INDIANA
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IT-40
Full-Year Resident
Individual Income Tax Booklet

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WAIT!

YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!

INfreefile

More than 85 percent of Indiana taxpayers filed electronically in 2018. 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 to file.

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 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 extension of time to file procedures.

2019 Changes

Update: Line 1 of Form IT-40 assumes conformity with the Internal Revenue Code for federal changes adopted after Jan. 1, 2019. If the 2020 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.

Add-backs
- Updates have been made to the **Bonus Depreciation and Section 179 Expense** add-back instructions. See page 13 for more information.
- The portion of **wagering taxes** required to be added back as a tax based on or measured by income is being phased out. See page 12 for more information.

Credits
- The June 30 deadline for claiming the **Unified Tax Credit for the Elderly** has been eliminated. See page 30 for additional information.
- **School Scholarship Tax Credit Contribution Ceiling Increased.** The total of allowable net contributions to the program has increased to $15 million for the program's fiscal year of July 1, 2019 through June 30, 2020.
- The **Headquarters Relocation Credit** may be refundable beginning with the 2019 tax year. See pages 44 and 51 for more information.
- **New credit recapture schedule.** Schedule IN-CR, Credit Recapture, replaces and enhances Schedule IN-529R, Recapture of Indiana's Col-legeChoice 529 Education Savings Plan Credit. See Schedule 4 Line 3 instructions on page 29 for more information.

Deductions
- Tax on the **Military Retirement Income and/or Survivor's Benefits** is being phased out. See instructions on page 21 to figure your deduction.
- The **Civil Service Annuity Deduction** worksheet has been modified to use both tier 1 and tier 2 railroad retirement income to figure the deduction. See instructions on page 18 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)

Visit a District Office or Library
Tax forms are available at district offices located throughout the state. These offices are open Monday - Friday, 8 a.m. to 4:30 p.m. local time. Visit www.in.gov/dor/3390.htm for a list of these offices, including addresses and telephone numbers. Also, contact your library to find out if they stock any state tax forms.

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 1-800-829-1040 to find the nearest VRPP location. Be sure to take your W-2s, 1099s and a copy of last year's state and federal tax returns.

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 need 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 2018 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.

INfreefile
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 by visiting www.freefile.dor.in.gov.

Our Website
Our website offers tax filing options, a **Spanish version of the IT-40 booklet with forms**, 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 notify 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:
- Fax your request, including your Social Security number, old address, new address, and signature, to 317-615-2608.
- Mail the request, including your Social Security number, old address, new address and signature, to Indiana Department of Revenue, P.O. Box 6197, Indianapolis, IN 46206-6197.
- Visit one of our District Offices (find locations here: www.in.gov/dor/3390.htm) in person. Make sure to bring your Social Security number, old address, and new address with you.

Filing an Amended (Corrected) Tax Return
Did you receive a lateW-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/6524.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 2020. 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 full 9-digit 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 full 9-digit 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 1-800-829-3676 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 alphabetic 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 also must file 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 <u>do</u> <u>not</u> <u>enter</u> 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 2019 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 Marriage Tax Filing Guidelines**
  Couples in same-sex marriages should file with Indiana using the same married filing status as they used for federal tax filing purposes.

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 jointly, lived and worked on Jan. 1, 2019. You can find these code numbers on the chart found on the back of the Schedule CT-40. See the instructions beginning on page 56 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.

Refund Check Address
Your refund check will be issued in the name(s), address and Social Security number(s) shown on your tax return. It is very important that this information is correct and legible. Any wrong information will delay your refund.

Rounding Required
Each line on which an amount can be entered has ".00" already filled-in. This is to let you know that rounding is 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, 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-40 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,
- All 1099Gs 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 tax return, you must file a joint tax return with Indiana. If you and your spouse file separate federal tax returns, you must file separate tax returns with Indiana.

Note. There are three types of Indiana 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.

Full-Year Residents
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 an Indiana tax return.

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

You are a full-year Indiana resident if you maintain your legal residence in Indiana from Jan. 1 – Dec. 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.

*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 24 for additional information concerning how to figure your dependents.

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.

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(s) (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, tips or commissions, then you need to file Form IT-40RNR, Indiana Reciprocal Nonresident Individual Income Tax Return.

Deceased Taxpayers
If an individual died during 2019, or died after Dec. 31, 2019, 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 7. For example, a date of death of Jan. 9, 2019, would be entered as 01/09/2019.

Note. The date of death should not be entered here if the individual died after Dec. 31, 2019, but before filing the tax return. The date of death information will be shown on the individual's 2020 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 please 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 on Form IT-40.

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 enclose a copy of Military Form DD-2058 with 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 56 for an explanation of county of residence for military personnel.

When Should You File?

Your tax return is due April 15, 2020. 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 11 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 IT-40.

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, 2020 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, 2020.

Note. Indiana's extension of time to file, Form IT-9, extends the filing date to Nov. 14, 2020.

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, 2020, for the extension to be valid. Then, make sure to file your tax return by Nov. 14, 2020, 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, 2020, 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, 2020, paying any balance due with that filing. While interest is due on any amount paid after the original April 15 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, 2020, and
- You paid at least 90 percent of the tax expected to be owed by the original April 15 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, 2020.

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, 2020.

Extension Filing Deadline.
Both state Form IT-9 and federal Form 4868 extend your state filing time to Nov. 14, 2020.

Will You Owe Penalty and/or Interest?
Penalty will not be owed if you have:

- Paid 90 percent of the tax you expect to owe by April 15, 2020,
- Filed your tax return by Nov. 14, 2020, and
- Paid any remaining amount due (including interest) with that filing.

Interest is owed on all amounts paid after April 15, 2020. See page 11 for instructions on how to figure interest.

Indiana's Extension of Time to File, Form IT-9
You may get Form IT-9 online at www.in.gov/dor/6524.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, 2020).

Where to Report Your Extension Payment.
Add your state extension payment to any estimated tax paid. Report the total on Schedule 5, 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, 2020.

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).

Form IT-40: Line-by-line instructions

Important. You must complete your federal income tax return, Form 1040/1040SR, before starting your Indiana income tax return. Line numbers from your federal income tax return are referenced in many of the following instructions. While every effort has been made to make the instructions as clear as possible, sometimes the line numbers change on the federal income tax return after the Indiana forms are finalized. Please contact us if you are unsure as to whether or not you are looking at the correct line on your federal income tax return (see page 4 of this booklet for contact information).

When Not to Fill In a Line

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.

Line 1 – Federal Adjusted Gross Income

Enter the adjusted gross income from your federal Form 1040/1040SR, line 8b. If you were not required to file a federal return, complete a "sample" federal return and report the amount you would have shown on your federal return if you had been required to file.

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

Line 2 – Add-Backs

Enter on this line any add-backs from Schedule 1: Add-Backs. Instructions for Schedule 1 begin on page 12. Make sure to enclose Schedule 1 when filing.

Line 4 – Deductions

Enter on this line any deductions from Schedule 2: Deductions. Instructions for Schedule 2 begin on page 15. Make sure to enclose Schedule 2 when filing.

Line 6 – Exemptions

Enter any exemptions from Schedule 3: Exemptions on this line. Instructions for Schedule 3 begin on page 24. Make sure to enclose Schedule 3 when filing.

Line 9 – County Tax

Complete Schedule CT-40 to figure your county tax. Instructions for Schedule CT-40 begin on page 57.

Line 10 – Other Taxes

Enter any other taxes from Schedule 4: Other Taxes on this line. Instructions for Schedule 4 begin on page 29. Make sure to enclose Schedule 4 when filing.

Line 12 – Credits

Enter your credits from Schedule 5: Credits on this line. Instructions for Schedule 5 begin on page 30. Make sure to enclose Schedule 5 when filing.

Line 13 – Offset Credits

Enter the total of any offset credits reported on Schedule 6: Offset Credits on this line. Instructions for Schedule 6 begin on page 45. Make sure to enclose Schedule 6 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 5: Credits, when filing. See page 44 for more information.

Line 19 – Amount to be Applied as a 2020 Estimated Tax Installment Payment

You should pay estimated tax if you expect to have income during the 2020 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/6524.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, 2020, 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 $300 of it to their 2020 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 2020 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 2020 tax year are due by April 15, 2020, June 15, 2020, Sept. 15, 2020 and Jan. 15, 2021. 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, 2020, will be considered to be a 2020 first installment payment; June 3, 2020, will be considered to be a 2020 second installment payment; and July 22, 2020, will be considered to be a 2020 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 11 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 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-40, line 20.
- If you meet an exception, enclose Schedule IT-2210 or IT-2210A to show which exception was met.

*You must have timely paid 100 percent of lines 8 and 9 of your 2018 IT-40 or IT-40PNR. Note: If last year's **Indiana adjusted gross 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 in the next column.

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 15, 2019 first installment due date.

Example. Rachael received a sizeable lump sum distribution in December of 2019. She figured how much estimated tax was due, and paid it in full by the Jan. 15, 2020, 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 2018 and/or 2019 was from farming or fishing.

Option 1. Pay your estimated tax in one payment on or before Jan. 15, 2020, and file your tax return by April 15, 2020; or
Option 2. Make no estimated tax payment and file your tax return and pay all the tax due by March 1, 2020.

Example. More than two-thirds of Henry's gross income is from farming. He should complete Schedule IT-2210. Henry 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/6524.htm to get Schedule IT-2210 or Schedule 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 9.

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 business 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:

- Go to www.in.gov/dor/4339.htm and click *Check the Status of Your Refund.*
- Call (317) 233-4018 for automated refund information.
- 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 2019. In general, a claim for refund must be made by April 15, 2023 (Nov. 14, 2023 if filing under extension). The claim for refund is considered to be made on the day your tax return is postmarked. If you file your 2019 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 22 a, 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.

For more information on direct deposit, please see "Where's Your Refund?" in the left-hand column.

