INDIANA

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DEPARTMENT OF REVENUE

DOR

INDIANA

IT-40

Full-Year Resident

Individual Income Tax Booklet

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WAIT!

YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!

More than 85 percent of Indiana taxpayers filed electronically in 2020. 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.

2021 Changes

Update: Line 1 of Form IT-40 assumes conformity with the Internal Revenue Code of 1986, as amended and in effect on March 31, 2021. If the 2022 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 DOR's homepage at www.in.gov/dor for updates.

Add-backs

- A **new add-back** (148) is available for adding back student loan payments made by employers and excluded from the employee's federal gross income. See page 13 for more information.
- A **new add-back** (149) is available for the addback of certain meal expenses and for which a deduction is allowable in determining federal adjusted gross income. See page 14 for more information.
- A **new add-back** (150) is available for adding back student loan debt that has been discharged and excluded from federal gross income. See page 14 for more information.

Credits

- A **new credit** (865) is available for EDGE credits based on non-resident employees working in Indiana. See page 50 for more information.
- **Public School Educator Expense Credit.** Expenses for certain COVID-19 protective items are not allowed when calculating this credit. See instructions on page 53.
- **School Scholarship Tax Credit Contribution Ceiling Increased.** The total of allowable net contributions to the program has increased to $17.5 million for the program's fiscal year of July 1, 2021 through June 30, 2022.
- **Lake County Residential Property Tax Credit.** Married individuals who file separately are now subject to credit allowances and phase-outs equal to one-half the allowance for other individuals.
- Special instructions have been added to the credit for taxes paid to other states regarding deferred foreign taxes and the District of Columbia Unincorporated Business Tax. See page 45 for more information.
- **Foster Care Credit.** A new credit for donations to qualifying foster care organizations was enacted in 2021. However, because contributions are not permitted until 2022, this credit may not be claimed this year.

Deductions

- **Married Filing Separately (MFS) Individuals.** Married individuals filing separately are subject to special rules for the following deductions: Partnership Long-Term Care Policy, Premium Deduction, Renter's Deduction, Property tax deduction, and Disability retirement deduction. See Schedule 2 for more information. For the renter's deduction, the maximum amount allowable as a deduction for married individuals filing separately is $1,500. For the residential property tax deduction, the maximum amount allowable as a deduction for married individuals filing separately is $1,250. For the deduction for disability income, the income phaseout for married individuals filing separately is $7,500.
- A **new deduction** (634) is available to deduct certain expenses for which a deduction is not permitted for federal income tax purposes because an employer claimed a COVID-related employee retention credit. See page 23 for more information.
- A **new deduction** (636) is available to deduct interest and other amounts included in federal gross income and received from bonds issued by Indiana government and quasi-government entities. See page 23 for more information.
- Starting in 2021, for net operating losses, you must compute your net operating loss deduction without any itemized deductions otherwise allowable in computing your federal net operating loss.

Exemptions

- **Married Filing Separately (MFS) Individuals.** For the additional exemption for individuals age 65 and older, the income for married individuals filing separately is required to be less than $20,000.

Miscellaneous

- **Spouse who claims to not be liable for all or part of a tax liability.** If you are married filing jointly and want to file with this designation, see Schedule 7, line 5 instructions on page 55.

Need Tax Forms or Information Bulletins?

Use Your Personal Computer

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

Visit a District Office

Some 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/contact-us/district-office-contact-info/ for a list of these offices, including addresses and telephone numbers.

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.

Information Line

Call the information line at (317) 232-2240 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. To speak to a representative, please call during regular business hours, 8 a.m. to 4:30 p.m., Monday - Friday.

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% of Hoosier taxpayers used an electronic filing program to file their 2020 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 (DOR). 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. DOR 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, an online helpdesk, helpful email links and a calendar with filing due dates. Visit DOR's website at www.in.gov/dor.

Moving?

Notify DOR if you move to a new address after filing your tax return, Change your address with us by doing one of the following:

- Use DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), to change your address at https://intime.dor.in.gov. INTIME offers customers the ability to manage their tax account(s) in one convenient location, 24/7.
  You can change your address by creating an INTIME log on. Once logged in, go to the "All Actions" tab and locate the "Update Name and Addresses" panel and select the "Addresses" tab.
  An INTIME User Guide for Individual Income Tax Customers is available at https://www.in.gov/dor/files/intime-individual-guide.pdf to help you through the process.
- 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/contact-us/district-office-contact-info/) in person. Make sure to bring your Social Security number, old address, and new address with you.

Filing an Amended (Corrected) Tax Return

If you need to amend (correct) your 2021 individual income tax return after you initially filed:

- Prepare another IT-40 return that reflects all changes and check the "Amended" box on the front page. Failure to do so can delay processing.
- Attach a copy of all required schedules reflecting all changes and documentation. Failure to do so can delay processing.
- File the amended return electronically, if possible.

Note: All amounts previously paid should be reported as an estimated payment. All refunds previously received should not be reported on an amended filing.

The Form IT-40 and supporting schedules are located at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms. For prior years, please see the instructions for that year.

