).....	11
Olympic/Paralympic Medal Winners Deduction	28
Opt-Out Designation	63
Other Adjustments	18
Other (Current Year Conformity) Add-Back.....	20
Other Gains/Losses (Federal Schedule 4797)	14
Other Income	16
OOS Municipal Obligation Add-Back	19

P	
Paid Preparer	63
Part-Year Residents.....	6
Partnership Income.....	15
Payment Options (Amount Due).....	12
Payments to Self-Employed, SEP, SIMPLE and Qualified	
Retirement Plans Deduction.....	17
Penalty:	
Late Payment	12
On Early Withdrawal of Savings.....	18
Returned Checks.....	12
Underpaying Estimated Tax	10
Pensions and Annuities	15
Personal Representative:	
How to Authorize	63
How to Revoke	63

Postal/Zip Code	5
Proration of Exemptions.....	16, 33
Private School/Homeschool Deduction.....	23
Professional Team Members.....	36
Property Tax Deduction, Homeowner's	21
Public Hearing	5
Public K-12 Education Fund Donation.....	52
Public School Educator Expense Credit.....	61

Q	
Qualified Advance Mining Safety Equipment Add-Back.....	20
Qualified Disaster Assistance Property Add-Back.....	20
Qualified Electric Utility Amortization Add-Back	20
Qualified Environmental Remediation Costs Add-Back	20
Qualified Film or Television Production Add-Back.....	20
Qualified Leasehold Improvement Property Add-Back	20
Qualified Patents Income Exemption Deduction	29
Qualified Preferred Stock Add-Back.....	20
Qualified Refinery Property Add-Back.....	20
Qualified Restaurant Property Add-Back.....	20
Qualified Retail Improvement Property Add-Back.....	20

R	
Railroad Retirement	
Benefits (Social Security).....	16
Deduction.....	22
Railroad Unemployment and Sickness Benefits	29
Recapture of Indiana's CollegeCredit 529 Education	
Savings Plan Credit.....	36
Reciprocal Agreement.....	9, 67
Reciprocal States, Residents:	
County Tax	67
Special Filing and Income Reporting Instructions.....	9
Recovery of Deductions.....	29
Refunds:	
Deceased Persons.....	7
Direct Deposit (Where's Your Refund?).....	11
Offsets of Money Owed	11
Statute of Limitations (Time Limit to Claim Refund).....	11
Taxable Refunds, Credits or Offsets	11
Where's Your Refund?	11
Rent or Royalty Income (Federal Schedule E)	15
Renter's Deduction	21
Repayment of Previously Taxed Income Deduction	29
Research Expense Credit (Indiana's)	60
Residency:	
Full-Year Nonresident	3, 6
Full-Year Resident.....	3, 6
Information: Indiana Schedule H	62
Part-Year Resident	3, 6
Residential Historic Rehabilitation Credit	62
Returned Checks and Other Types of Payments.....	12
Riverboat Building Credit.....	62
Rounding.....	6

S	
Same-Sex Marriage Tax Filing Guidelines.....	5
S Corporation Income.....	15
Schedule A General Information	12
Schedule IN-PRO.....	36
School Scholarship Credit.....	62
Section 179 Expense Add-Back	19
Self-Employed Health Insurance Deduction	17
Signing Tax Return.....	7, 13
Social Security Benefits.....	16, 22
Social Security Number	5
State Tax Refund Deduction	22
Student Loan Interest Deduction.....	18

T	
Tax Add-Back.....	18
Taxpayer Advocate	13
Telephone Assistance:	
Automated Information Line.....	4
Order Forms (Use Your Telephone).....	4
Trust and Estate Income.....	15

U	
Unemployment Compensation	
Deduction.....	24
Income	15
Unified Tax Credit for The Elderly.....	37
U.S. Government Obligation Interest Deduction.....	22
Use Tax on Out-of-State Purchases	35

V	
Venture Capital Investment Credit.....	62

W	
Wages, Salaries, Tips	14
Web Address (Our Website).....	4
What if You Can't File on Time? (Extension of Time to File)	7
What's New (2018 Changes).....	3
When Should You File?.....	7
Where to Mail Your Tax Return	13
Who Should File?.....	6
Withholding Tax:	
Composite Filers (How to Report Withholding).....	37
County (Indiana)	37
State (Indiana)	37

Z	
Zip/Postal Code	5

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46204-2253



This IT-40PNR booklet contains:

• **Form IT-40PNR and Instructions**

- Schedule A Sections 1, 2 and 3
- Schedule B Add-Backs
- Schedule C Deductions
- Schedule D Exemptions
- Schedule E Other Taxes/Schedule IN-PRO
- Schedule F Credits/Schedule IN-DONATE
- Schedule G Offset Credits
- Schedule H Sections 1 & 2
- Schedule CT-40PNR, County Tax with tax rates
- Schedule IN-DEP, Dependent Information and Additional Dependent Child Information
- Schedule IN-EIC, Earned Income Credit
- Mailing Envelope