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, 2020 due date and you have an amount due. Penalty is 10 percent (.10) 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
- Have prepaid at least 90 percent of the amount due by April 15, 2020.

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, 2020 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 logging on to www.in.gov/dor/4340.htm. 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, 2020 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 7. 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 7 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 at (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, IN 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 1: 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.

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 14 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.**

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.

Wagering Taxes. The portion of wagering taxes required to be added back as a tax based on or measured by income is being reduced (phased out) each year for eight years. The percentage of taxes required to be added back is determined by the first date of the taxpayer's taxable year, and is determined as follows: 2019 – 87.5% ; 2020 – 75%; 2021 – 62.5%; 2022 – 50%; 2023 – 37.5% 2024 – 25.0%; 2025 – 12.5%; 2026 and later – no add back required

For example, Casino X remits $10,000,000 in riverboat wagering taxes in 2019. Individual owns 10% of Casino X. Individual's share of Casino X's in-come taxes is $1,000,000. Instead of individual adding back the full $1,000,000, Individual will add back $875,000.

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 – Net Operating Loss Add-Back

Any net operating loss (NOL) deduction reported on line 8 of your federal Schedule 1 must be added back on this line. Write the amount of the net operating loss as a **positive** figure. (You may be eligible to claim an Indiana net operating loss deduction on Schedule 2, under line 11.)

Note. Leave this line blank if you did not report a net operating loss deduction on line 8 of your federal Schedule 1.

Line 3 – 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. Interest earned from obligations held or acquired before Jan. 1, 2012, 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.

Line 4 – Current Year Conformity Add-Back

Before this publication was finalized Indiana had not conformed to any changes to the Internal Revenue Code (IRC) that may have become law after Jan. 1, 2019. 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 Jan. 1, 2019, 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 Jan. 1, 2019, 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.

Line 5 – 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, on line 5.

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 will 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 5.

New. Special rules may apply if the bonus depreciation is taken against property acquired in a like-kind exchange. See Information Bulletin #118 at www.in.gov/dor/3650.htm for additional information.

Line 6 – Section 179 Expense Add-Back

You may have figured an IRC Section 179 expense using a ceiling of 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 line 6.

New. Special rules may apply if the Section 179 expensing is taken against property acquired in a like-kind exchange. See Information Bulletin #118 at www.in.gov/dor/3650.htm for additional information.

Line 7 – 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 1 under line 7 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 1 under line 7 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. Individuals should add back the deduction taken on the IRC 965 Transition Tax Statement, line 3. 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 1 under line 7 if reporting this add-back. For additional information see Information Bulletin #116 at www.in.gov/dor/reference/files/ib116.pdf.

Qualified Preferred Stock 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.

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 1 under line 7 if reporting a final catch-up modification.

Schedule 2: 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 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 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.

You cannot claim the renter's deduction if the rental property was not subject to Indiana property tax. Examples of this type of property are:
- Government owned housing,
- Property owned by a nonprofit organization,
- Student housing,
- Property owned by a cooperative association, and
- Property located outside of Indiana.

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. Enclose 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. Emily paid $4,800 in rent on her principal place of residence. She will claim a $3,000 renter's deduction.

Example. Bill paid $400 rent for his first apartment. He moved to another 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 2019 if you are claiming the Lake County residential income tax credit on Schedule 5, line 6.

How do I claim my deduction? Complete the information area on Schedule 2, line 2. Enter the address of your principal residence where the Indiana property tax was paid if it is 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 each owned their own home; they married in 2019. They sold both of their 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 send statements to homeowners showing how much property tax is due on their property. Add together the 2019 spring and fall installments, if you paid both of them. If you received just one installment statement this year for your 2019 property taxes, use the amount paid for that installment.

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. If you cannot locate the information, contact your local county treasurer's office or your mortgage company.

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, then enter that amount here.

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

If the amount on line 1 of Form IT-40 includes interest income, you may be able to take a deduction. If any part of your interest income included on line 1 is from a direct obligation of the U.S. government, you can deduct this amount.

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, <u>do</u> <u>not</u> 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 the railroad retirement benefits that are issued by the U.S. Railroad Retirement Board.

To figure your deduction:

- Enter the amount from federal Form 1040/1040SR, line 5b, on Indiana's Schedule 2, line 5.
- If you have included railroad retirement benefits that are issued by the U.S. Railroad Retirement Board on line 4d of your federal Form 1040/1040SR, then enter that amount on Indiana's Schedule 2, line 6.

Important. Do not enter any other types of pension or retirement income on these lines.

Note. See the *Railroad Unemployment and Sickness Benefits* deduction instructions on page 23 if you have received unemployment and/or sickness benefits from the Railroad Retirement Board.

A Word About the Three Military Income Deductions

Military income recipients may be eligible to claim one or more of the three 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 17 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 plus 25 percent of the amount received that exceeds $6,250. See the *Military Retirement Income and/or Survivor's Benefits Deduction* information on page 21 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 22 to see if you qualify for this deduction.

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

Important. The military service deduction and the military retirement income and/or survivor's benefits deduction are reported in two different places.

- 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 21.

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 22.

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. Mikayla 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.

For more information about this deduction, see Income Tax Information Bulletin #107 at www.in.gov/dor/3650.htm.

Line 9 – Indiana Net Operating Loss Deduction

You may take a deduction for the Indiana portion of the federal net operating loss deduction (NOL) you added back on line 2 of Schedule 1. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2019.)

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/6524.htm, for more information.

Enclose Schedule A from federal Form 1045 and a completed Indiana Schedule IT-40NOL when claiming this deduction.

Also, maintain with your records a copy of the federal Form 1040/1040SR 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 reported unemployment compensation on your federal income tax return. Complete the worksheet on the next page to see if you are eligible. Make sure to enclose your 1099G(s) if you claim the 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 23 for more information.

Line 11 – Other Deductions

Each of the following deductions has been assigned a 3-digit code number. When claiming the deduction on Schedule 2 under line 11, write the name of the deduction, the three-digit code number and the amount claimed.

Civil Service Annuity Deduction 601

The income on line 1 of Form IT-40 may include federal civil service annuity income. If it does, 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 a surviving spouse of a civil service annuitant.

For each civil service annuitant, the deduction is limited to:

- the lesser of the amount of taxable civil service annuity income included in federal adjusted gross income or $16,000,
- less all amounts of Social Security income and tier 1 and tier 2 Railroad Retirement income (issued by the Railroad Retirement Board) received by the civil service annuitant.

Example. The taxable amount of your civil service annuity is $6,000. You received $1,200 in Social Security income. You are age 67.

Here is how to figure your deduction.
Lesser of the taxable amount of the annuity or $16,000.............$6,000
Total of Social Security/tier 1 & tier 2 Railroad Retirement
income.. - $1,200
Allowable deduction $4,800

If you and your spouse both 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.

Matthew's taxable civil service annuity is $13,700; he also received $17,500 in Social Security income. Since the Social Security income he received is greater than the taxable amount of his annuity, he is not eligible for a deduction.

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 IT-40, line 1 (do not include any unemployment compensation issued by the Railroad Retirement Board - see insturctions)	1		
2. Federal adjusted gross income from federal Form 1040/1040SR, line 8b	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 2, line 10	7		

Claire's taxable civil service annuity is $21,900; she also received $6,300 in Social Security income.

Here is how to figure Claire's deduction.

Lesser of the taxable amount of the annuity or $16,000	$16,000
Claire's Social Security income	- $6,300
Allowable deduction	$9,700

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 and tier 2 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 2 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/6524.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 on Schedule 2 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.

Enterprise zones have been established in areas of certain cities/locations. Use this website to look up contact information for a particular enterprise zone: www.aiez.org/directory.html.

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 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).

Enter code 603 on Schedule 2 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 2 under line 11 if claiming this deduction.

Human Services Deduction 605

The human services deduction is intended to eliminate any individual income tax 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
- Certified Christian Science facility.*

The goal of the human services tax deduction is to reduce the affected individual's adjusted gross income tax liability to zero (-0-).

*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 on Schedule 2 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 2 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. Since Jennifer reported her $100,000 annuity payment on her federal tax return this year, she is eligible to claim a $100,000 deduction.

Note. Individuals or entities that have purchased Hoosier Lottery prizes from a winning ticket holder for valuable consideration are not eligible for this deduction.

Enter code 629 on Schedule 2 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 federal Form 1040/1040SR. The Indiana deduction will be the actual amount of these premiums paid, minus any amount of these already reported on federal Form 1040/1040SR.

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 on Schedule 2 under line 11 if claiming this deduction.

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

The income on line 1 of Form IT-40 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.

New. The taxability of this income is being phased out over a four-year period of time. Beginning in 2019, the $6,250 maximum amount eligible to be deducted has increased. You may be eligible to deduct up to $6,250 of these benefits plus 25 percent of the amount received that exceeds $6,250.

Use the worksheet below to figure your deduction.

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

Step 1 **Round all entries**
Add together your military retirement income and survivor's benefits .... $ ________

Step 2
Is the amount on Step 1 greater than $6,250?
A. No. STOP. The amount on Step 1 is your deduction. Enter on Schedule 2, under line 11, using code 632
B. Yes. Continue to Step 3.

Step 3
Subtract $6,250 from the amount on Step 1 .... $ ________

Step 4
Multiply the amount on Step 3 by 0.25 .... $ ________

Step 5
Add $6,250 to the amount on Step 4.
This is your deduction. Enter on Schedule 2, under line 11, using code 632 .... $ ________

If both you and your spouse received military retirement income and/or survivor's benefits, you may each claim the deduction. You must complete a separate worksheet to figure both deductions.

Example. Gabriel and Christina got married during the year. They are filing as married filing jointly. Gabriel received $17,500 military retirement income during the year. Christina received $13,000 military retirement benefits and $8,000 in survivor's benefits. Here's how they will figure and report their deduction:

Worksheet For Gabriel

Step 1 **Round all entries**
Add together Gabriel's military retirement income and survivor's benefits .... $ 17,500

Step 2
Is the amount on Step 1 greater than $6,250?
A. No. STOP. The amount on Step 1 is your deduction. Enter on Schedule 2, under line 11, using code 632
B. Yes. Continue to Step 3.

Step 3
Subtract $6,250 from the amount on Step 1 .... $ 11,250

Step 4
Multiply the amount on Step 3 by 0.25 .... $ 2,813

Step 5
Add $6,250 to the amount on Step 4.
This is your deduction. Enter on Schedule 2, under line 11, using code 632 .... $ 9,063

Worksheet For Christina

Step 1 **Round all entries**
Add together Christina's military retirement income and survivor's benefits .... $ 21,000

Step 2
Is the amount on Step 1 greater than $6,250?
A. No. STOP. The amount on Step 1 is your deduction. Enter on Schedule 2, under line 11, using code 632
B. Yes. Continue to Step 3.

Step 3
Subtract $6,250 from the amount on Step 1 .... $ 14,750

Step 4
Multiply the amount on Step 3 by 0.25 .... $ 3,688

Step 5
Add $6,250 to the amount on Step 4.
This is your deduction. Enter on Schedule 2, under line 11, using code 632 .... $ 9,938

Since both Gabriel and Christina are eligible for a deduction, add the amounts from Step 5 of both worksheets together and report the $19,001 total on Schedule 2, under line 11, using code 632.

Important. You **must** enclose your military retirement income statement(s) and/or survivor's benefit statement(s) 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

Regular military income from being in the reserves and Indiana National Guard is eligible for the Military Service Deduction. See instructions for that deduction on page 17. Do not claim a deduction for this kind of income here.

This deduction is available for *qualified military income** received during the period

- you were mobilized[1] and deployed[2] for full-time service, or
- your Indiana National Guard unit is federalized.

[1]"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.*

[2]"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 a 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 is federalized.

Note. You cannot claim both this deduction and the *Military Service Deduction* (see page 17) based on the same income. See the following example.

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

- From January through Oct. 15, Brandon earned $6,000 from the guard.
- His unit was federalized on Oct. 16. He earned $7,000 from that point through Dec. 1.
- His unit was assigned to a combat zone on Dec. 2, 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 Schedule 2, line 7, based on the $6,000 income earned through Oct. 15.
- Second, 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 <u>must</u> be attached to the tax return when claiming this deduction.

Note. The department may request copies of your military orders to help determine eligibility.
Get Information Bulletin #27 at www.in.gov/dor/reference/files/ib27.pdf for more information concerning this deduction.

Enter code 621 on Schedule 2 under line 11 if claiming this deduction.

Olympic/Paralympic Medal Winners Deduction 627

You are eligible for a deduction if 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 on Schedule 2 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.

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/6524.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 2 under line 11 if claiming this deduction.

Railroad Unemployment and Sickness Benefits Deduction 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 your federal tax return, and
- You did not already deduct these benefits on Schedule 2, 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 2 under line 11 if claiming this deduction.

Recovery of Deductions 616

You are not eligible for this deduction if you did not complete the "other income" line on Schedule 1 of your federal Form 1040/1040SR.

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 8 of your federal Schedule 1, enter that amount on this line. A *recovery* is a return of an amount you deducted in an earlier year. The most common recoveries are refunds (see Indiana's Schedule 2, line 3), reimbursements and rebates of deductions previously itemized on federal Schedule A.

Enter code 616 on Schedule 2 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.

Example 1. Ryan was a full-year Indiana resident in 2018, and received $1,700 unemployment compensation that year. He reported the full amount on his 2018 federal and Indiana income tax returns. In March of 2019 Ryan found out he had to repay $345 of that compensation; he repaid it that summer. For 2019 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 2019 state tax return.

*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 2018 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 2019 Cynthia repaid $3,400 of income originally reported on her 2018 federal and Indiana state tax returns. She claimed a credit on her 2019 federal tax return based on the $3,400 amount repaid. Cynthia is eligible to claim the $3,400 amount as a deduction.

Example 3. Ashley moved to Indiana in 2019, and filed her first state tax return with Indiana that year. In 2019 she repaid $2,700 income originally reported on her 2017 federal income tax return. Since this income was not reported to Indiana in 2017, 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 has 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 2 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 3 to list all of your exemptions, you will also need to complete Schedule IN-DEP if claiming any dependents.

Schedule 3: 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.

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 $4,200 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 3.

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.
- Nine-digit 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.

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.
- Nine-digit 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 3, 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).

Dependent child definition: According to state statute, to be eligible for this exemption a dependent child must be a son, stepson, daughter, stepdaughter, foster child, child for whom you are a legal guardian, 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	1E	**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 foster child or a child for whom you are a legal guardian, 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 3, 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.

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 Form IT-40, line 1, 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.

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 house-hold) 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.

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 9-digit 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.			Died

If you apply for an ATIN or an ITIN on or before the due date of your 2019 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.

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-40, Schedule 4, line 1. If the amount is negative, enter zero and put no entry on Schedule 4, line 1		4	

Schedule 4: Other Taxes

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

If you have purchased items 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 above 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 you paid cash wages during 2019 to an individual who is not:

- Your spouse,
- Your child under age 21,
- Your parent,
- An employee under age 18; and

the individual 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.

See Federal Publication 926, *Household Employer's Tax Guide*, for more information on how to define an employee. Visit www.irs.gov or call the IRS at 1-800-829-1040.

If you paid cash wages of $2,100 or more to a household worker who is your employee, or total cash wages of $1,000 or more in any calendar quarter of 2018 or 2019 to all household employees, you may 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/6524.htm.

Line 3 – Recapture of certain Indiana offset credits

Indiana requires the recapture of certain offset credits if certain conditions are met. Currently, these credits include the Indiana CollegeChoice 529 Education Savings Plan Credit and the Historic Building Rehabilitation Credit.

- If contributions were made to an Indiana CollegeChoice 529 education savings plan in which you are the account owner and you made a non-qualified withdrawal(s) from this plan during the tax year, you will probably have to repay some or all of any credits previously claimed.
- You may need to recapture some or all of the credits previously claimed for the Historic Building Rehabilitation Credit if you did not meet certain requirements.

Complete and enclose Schedule IN-CR if you have an amount to be recaptured. Enter the total amount to be recaptured on line 3. Download Schedule IN-CR by visiting www.in.gov/dor/6524.htm.

Schedule 5: Credits

Lines 1 and 2 – Indiana State and County Tax Withheld

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

You **must** enclose your 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. Failure to enclose these withholding statements will result in a reduced refund or increase in the amount you owe.

If you are filing a joint return, be sure to include your spouse's withholding statements if they show Indiana state and/or county tax withholding amounts.

Important. The use of substitute W-2s will delay the processing of your return and may impact the issuance of any 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.

Line 3 – 2019 Estimated Tax Paid

If you made estimated tax payments, enter the total paid for 2019 on this line. Also, include any extension payment made with Form IT-9 *Extension of Time* to File for tax year 2019.

Note. Do not include on this line any estimated tax paid for tax year 2020.

Line 4 - Unified Tax Credit for the Elderly

New. This credit is no longer limited to a June 30 filing deadline. It may be claimed during the same time period as any other refundable credit. The tax return must be filed and credit claimed within three years of the filing due date (including extensions) to be eligible for a refund.

This credit is available for certain low-income individuals who are age 65 or older. You may be able to claim this credit if you and/or or your spouse meet <u>all</u> the following requirements:

- You and/or your spouse must have been age 65 or older by Dec. 31, 2019,
- If married and living together at any time during the year, you must file a joint return,
- The amount on line 1 of Form IT-40 must be *less than $10,000,*
- You must have been a resident of Indiana for at least six months during 2019, and
- You must not have been in prison for 180 days or more in 2019.

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

How should you file to claim the credit?

You may claim the credit by filing the simplified Form SC-40* if your taxable income is low enough that you are not required to file Form IT-40. You will qualify if:

- You are single or widowed and your income on line 1 of Form IT-40 is less than $2,500; or
- You are married with only one person age 65 or older and your income on line 1 of Form IT-40 is less than $3,500; or
- You are married with both persons are age 65 or older and your income on line 1 of Form IT-40 is less than $5,000;
- You have no other credits, such as withholding or estimated tax credits.

*Form SC-40 can be found at www.in.gov/dor/6524.htm.

No double dipping. If you qualify to file Form SC-40 and do so, then do not also file Form IT-40 and claim the credit a second time.

If you are required to file Form IT-40 you may claim the credit on Schedule 5, line 4. You can claim the credit on <u>either</u> Form IT-40 <u>**or**</u> Form SC-40, but *file only one of these forms, and only file once.*

Important.

- If your spouse died after Jan. 1, 2019, 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.

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 were age 65 or older by Dec. 31, 2019, **or**
- Both you and your spouse met all the above-requirements and your spouse died after Jan. 1, 2019.

Table A
Joint Filers Both Age 65 or Older

If the income on Line 1 of **Form IT-40 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 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 1 of **Form IT-40 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.**

Remember to file either Form SC-40 OR Form IT-40, but not both.

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 $46,700. If it is the same amount or more, STOP. You are not eligible to claim Indiana's EIC.
- Schedule IN-EIC <u>must</u> 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/6524.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 the EIC:

- Follow the steps below
- Complete the worksheet(s) that apply to you
- Complete and enclose Schedule IN-EIC

Step 1 All Filers

1. Did you claim an EIC on your 2019 federal tax return Form 1040/1040SR, line 18a?

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

2. If, in 2019:

- 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 35A), less than $46,700?
- 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 35A), less than $41,050?
- No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 35A), less than $15,500?

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

Step 2 Investment Income

1. Add amounts from:

Federal Form 1040/1040SR, Line 2a	+	___________
Federal Form 1040/1040SR, Line 2b	+	___________
Federal Form 1040/1040SR, Line 3b	+	___________
Federal Form 1040/1040SR, Line 6*	+	___________
Investment Income	=	___________

*If Line 6 is a loss, enter -0-.

2. Is your investment income more than $3,600?

Yes. *Continue.*
No. Skip question 3; go to question 4.

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

No. STOP. You cannot take the credit.

Yes. If the amount on Form 1040/1040SR, line 6, includes an amount from federal Form 4797, you must use **Worksheet 1** in Indiana's Publication EIC (located online at www.in.gov/dor/6524.htm) to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

4. Do any of the following apply for 2019?

- You filed federal Schedule E.
- You are claiming a loss on federal Form 1040/1040SR, line 6, and/or federal Schedule 1, lines 3 and/or 6.
- 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 8, 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/6524.htm.
No. Go to Step 3.

Step 3 Qualifying Child

Did a child live with you in 2019?

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 33)

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 34), and younger than you (or your spouse, if filing jointly), or
- Any age and permanently and totally disabled (see page 34),

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 33.

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 34.

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

Yes. The child must have a valid 9-digit Social Security number (SSN) unless the child was born and died during the year*. If at least one qualifying child has a 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 *Social Security Number* on page 34).

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 1040/1040SR, line 18a, 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 1040/1040SR, line 2a +__________
   Federal Form 1040/1040SR, line 8b +__________

Modified Adjusted Gross Income* = Box A __________

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

If you have:

- 2 or more qualifying children, is Box A less than $ 46,700?
- 1 qualifying child, is Box A less than $41,050?
- No qualifying children, is Box A less than $15,500?

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, in the next column.
No. *Continue.*

2. Figure earned income:
   A. Enter amount from federal 1040/1040SR, 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 2019, 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 36.
No. *Continue.*

4. If you have:
- 2 or more qualifying children, is your total earned income (Box B) less than $46,700?
- 1 qualifying child, is your total earned income (Box B) less than $41,050?
- No qualifying children, is your total earned income (Box B) less than $15,500?

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 35.

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 1040/1040SR, line 1, was also reported on federal Schedule SE, Section B, line 5a. Subtract that amount from the amount on federal Form 1040/1040SR, 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 1040/1040SR, line 1;

- Determine how much of the amount on federal Form 1040/1040SR, 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 1040/1040SR, 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/6524.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* in the next column.

Federal Form 4797 filers. If the amount on federal Form 1040/1040SR, line 6, includes an amount from federal Form 4797, you must use Worksheet 1 in Indiana's Pub. EIC (www.in.gov/dor/6524.htm) 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.

Married child. A child who was married at the end of the tax 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.

*__Indiana's Publication EIC,__ available online at www.in.gov/dor/6524.htm, has additional information, including rules if you have a qualifying child, an investment income calculation worksheet, additional definitions, tiebreaker rules, etc.

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, 9-digit Social Security number (SSN) unless the child was born and died in 2019. 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.

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 $8,650?
   - 1 qualifying child, is the amount on line 3 less than $19,100?
   - 2 or more qualifying children, is the amount on line 3 less than $19,050?

   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 1040/1040SR, 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 1040/1040SR........ 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 <u>must</u> 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 $46,700?
   - 1 qualifying child, is line 4b less than $41,050?
   - No qualifying children, is line 4b less than $15,500?

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 $8,650?
    - 1 qualifying child, is the amount on line 8 less than $19,100?
    - 2 or more qualifying children, is the amount on line 8 less than $19,050?

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 1040/1040SR, 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 1040/1040SR .... 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 <u>must</u> complete Schedule IN-EIC and enclose it with your tax return when you file.

2019 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 —		
		No children	One child	Two children
At least	But less than	Your credit is —		
0	50	0	1	1
50	100	1	2	3
100	150	1	4	5
150	200	1	5	6
200	250	2	7	8
250	300	2	8	10
300	350	2	10	12
350	400	3	12	14
400	450	3	13	15
450	500	3	15	17
500	550	4	16	19
550	600	4	18	21
600	650	4	19	23
650	700	5	21	24
700	750	5	22	26
750	800	5	24	28
800	850	6	25	30
850	900	6	27	32
900	950	6	28	33
950	1000	7	30	35
1000	1050	7	31	37
1050	1100	7	33	39
1100	1150	8	34	41
1150	1200	8	36	42
1200	1250	8	38	44
1250	1300	9	39	46
1300	1350	9	41	48
1350	1400	9	42	50
1400	1450	10	44	51
1450	1500	10	45	53
1500	1550	11	47	55
1550	1600	11	48	57
1600	1650	11	50	59
1650	1700	12	51	60
1700	1750	12	53	62
1750	1800	12	54	64
1800	1850	13	56	66
1850	1900	13	57	68
1900	1950	13	59	69
1950	2000	14	60	71

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 —		
2000	2050	14	62	73
2050	2100	14	64	75
2100	2150	15	65	77
2150	2200	15	67	78
2200	2250	15	68	80
2250	2300	16	70	82
2300	2350	16	71	84
2350	2400	16	73	86
2400	2450	17	74	87
2450	2500	17	76	89
2500	2550	17	77	91
2550	2600	18	79	93
2600	2650	18	80	95
2650	2700	18	82	96
2700	2750	19	83	98
2750	2800	19	85	100
2800	2850	19	86	102
2850	2900	20	88	104
2900	2950	20	90	105
2950	3000	21	91	107
3000	3050	21	93	109
3050	3100	21	94	111
3100	3150	22	96	113
3150	3200	22	97	114
3200	3250	22	99	116
3250	3300	23	100	118
3300	3350	23	102	120
3350	3400	23	103	122
3400	3450	24	105	123
3450	3500	24	106	125
3500	3550	24	108	127
3550	3600	25	109	129
3600	3650	25	111	131
3650	3700	25	113	132
3700	3750	26	114	134
3750	3800	26	116	136
3800	3850	26	117	138
3850	3900	27	119	140
3900	3950	27	120	141
3950	4000	27	122	143

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 —		
4000	4050	28	123	145
4050	4100	28	125	147
4100	4150	28	126	149
4150	4200	29	128	150
4200	4250	29	129	152
4250	4300	29	131	154
4300	4350	30	132	156
4350	4400	30	134	158
4400	4450	31	135	159
4450	4500	31	137	161
4500	4550	31	139	163
4550	4600	32	140	165
4600	4650	32	142	167
4650	4700	32	143	168
4700	4750	32	145	170
4750	4800	33	146	172
4800	4850	33	148	174
4850	4900	34	149	176
4900	4950	34	151	177
4950	5000	34	152	179
5000	5050	35	154	181
5050	5100	35	155	183
5100	5150	35	157	185
5150	5200	36	158	186
5200	5250	36	160	188
5250	5300	36	161	190
5300	5350	37	163	192
5350	5400	37	165	194
5400	5450	37	166	195
5450	5500	38	168	197
5500	5550	38	169	199
5550	5600	38	171	201
5600	5650	39	172	203
5650	5700	39	174	204
5700	5750	39	175	206
5750	5800	40	177	208
5800	5850	40	178	210
5850	5900	40	180	212
5900	5950	41	181	213
5950	6000	41	183	215

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 —		
6000	6050	41	184	217
6050	6100	42	186	219
6100	6150	42	187	221
6150	6200	42	189	222
6200	6250	43	191	224
6250	6300	43	192	226
6300	6350	44	194	228
6350	6400	44	195	230
6400	6450	44	197	231
6450	6500	45	198	233
6500	6550	45	200	235
6550	6600	45	201	237
6600	6650	46	203	239
6650	6700	46	204	240
6700	6750	46	206	242
6750	6800	47	207	244
6800	6850	47	209	246
6850	6900	47	210	248
6900	6950	48	212	249
6950	7000	48	213	251
7000	7050	48	215	253
7050	7100	48	217	255
7100	7150	48	218	257
7150	7200	48	220	258
7200	7250	48	221	260
7250	7300	48	223	262
7300	7350	48	224	264
7350	7400	48	226	266
7400	7450	48	227	267
7450	7500	48	229	269
7500	7550	48	230	271
7550	7600	48	232	273
7600	7650	48	233	275
7650	7700	48	235	276
7700	7750	48	236	278
7750	7800	48	238	280
7800	7850	48	239	282
7850	7900	48	241	284
7900	7950	48	243	285
7950	8000	48	244	287

2019 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No children	One child	Two children
		Your credit is —		
8000	8050	48	246	289
8050	8100	48	247	291
8100	8150	48	249	293
8150	8200	48	250	294
8200	8250	48	252	296
8250	8300	48	253	298
8300	8350	48	255	300
8350	8400	48	256	302
8400	8450	48	258	303
8450	8500	48	259	305
8500	8550	48	261	307
8550	8600	48	262	309
8600	8650	48	264	311
8650	8700	47	266	312
8700	8750	47	267	314
8750	8800	47	269	316
8800	8850	46	270	318
8850	8900	46	272	320
8900	8950	46	273	321
8950	9000	45	275	323
9000	9050	45	276	325
9050	9100	45	278	327
9100	9150	44	279	329
9150	9200	44	281	330
9200	9250	44	282	332
9250	9300	43	284	334
9300	9350	43	285	336
9350	9400	43	287	338
9400	9450	42	288	339
9450	9500	42	290	341
9500	9550	42	292	343
9550	9600	41	293	345
9600	9650	41	295	347
9650	9700	41	296	348
9700	9750	40	298	350
9750	9800	40	299	352
9800	9850	40	301	354
9850	9900	39	302	356
9900	9950	39	304	357
9950	10000	39	305	359
10000	10050	38	307	361
10050	10100	38	308	363
10100	10150	38	310	365
10150	10200	37	311	366
10200	10250	37	313	368
10250	10300	36	314	370
10300	10350	36	316	372
10350	10400	36	317	374

If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No children	One child	Two children
		Your credit is —		
10400	10450	35	317	375
10450	10500	35	317	377
10500	10550	35	317	379
10550	10600	34	317	381
10600	10650	34	317	383
10650	10700	34	317	384
10700	10750	33	317	386
10750	10800	33	317	388
10800	10850	33	317	390
10850	10900	32	317	392
10900	10950	32	317	393
10950	11000	32	317	395
11000	11050	31	317	397
11050	11100	31	317	399
11100	11150	31	317	401
11150	11200	30	317	402
11200	11250	30	317	404
11250	11300	30	317	406
11300	11350	29	317	408
11350	11400	29	317	410
11400	11450	29	317	411
11450	11500	28	317	413
11500	11550	28	317	415
11550	11600	28	317	417
11600	11650	27	317	419
11650	11700	27	317	420
11700	11750	26	317	422
11750	11800	26	317	424
11800	11850	26	317	426
11850	11900	25	317	428
11900	11950	25	317	429
11950	12000	25	317	431
12000	12050	24	317	433
12050	12100	24	317	435
12100	12150	24	317	437
12150	12200	23	317	438
12200	12250	23	317	440
12250	12300	23	317	442
12300	12350	22	317	444
12350	12400	22	317	446
12400	12450	22	317	447
12450	12500	21	317	449
12500	12550	21	317	451
12550	12600	21	317	453
12600	12650	20	317	455
12650	12700	20	317	456
12700	12750	20	317	458
12750	12800	19	317	460

If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No children	One child	Two children
		Your credit is —		
12800	12850	19	317	462
12850	12900	19	317	464
12900	12950	18	317	465
12950	13000	18	317	467
13000	13050	18	317	469
13050	13100	17	317	471
13100	13150	17	317	473
13150	13200	16	317	474
13200	13250	16	317	476
13250	13300	16	317	478
13300	13350	15	317	480
13350	13400	15	317	482
13400	13450	15	317	483
13450	13500	14	317	485
13500	13550	14	317	487
13550	13600	14	317	489
13600	13650	13	317	491
13650	13700	13	317	492
13700	13750	13	317	494
13750	13800	12	317	496
13800	13850	12	317	498
13850	13900	12	317	500
13900	13950	11	317	501
13950	14000	11	317	503
14000	14050	11	317	505
14050	14100	10	317	507
14100	14150	10	317	509
14150	14200	10	317	510
14200	14250	9	317	512
14250	14300	9	317	514
14300	14350	9	317	516
14350	14400	8	317	518
14400	14450	8	317	519
14450	14500	8	317	521
14500	14550	7	317	523
14550	14600	7	317	525
14600	14650	6	317	525
14650	14700	6	317	525
14700	14750	6	317	525
14750	14800	5	317	525
14800	14850	5	317	525
14850	14900	5	317	525
14900	14950	4	317	525
14950	15000	4	317	525
15000	15050	4	317	525
15050	15100	3	317	525
15100	15150	3	317	525
15150	15200	3	317	525

If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No children	One child	Two children
		Your credit is —		
15200	15250	2	317	525
15250	15300	2	317	525
15300	15350	2	317	525
15350	15400	1	317	525
15400	15450	1	317	525
15450	15500	1	317	525
15500	15550	0	317	525
15550	15600		317	525
15600	15650		317	525
15650	15700		317	525
15700	15750		317	525
15750	15800		317	525
15800	15850		317	525
15850	15900		317	525
15900	15950		317	525
15950	16000		317	525
16000	16050		317	525
16050	16100		317	525
16100	16150		317	525
16150	16200		317	525
16200	16250		317	525
16250	16300		317	525
16300	16350		317	525
16350	16400		317	525
16400	16450		317	525
16450	16500		317	525
16500	16550		317	525
16550	16600		317	525
16600	16650		317	525
16650	16700		317	525
16700	16750		317	525
16750	16800		317	525
16800	16850		317	525
16850	16900		317	525
16900	16950		317	525
16950	17000		317	525
17000	17050		317	525
17050	17100		317	525
17100	17150		317	525
17150	17200		317	525
17200	17250		317	525
17250	17300		317	525
17300	17350		317	525
17350	17400		317	525
17400	17450		317	525
17450	17500		317	525
17500	17550		317	525
17550	17600		317	525

2019 Indiana Earned Income Credit (EIC) Table — *Continued*

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 —		
17600	17650		317	525
17650	17700		317	525
17700	17750		317	525
17750	17800		317	525
17800	17850		317	525
17850	17900		317	525
17900	17950		317	525
17950	18000		317	525
18000	18050		317	525
18050	18100		317	525
18100	18150		317	525
18150	18200		317	525
18200	18250		317	525
18250	18300		317	525
18300	18350		317	525
18350	18400		317	525
18400	18450		317	525
18450	18500		317	525
18500	18550		317	525
18550	18600		317	525
18600	18650		317	525
18650	18700		317	525
18700	18750		317	525
18750	18800		317	525
18800	18850		317	525
18850	18900		317	525
18900	18950		317	525
18950	19000		317	525
19000	19050		317	525
19050	19100		317	524
19100	19150		316	523
19150	19200		315	522
19200	19250		315	521
19250	19300		314	520
19300	19350		313	519
19350	19400		312	518
19400	19450		312	517
19450	19500		311	516
19500	19550		310	515
19550	19600		310	514
19600	19650		309	513
19650	19700		308	512
19700	19750		307	511
19750	19800		307	510
19800	19850		306	509
19850	19900		305	509
19900	19950		304	508
19950	20000		304	507

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 —		
20000	20050		303	506
20050	20100		302	505
20100	20150		302	504
20150	20200		301	503
20200	20250		300	502
20250	20300		299	501
20300	20350		299	500
20350	20400		298	499
20400	20450		297	498
20450	20500		297	497
20500	20550		296	496
20550	20600		295	495
20600	20650		294	494
20650	20700		294	493
20700	20750		293	492
20750	20800		292	491
20800	20850		292	491
20850	20900		291	490
20900	20950		290	489
20950	21000		289	488
21000	21050		289	487
21050	21100		288	486
21100	21150		287	485
21150	21200		286	484
21200	21250		286	483
21250	21300		285	482
21300	21350		284	481
21350	21400		284	480
21400	21450		283	479
21450	21500		282	478
21500	21550		281	477
21550	21600		281	476
21600	21650		280	475
21650	21700		279	474
21700	21750		279	473
21750	21800		278	473
21800	21850		277	472
21850	21900		276	471
21900	21950		276	470
21950	22000		275	469
22000	22050		274	468
22050	22100		274	467
22100	22150		273	466
22150	22200		272	465
22200	22250		271	464
22250	22300		271	463
22300	22350		270	462
22350	22400		269	461

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 —		
22400	22450		268	460
22450	22500		268	459
22500	22550		267	458
22550	22600		266	457
22600	22650		266	456
22650	22700		265	455
22700	22750		264	455
22750	22800		263	454
22800	22850		263	453
22850	22900		262	452
22900	22950		261	451
22950	23000		261	450
23000	23050		260	449
23050	23100		259	448
23100	23150		258	447
23150	23200		258	446
23200	23250		257	445
23250	23300		256	444
23300	23350		256	443
23350	23400		255	442
23400	23450		254	441
23450	23500		253	440
23500	23550		253	439
23550	23600		252	438
23600	23650		251	437
23650	23700		251	437
23700	23750		250	436
23750	23800		249	435
23800	23850		248	434
23850	23900		248	433
23900	23950		247	432
23950	24000		246	431
24000	24050		246	430
24050	24100		245	429
24100	24150		244	428
24150	24200		243	427
24200	24250		243	426
24250	24300		242	425
24300	24350		241	424
24350	24400		240	423
24400	24450		240	422
24450	24500		239	421
24500	24550		238	420
24550	24600		238	419
24600	24650		237	419
24650	24700		236	418
24700	24750		235	417
24750	24800		235	416

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 —		
24800	24850		234	415
24850	24900		233	414
24900	24950		233	413
24950	25000		232	412
25000	25050		231	411
25050	25100		230	410
25100	25150		230	409
25150	25200		229	408
25200	25250		228	407
25250	25300		228	406
25300	25350		227	405
25350	25400		226	404
25400	25450		225	403
25450	25500		225	402
25500	25550		224	401
25550	25600		223	401
25600	25650		222	400
25650	25700		222	399
25700	25750		221	398
25750	25800		220	397
25800	25850		220	396
25850	25900		219	395
25900	25950		218	394
25950	26000		217	393
26000	26050		217	392
26050	26100		216	391
26100	26150		215	390
26150	26200		215	389
26200	26250		214	388
26250	26300		213	387
26300	26350		212	386
26350	26400		212	385
26400	26450		211	384
26450	26500		210	383
26500	26550		210	383
26550	26600		209	382
26600	26650		208	381
26650	26700		207	380
26700	26750		207	379
26750	26800		206	378
26800	26850		205	377
26850	26900		204	376
26900	26950		204	375
26950	27000		203	374
27000	27050		202	373
27050	27100		202	372
27100	27150		201	371
27150	27200		200	370

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 —		
27200	27250		199	369
27250	27300		199	368
27300	27350		198	367
27350	27400		197	366
27400	27450		197	365
27450	27500		196	364
27500	27550		195	364
27550	27600		194	363
27600	27650		194	362
27650	27700		193	361
27700	27750		192	360
27750	27800		192	359
27800	27850		191	358
27850	27900		190	357
27900	27950		189	356
27950	28000		189	355
28000	28050		188	354
28050	28100		187	353
28100	28150		186	352
28150	28200		186	351
28200	28250		185	350
28250	28300		184	349
28300	28350		184	348
28350	28400		183	347
28400	28450		182	346
28450	28500		181	346
28500	28550		181	345
28550	28600		180	344
28600	28650		179	343
28650	28700		179	342
28700	28750		178	341
28750	28800		177	340
28800	28850		176	339
28850	28900		176	338
28900	28950		175	337
28950	29000		174	336
29000	29050		174	335
29050	29100		173	334
29100	29150		172	333
29150	29200		171	332
29200	29250		171	331
29250	29300		170	330
29300	29350		169	329
29350	29400		169	328
29400	29450		168	328
29450	29500		167	327
29500	29550		166	326
29550	29600		166	325

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 —		
29600	29650		165	324
29650	29700		164	323
29700	29750		164	322
29750	29800		163	321
29800	29850		162	320
29850	29900		161	319
29900	29950		161	318
29950	30000		160	317
30000	30050		159	316
30050	30100		158	315
30100	30150		158	314
30150	30200		157	313
30200	30250		156	312
30250	30300		156	311
30300	30350		155	310
30350	30400		154	310
30400	30450		153	309
30450	30500		153	308
30500	30550		152	307
30550	30600		151	306
30600	30650		151	305
30650	30700		150	304
30700	30750		149	303
30750	30800		148	302
30800	30850		148	301
30850	30900		147	300
30900	30950		146	299
30950	31000		146	298
31000	31050		145	297
31050	31100		144	296
31100	31150		143	295
31150	31200		143	294
31200	31250		142	293
31250	31300		141	292
31300	31350		140	292
31350	31400		140	291
31400	31450		139	290
31450	31500		138	289
31500	31550		138	288
31550	31600		137	287
31600	31650		136	286
31650	31700		135	285
31700	31750		135	284
31750	31800		134	283
31800	31850		133	282
31850	31900		133	281
31900	31950		132	280
31950	32000		131	279

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 —		
32000	32050		130	278
32050	32100		130	277
32100	32150		129	276
32150	32200		128	275
32200	32250		128	274
32250	32300		127	274
32300	32350		126	273
32350	32400		125	272
32400	32450		125	271
32450	32500		124	270
32500	32550		123	269
32550	32600		122	268
32600	32650		122	267
32650	32700		121	266
32700	32750		120	265
32750	32800		120	264
32800	32850		119	263
32850	32900		118	262
32900	32950		117	261
32950	33000		117	260
33000	33050		116	259
33050	33100		115	258
33100	33150		115	257
33150	33200		114	256
33200	33250		113	256
33250	33300		112	255
33300	33350		112	254
33350	33400		111	253
33400	33450		110	252
33450	33500		110	251
33500	33550		109	250
33550	33600		108	249
33600	33650		107	248
33650	33700		107	247
33700	33750		106	246
33750	33800		105	245
33800	33850		105	244
33850	33900		104	243
33900	33950		103	242
33950	34000		102	241
34000	34050		102	240
34050	34100		101	239
34100	34150		100	238
34150	34200		100	237
34200	34250		99	237
34250	34300		98	236
34300	34350		97	235
34350	34400		97	234

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 —		
34400	34450		96	233
34450	34500		95	232
34500	34550		95	231
34550	34600		94	230
34600	34650		93	229
34650	34700		92	228
34700	34750		92	227
34750	34800		91	226
34800	34850		90	225
34850	34900		89	224
34900	34950		89	223
34950	35000		88	222
35000	35050		87	221
35050	35100		87	220
35100	35150		86	219
35150	35200		85	219
35200	35250		84	218
35250	35300		84	217
35300	35350		83	216
35350	35400		82	215
35400	35450		82	214
35450	35500		81	213
35500	35550		80	212
35550	35600		79	211
35600	35650		79	210
35650	35700		78	209
35700	35750		77	208
35750	35800		77	207
35800	35850		76	206
35850	35900		75	205
35900	35950		74	204
35950	36000		74	203
36000	36050		73	202
36050	36100		72	201
36100	36150		71	201
36150	36200		71	200
36200	36250		70	199
36250	36300		69	198
36300	36350		69	197
36350	36400		68	196
36400	36450		67	195
36450	36500		66	194
36500	36550		66	193
36550	36600		65	192
36600	36650		64	191
36650	36700		64	190
36700	36750		63	189
36750	36800		62	188

2019 Indiana Earned Income Credit (EIC) Table — *Continued*

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 —		
36800	36850		61	187
36850	36900		61	186
36900	36950		60	185
36950	37000		59	184
37000	37050		59	183
37050	37100		58	183
37100	37150		57	182
37150	37200		56	181
37200	37250		56	180
37250	37300		55	179
37300	37350		54	178
37350	37400		53	177
37400	37450		53	176
37450	37500		52	175
37500	37550		51	174
37550	37600		51	173
37600	37650		50	172
37650	37700		49	171
37700	37750		48	170
37750	37800		48	169
37800	37850		47	168
37850	37900		46	167
37900	37950		46	166
37950	38000		45	165
38000	38050		44	165
38050	38100		43	164
38100	38150		43	163
38150	38200		42	162
38200	38250		41	161
38250	38300		41	160
38300	38350		40	159
38350	38400		39	158
38400	38450		38	157
38450	38500		38	156
38500	38550		37	155
38550	38600		36	154
38600	38650		36	153
38650	38700		35	152
38700	38750		34	151
38750	38800		33	150
38800	38850		33	149
38850	38900		32	148
38900	38950		31	147
38950	39000		31	147
39000	39050		30	146
39050	39100		29	145
39100	39150		28	144
39150	39200		28	143
39200	39250		27	142
39250	39300		26	141
39300	39350		25	140
39350	39400		25	139
39400	39450		24	138
39450	39500		23	137
39500	39550		23	136
39550	39600		22	135
39600	39650		21	134
39650	39700		20	133
39700	39750		20	132
39750	39800		19	131
39800	39850		18	130
39850	39900		18	129
39900	39950		17	129
39950	40000		16	128
40000	40050		15	127
40050	40100		15	126
40100	40150		14	125
40150	40200		13	124
40200	40250		13	123
40250	40300		12	122
40300	40350		11	121
40350	40400		10	120
40400	40450		10	119
40450	40500		9	118
40500	40550		8	117
40550	40600		7	116
40600	40650		7	115
40650	40700		6	114
40700	40750		5	113
40750	40800		5	112
40800	40850		4	111
40850	40900		3	110
40900	40950		2	110
40950	41000		2	109
41000	41050		1	108
41050	41100		0	107
41100	41150			106
41150	41200			105
41200	41250			104
41250	41300			103
41300	41350			102
41350	41400			101
41400	41450			100
41450	41500			99
41500	41550			98
41550	41600			97
41600	41650			96
41650	41700			95
41700	41750			94
41750	41800			93
41800	41850			92
41850	41900			92
41900	41950			91
41950	42000			90
42000	42050			89
42050	42100			88
42100	42150			87
42150	42200			86
42200	42250			85
42250	42300			84
42300	42350			83
42350	42400			82
42400	42450			81
42450	42500			80
42500	42550			79
42550	42600			78
42600	42650			77
42650	42700			76
42700	42750			75
42750	42800			74
42800	42850			74
42850	42900			73
42900	42950			72
42950	43000			71
43000	43050			70
43050	43100			69
43100	43150			68
43150	43200			67
43200	43250			66
43250	43300			65
43300	43350			64
43350	43400			63
43400	43450			62
43450	43500			61
43500	43550			60
43550	43600			59
43600	43650			58
43650	43700			57
43700	43750			56
43750	43800			56
43800	43850			55
43850	43900			54
43900	43950			53
43950	44000			52
44000	44050			51
44050	44100			50
44100	44150			49
44150	44200			48
44200	44250			47
44250	44300			46
44300	44350			45
44350	44400			44
44400	44450			43
44450	44500			42
44500	44550			41
44550	44600			40
44600	44650			39
44650	44700			38
44700	44750			38
44750	44800			37
44800	44850			36
44850	44900			35
44900	44950			34
44950	45000			33
45000	45050			32
45050	45100			31
45100	45150			30
45150	45200			29
45200	45250			28
45250	45300			27
45300	45350			26
45350	45400			25
45400	45450			24
45450	45500			23
45500	45550			22
45550	45600			21
45600	45650			20
45650	45700			20
45700	45750			19
45750	45800			18
45800	45850			17
45850	45900			16
45900	45950			15
45950	46000			14
46000	46050			13
46050	46100			12
46100	46150			11
46150	46200			10
46200	46250			9
46250	46300			8
46300	46350			7
46350	46400			6

2019 Indiana Earned Income Credit (EIC) Table — *Continued*

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 —		
46400	46450	5		
46450	46500	4		
46500	46550	3		
46550	46600	2		
46600	46650	1		
46650	46700	1		

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 is less than $18,600.**

3. **You are <u>not</u> claiming the *Homeowner's Residential Property Tax Deduction* on Indiana Schedule 2, line 2.** If you are claiming this credit, make sure to see the **Final Step** after *Worksheet B* below.

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

<u>Step 1</u>

- 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.

<u>Step 2</u>

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

<u>Step 3</u>

- 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 5, 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 5 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 5, 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 <u>and</u> 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 2, 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.

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

To claim these credits you <u>must</u> complete and enclose Schedule IN-EDGE or Schedule IN-EDGE-R, which are located online at www.in.gov/dor/6524.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.

Line 9 – Headquarters Relocation Credit (refundable portion)

A business with annual worldwide revenue of $50 million, at least 75 employees, and 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. Generally, this credit is nonrefundable, and is reported on Schedule 6: Offset Credits.

New. Beginning with the 2019 tax year, some or all of this credit may be refundable. If the IEDC has ruled some or all of this credit to be refundable, enter on this line the refundable amount of the credit less the portion of the credit used to offset your tax liability. You must maintain the documentation provided to you that supports the refundable portion of this credit as the department may request it.

Caution. The combination of the headquarters relocation credit claimed here (offset amount) and on lines 29 through 31 (refundable amount) may not exceed the total of the credit that is available. See the instructions for the Headquarters Relocation Credit on page 51.

For more information (including limitations on the credit and the application process), see Income Tax Information Bulletin #97, available at www.in.gov/dor/3650.htm. This credit is administered by the IEDC. Contact them at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at www.iedc.in.gov, or by phone at (317) 232-8800.

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-40, 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 2000 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** in the next column.

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 following **Limitation**.

Limitation

The combination of the amounts you wish to donate to these funds **cannot exceed** the overpayment shown on Form IT-40, 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 will be 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 years 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 6: Offset Credits

The following credits cannot be refunded; their purpose is to help reduce your state and/or county tax amounts due. See the limitation areas after the instructions for line 3 and line 7.

Line 1 – Credit for Local Taxes Paid Outside of Indiana

If you figured county tax on Form IT-40, 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-40, line 2. Enter result here	**B**____________
C.	Enter the amount of Indiana county income tax shown on Form IT-40, line 9	**C**____________

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

Note. See the **Combined Limitation** on page 45.

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-40, 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. It is nonrefundable and cannot be carried back. You may carry forward any excess credit to the next tax year.

The allowable credit is the lesser of the available credit or the county tax due on line 9 of Form IT-40. Also, claim any unused amount (within certain limitations) on Schedule 6 under line 6 (see instructions for this credit on page 43).

Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204 for additional information.

See the **Restriction for Certain Tax Credits - Limited to One per Project** below for additional limitations. **Also**, see the **Combined Limitation** in the next column.

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 **Combined Limitation**.

Combined Limitation: There is one final limitation if you claim more than one credit on lines 1 through 3 of Schedule 6. These credits, *when combined*, cannot be greater than the county tax shown on Form IT-40 line 9; if they are, adjust the amounts before you enter them. See the following *Order of Application* and example for guidance.

Order of Application

First, use the credits which cannot be carried over and applied against your county tax in another year. This means apply any credit for local taxes paid outside Indiana first, then apply 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-40, line 9) is $160. Since her combined credits are 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 6, line 1, and the $60 limited CREED credit on line 3a. Note: Megan may use the $140 remaining CREED credit to offset any state adjusted gross income tax due on this year's tax return (IT-40, line 8).

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 enclose Schedule CC-40. For additional information see Schedule CC-40 at www.in.gov/dor/6524.htm and Income Tax Information Bulletin #14 at www.in.gov/dor/3650.htm.

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.

See the **Combined Limitation** on page 54.

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 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-40 line 8 .... C ____________

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, enclose Forms 1099-INT and/or 1099-DIV (or a substitute statement) to verify the foreign tax and amount of income being taxed.

Example. Ryan reported $10,000 Illinois-source wage income on the Illinois nonresident individual income tax return, and paid $300 tax to Illinois on that income. His Indiana state tax liability from line 8 of Form IT-40 is $870.

He will enter the following information on the *Group A Worksheet*.

A. $300 (tax paid to Illinois)
B. $323 ($10,000 x .0323, tax due to Indiana)
C. $870 (Form IT-40 line 8)

Ryan's credit is $300, which is the lesser of A, B and C.

Exception: Gambling winnings from other states. If you're not required to file another state's income tax return to report gambling winnings from that state, enclose 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'll get some or all of the other state's taxes back by filing a refund claim with them.

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 doesn't withhold enough, see page 9 for information on how to figure and pay estimated tax.

If you were a full-year resident of one of the reciprocal states and your 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.

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.

See the **Combined Limitation** on page 54.

Line 6 – Other Credits

Each of the following credits has been assigned a three-digit code number. When claiming the credit on Schedule 6 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 page 49 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, 2016, 2017, and/or 2018 (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* on page 48 to figure each child's pro rata share of any 2015 carryforward credit shown on line 12 of the 2019 Adoption Credit Carryforward Worksheet (from the 2019 instructions for federal Form 8839). Enter that amount in the appropriate column on line 6 of Worksheet B.

Use *Worksheet A-2* on page 48 to figure each child's pro rata share of any 2016 carryforward credit shown on line 14 of the 2019 Adoption Credit Carryforward Worksheet (from the 2019 instructions for federal Form 8839). Enter that amount in the appropriate column on line 7 of Worksheet B.

Use *Worksheet A-3* on page 48 to figure each child's pro rata share of any 2017 carryforward credit shown on line 16 of the 2019 Adoption Credit Carryforward Worksheet (from the 2019 instructions for federal Form 8839). Enter that amount in the appropriate column on line 8 of Worksheet B.

Use *Worksheet A-4* on page 48 to figure each child's pro rata share of any 2018 carryforward credit shown on line 18 of the 2019 Adoption Credit Carryforward Worksheet (from the 2019 instructions for federal Form 8839). Enter that amount in the appropriate column on line 9 of Worksheet B.

If you have no federal adoption credit to carry forward from either 2015, 2016, 2017, or 2018, skip Worksheets A-1, A-2, A-3, and A-4, 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 2019 (line 3 minus line 12 of the 2019 *Adoption Credit Carryforward Worksheet* 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	$	$	$

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 2019 (line 4 minus line 14 of the 2019 *Adoption Credit Carryforward Worksheet* 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	$	$	$

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 2019 (line 5 minus line 16 of the 2019 *Adoption Credit Carryforward Worksheet* 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	$	$	$

Federal Adoption Credit Carryforward

Worksheet A-4: 2018 Carryforward Credit	Child 1	Child 2	Child 3
1. Enter amount from 2018 Form 8839, line 11	$	$	$
2. Enter the amount from 2018 Form 8839, line 12	$	$	$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2018 carryforward credit used in 2019 (line 6 minus line 18 of the 2019 *Adoption Credit Carryforward Worksheet* 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 9 of Worksheet B	$	$	$

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 completed 2019 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. Enter pro rata share of any 2018 adoption carryforward credit from Worksheet A-4, line 5	$	$	$	
10. Add lines 5, 6, 7, 8, and 9	$	$	$	
11. Limitation	$ 10,000	$ 10,000	$ 10,000	
12. Enter the smaller of line 10 or line 11	$	$	$	
13. Multiply line 12 by 10% (.10); round to nearest whole dollar	$	$	$	
14. Add all amounts from each column on line 13. 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 federal 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 54.

Airport Development Zone Credits

The following credits have been repealed:

- **Airport Development Zone Employment Expense Credit 800**
- **Airport Development Zone Investment Cost Credit 801**
- **Airport Development Zone Loan Interest Credit 802**

However, any previously approved yet unused credit is available to be claimed.

Enter the appropriate 3-digit code under line 6 if claiming any of these credits. See the **Combined Limitation** on page 54.

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 54 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 54 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 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.

For more information about this credit, see Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm. 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/6524.htm to figure your credit. This schedule must be enclosed when claiming the credit.

Enter code 837 under line 6 if claiming this credit. See the **Combined Limitation** on page 54.

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 http://iedc.in.gov. Also, see Income Tax Information Bulletin #99 at www.in.gov/dor/3650.htm.

Enclose the certificate of compliance issued by IEDC to support this credit. See the **Combined Limitation** on page 54. Enter 806 under line 6 if claiming this credit.

Community Revitalization Enhancement District Credit 808

See the Schedule 6 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 6, 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 http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 54 for additional limitations.

Enter code 808 under line 6 if claiming this credit.

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 http://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 http://iedc.in.gov.

Note. 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 54.

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: http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 54 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, see 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.

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: http://iedc.in.gov.

Enter code 814 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 54.

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 54 for additional limitations.

Headquarters Relocation Credit 818

Effective July 1, 2019, some or all of this credit may be available to be refunded. See **New*** in the next column for more information.

A business may be eligible for a credit if it meets one of two sets of criteria. The first set of criteria ("first test") is that the business meets all of the following:

- Has an annual worldwide revenue of $50 million;
- Has at least 75 Indiana employees; and
- Relocates its corporate headquarters to Indiana.

***New.** Effective July 1, 2019, the second set of criteria ("second test") is that the business meets either (1) or (2), meets (3), and meets (4) or (5):

1. Received at least $4 million in venture capital in the six months immediately preceding the business's application for this tax credit.
2. Closes on at least $4,000,000 in venture capital not more than six months after submitting the business's application for this tax credit.
3. Has at least 10 Indiana employees.
4. Relocates its corporate headquarters to Indiana.
5. Relocates the number of jobs equal to 80% of the business's total payroll during the immediately preceding quarter to an Indiana location.

The credit may be as much as 50% of the cost incurred in relocating the taxpayer's headquarters. For more information (including limitations on the credit and the application process), see Income Tax Information Bulletin #97, available at www.in.gov/dor/3650.htm. This credit is administered by the IEDC. Contact them at One North Capitol, Suite 700, Indianapolis, IN 46204, via website at www.iedc.in.gov, or by phone at (317) 232-8800.

Submit a copy of the certificate from the IEDC verifying the amount of tax credit for the taxable year with the return. Otherwise, the credit will be denied.

Enter code 818 under line 6 if claiming this credit. Enclose proof of the relocation costs as well as proof of employment of the minimum number of employees in Indiana and, if applicable, payroll in both Indiana and everywhere. See the **Combined Limitation** on page 54 for additional limitations.

Important. If the IEDC has granted a refundable credit under the second test, see the instructions on page 44 for completing Schedule 5, line 9. Maintain the documentation provided to you that supports the refundable portion of this credit as the department may request it.

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 54 for additional limitations.

Important. The credit will need to be recaptured if, within five years of the completion of the project:

- Ownership of the property, and/or
- Additional modifications are undertaken to the property that do not meet required standards.

Report any recapture on Schedule 4, line 3, *Recapture of certain Indiana offset credits*. See instructions on page 29 for more information.

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 http://iedc.in.gov or call (317) 232-8800 for additional information.

Also, see Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm.

Note. See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 54 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/6524.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 http://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 54 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/6524.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/6525.htm.

Enter code 822 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 54.

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 54.

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." The minimum age for a facility to be eligible for this credit has been reduced from 20 years to 15 years. This credit is available to pass-through entities, such as members of partnerships and S corporations.

Note. Effective July 1, 2019, except for in situations described in the next sentence, a taxpayer is entitled to receive this credit only for a qualified investment made before January 1, 2020. A taxpayer is entitled to receive a credit for a qualified investment made after December 31, 2019, and before January 1, 2030, if the taxpayer is awarded a credit under:
- an application approved by the Indiana Economic Development Corporation (IEDC) before January 1, 2020; or
- an agreement entered into by the taxpayer and IEDC before January 1, 2021.

Important. Any unused credit existing before Jan. 01, 2020, is still eligible for carryforward for an unlimited number of years.

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) 232-8800, or visit their website at http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 54 for additional limitations. Enter code 824 under line 6 if claiming this credit.

Military Base Investment Cost Credit 826

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 826 under line 6 if claiming this credit. See the **Combined Limitation** on page 54 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. See the **Combined Limitation** on page 54 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/6524.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 54 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 54.

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. See the **Combined Limitation** on page 54 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 $100.

Example 2. Quincy is an 8th grade teacher at an Indiana public school. During the year 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. See the **Combined Limitation** in the next column.

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 percent 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 $15 million in credits per state fiscal year of July 1, 2019 – June 30, 2020.

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/6524.htm. Make sure to enclose this schedule with your tax filing. Also, see the **Combined Limitation** below.

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) 232-8800, or visit http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** below for additional limitations. Enter code 835 under line 6 if claiming this credit.

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 included 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 6. These credits, when combined, cannot be greater than the state adjusted gross income tax shown on Form IT-40 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 6.

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-40, 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 6, 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-40, line 8) is $700. He will report the full $500 Indiana College Choice 529 Savings Plan Credit on Schedule 6, 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 7: 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 2019?"

Line 2 – Out-Of-State Income Information

If you and/or your spouse worked in Illinois, Kentucky, Michigan, Ohio, Pennsylvania and/or Wisconsin during 2019, complete this area. Enter the salary, wage, tip and/or other compensation income from those states in the appropriate boxes and the 2-digit code number for the appropriate state in the boxes. Find the 2-digit code number on the chart below.

State	Use Code #	State	Use Code #
Illinois	94	Ohio	97
Kentucky	95	Pennsylvania	98
Michigan	96	Wisconsin	99

Note. This entry is for information purposes only, and will not change your refund or the amount you may owe.

Line 3 – Extension of Time to File Information

Place an "X" in the box on line 3a 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 3b if you have an Indiana extension of time to file (you filed Form IT-9 or made an online extension payment).

Line 4 – 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 7, line 4. 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, 2020, and filing your Form IT-40 by April 15, 2020, or
- Filing your Form IT-40 by March 1, 2020, 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 <u>must</u> enclose the completed Schedule IT-2210 to support your claim.

Line 5 – Date of Death

If the taxpayer and/or spouse died during 2019, 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, 2019, would be entered as 01/09/2019. See instructions on page 6 for more information.

Note. If the taxpayer and/or spouse died before 2019, or after Dec. 31, 2019, but before filing his or her tax return, do not enter his/her date of death in this box.

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/6524.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 Instructions

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-40 to figure if you do 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, 2019. If you had more than one home in Indiana on this date, then your county of residence as of Jan. 1, 2019, 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 2019.

Enter the county two-digit code for the county where you lived on Jan. 1, 2019, in the area beneath the name and address area on Form IT-40. Find your county two-digit code number on the back of Schedule CT-40.

Did You Move During The Year?

If you moved your residence to a different Indiana county during the year (but after Jan. 1, 2019), the county where you lived for tax purposes *will not change until next year.*

Example. William was a lifelong Scott County resident until he moved to Martin County on March 15, 2019. He will figure Scott County tax when filing his 2019 state tax return (he lived there on Jan. 1, 2019). If he still lived in Martin County on Jan. 1, 2020, he will figure Martin County tax when filing his 2020 state taxes.

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 on Jan. 1, 2019. If you began working in another county after Jan. 1, 2019, the county where you worked for reporting purposes *will not change until next year.* Enter the two-digit code number for the county where you worked in the area beneath the name and address area on Form IT-40.

Example. Jessie worked in Marion County on Jan. 1, 2019. She quit that job and began a new one in Johnson County on Feb. 10, 2019. She will enter the Marion County two-digit code (49) as the county where she worked even though she changed jobs during the year.

If you had more than one job on Jan. 1, 2019, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2019, 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 the IT-40.

Exception: If you worked in any of the following states on Jan. 1, 2019, enter their two-digit code number (instead of **00**):

State	Use Code #	State	Use Code #
Illinois	94	Ohio	97
Kentucky	95	Pennsylvania	98
Michigan	96	Wisconsin	99

Military Personnel

If you were stationed in Indiana, your county of residence is the county where you lived on January 1 of the year you entered the military service. If, on Jan. 1, 2019, you were single and stationed outside Indiana, or you were stationed outside Indiana and your family was with you, write county code "**00**" (out-of-state) in all the county boxes on Form IT-40 (you won't owe a county tax).

If, however, you maintained your home in an Indiana county and/or your spouse and family were still living in an Indiana county on Jan. 1, 2019, 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, 2019, 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-40. **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 counties on Jan. 1, 2019, both of you need to figure your county tax separately. See *Schedule CT-40 Line 1 Instructions* below for details on how to do this.

Schedule CT-40: Line-by-Line Instructions

Line 1

- If you are filing a single return, enter on line 1A the amount from Form IT-40, line 7.
- If you are filing a joint return and you both lived in the same county on Jan. 1, 2019, enter on line 1A the amount from Form IT-40, line 7. Leave Column B blank.
- If you are filing a joint return and you lived in different counties on Jan. 1, 2019, enter each person's share of the amount reported on line 7 of Form IT-40. See how to do this in the following example.

Following are two examples for when a taxpayer and spouse file married filing jointly but live in different counties on January 1 of the tax year.

Example. Jacob and Becca married in 2019 and are filing a joint return. On Jan. 1, 2019, Jacob lived in Greene County and Becca lived in Clay County. Their individual share of the $39,080* amount reported on line 7 of their IT-40 is to be reported on Schedule CT-40 between Column A and Column B in the following way:

Breakdown	Column A Jacob	Column B Becca	IT-40 Line 7
Wages	23,000	21,000	44,000
Interest (joint account)	+ 40	+ 40	+ 80
Renter's deduction	- 1,500	-1,500	-3,000
Subtotal	21,540	19,540	41,080
Exemption	-1,000	-1,000	-2,000
Totals	20,540	18,540	39,080*

Jacob will enter $20,540 on line 1A and Becca will enter $18,540 on line 1B.

Use of exemptions when separating income. Each individual must use his/her own personal $1,000 exemption (reported on Schedule 3, line 1) 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 divvied 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 $1,000 exemption.

*Exemptions must be used in whole. 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 must be used by one spouse only.

Note. The total amount of exemptions used to reduce income may not be greater than the total amount of exemptions reported on Schedule 3, line 6.

Example. Sam and Molly married in 2019 and are filing a joint return. On Jan. 1, 2019, Sam lived in County A, which has a resident county tax rate of .01. Molly lived in County B, which has a resident county tax rate of .025. They claim their three-year old son Sebastian as a dependent. Their total exemptions are $4,500 ($1,000 each for Sam, Molly and Sebastian, plus the $1,500 additional dependent exemption for Sebastian). Sam's wage income is $49,000; Molly's is $45,000. They claimed a $2,500 homeowner's property tax deduction.

Molly will use all of the exemptions except for Sam's $1,000 personal exemption when figuring her share of income subject to county tax since she has the higher county tax rate.

Their individual share of the $87,000* state taxable income reported on line 7 of their Form IT-40 is to be reported on Schedule CT-40 between Column A and Column B in the following way:

	Column A	**Column B**	**IT-40**
Breakdown	**Sam**	**Molly**	**Line 7**
Wages	$49,000	$45,000	$94,000
Property tax deduction	-1,250	-1,250	-2,500
Subtotal	$47,750	$43,750	$91,500
Exemptions	-1,000	-3,500	-4,500
Totals	$46,750	$40,250	$87,000*

Sam will enter $46,750 on line 1A and Molly will enter $40,250 on line 1B.

Line 2

Find the county where you lived on Jan. 1, 2019, on the *2019 Indiana County Income Tax Rates and County Codes* chart located on the back of Schedule CT-40. Find the *County Tax Rate* on that county row and enter it here.

If you are filing a single return or a joint return where you both lived in the same county on Jan. 1, 2019, enter on line 2A the county tax rate. Leave line 2B blank.

If you are filing a joint return and you lived in different counties on Jan. 1, 2019:

- Enter on line 2A your county tax rate from the county tax rate chart.
- Enter on line 2B your spouse's county tax rate from the county tax rate chart.

Line 4

Add the amounts from line 3, Columns A and B and enter the result here. If you were a Perry County resident on Jan. 1, 2019, and worked in the Kentucky counties of Breckinridge, Hancock and/or Meade, review Lines 5 and 6 instructions. Otherwise, skip to line 7.

Lines 5 and 6

If you:

- Were a Jan. 1, 2019 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. Enter the result here and on line 9 of Form IT-40.

NOTES:

INDIANA

A State that Works

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Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46204-2253

This IT-40 booklet contains:

- **Form IT-40 and Instructions**
- Schedule 1 Add-Backs
- Schedule 2 Deductions
- Schedule 3 Exemptions
- Schedule 4 Other Taxes
- Schedule 5 Credits/Schedule IN-DONATE
- Schedule 6 Offset Credits
- Schedule 7 Additional Required Information
- Schedule CT-40, County Tax with tax rates
- Schedule IN-DEP, Dependent Information and Additional Dependent Child Information
- Schedule IN-EIC, Earned Income Credit
- Form ES-40 Estimated Tax Payment Form
- Mailing Envelope