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, DOR will conduct an annual public hearing in Indianapolis in June of 2022. Event details will be listed at www.in.gov/dor/news-media-and-publications/dor-public-events/annual-public-hearings/. Please come and share feedback or comments about how DOR 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 as 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 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 during the tax year 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/legal-resources/tax-library/foreign-country-code-listing.

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, 2021. You can find these code numbers on the chart found on the back of 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, Forms IN-MSID-A and IN K-1s on which Indiana state and/or county tax withholding amounts appear
- All 1099Gs showing unemployment compensation
- 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
- 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 instructions beginning on page 23 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 2021, or died after Dec. 31, 2021, 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, 2021, would be entered as 01/09/2021.

Note. The date of death should not be entered here if the individual died after Dec. 31, 2021, but before filing the tax return. The date of death information will be shown on the individual's 2022 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. DOR 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 State Auditor's Office at www.in.gov/auditor/924.htm to get a widow's affidavit (POA-30) or a distributee's affidavit (POA-20). 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 18, 2022. 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 18, 2022 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 18, 2022.

Note. Indiana's Application for Extension of Time to File, Form IT-9, extends the filing date to Nov. 14, 2022.

If You Owe…

Option 1. File Indiana's Application for Extension of Time to File, Form IT-9. This must be filed by April 18, 2022, for the extension request to be valid.

In order to avoid paying a penalty, you should send at least 90% of the amount expected to be due with the Form IT-9. Then, make sure to file your tax return by Nov. 14, 2022, paying any remaining balance due with that filing.

While interest is due on any amount paid after April 18, penalty will be waived if both of the following conditions are met:
- The remaining balance due is paid in full by Nov. 14, 2022, and
- You paid at least 90% of the tax expected to be owed by the original April 18 due date.

Note. You may file Indiana's Application for Extension of Time to File online if you make a payment with it by April 18, 2022.
Pay electronically using DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), by visiting https://intime.dor.in.gov. INTIME offers customers the ability to manage their accounts in one convenient location, 24/7.

Option 2. Filing for a federal application for 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, 2022, paying any balance due with that filing.

While interest is due on any amount paid after the original April 18 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, 2022, and
- You paid at least 90% of the tax expected to be owed by the original April 18 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 18, 2022.

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 18, 2022.

Extension Filing Deadline.
Both state Form IT-9 and federal Form 4868 extend your state filing time to Nov. 14, 2022.

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

- Paid 90% of the tax you expect to owe by April 18, 2022,
- Filed your tax return by Nov. 14, 2022, and
- Paid any remaining amount due (including interest) with that filing.

Interest is owed on all amounts paid after April 18, 2022. 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/tax-forms/2021-individual-income-tax-forms/. You may file Indiana's Application for Extension of Time to File online if you make a payment with it by April 18, 2022. Pay electronically using DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), by visiting https://intime.dor.in.gov. INTIME offers customers the ability to manage their accounts in one convenient location, 24/7.

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 18, 2022.

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 1040/1040-SR, 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 1040/1040-SR, line 11. 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 56.

Line 10 – Other Taxes

Enter any other taxes from Schedule 4: Other Taxes on this line. Instructions for Schedule 4 begin on page 28. 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 28. 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 44. 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 43 for more information.

Line 19 – Amount to be Applied as a 2022 Estimated Tax Installment Payment

You should pay estimated tax if you expect to have income during the 2022 tax year that:

- Will not have Indiana income taxes withheld, or
- 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/tax-forms/2021-individual-income-tax-forms/ 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, 2022, 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 2022 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 2022 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 2022 tax year are due by:

- April 18, 2022 (1st installment)
- June 15, 2022 (2nd installment)
- Sept. 15, 2022 (3rd installment)
- Jan. 17, 2023 (4th installment)

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 18, 2022, will be considered to be a 2022 first installment payment; June 3, 2022, will be considered to be a 2022 second installment payment; and July 22, 2022, will be considered to be a 2022 third installment payment.

Note. You may complete and mail the ES-40, Estimated Tax Payment form, along with your payment to DOR's return address on the form. Estimated payments can also be made online with an electronic bank payment (ACH/e-check) or Visa, MasterCard and Discover debit or credit cards by using DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), at https://intime.dor.in.gov. See line 26 instructions on page 11 for details about payment options.

See Income Tax Information Bulletin #3 at www.in.gov/dor/files/reference/ib03.pdf 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% of this year's tax due or 100% 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, complete Schedule IT-2210 or IT-2210A and write the penalty amount on Form IT-40, line 20.
- If you meet an exception, complete Schedule IT-2210 or IT-2210A to show which exception was met.

Keep the completed form with your records as DOR may request it at a later date.

*You must have timely paid 100% of lines 8 and 9 of your 2020 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% of last year's tax (instead of 100%) to meet this exception.

**Farmers and fishermen should see the special instructions on page 10.

Important. DOR will automatically assess an underpayment penalty if it looks like you owe a penalty for the underpayment of estimated tax.

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 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, 2021 first installment due date.

Example. Rachael received a sizeable lump sum distribution in December of 2021. She figured how much estimated tax was due, and paid it in full by the Jan. 18, 2022, 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 2020 and/or 2021 was from farming or fishing.

Option 1. Pay your estimated tax in one payment on or before Jan. 18, 2022, and file your tax return by April 18, 2022; or
Option 2. Make no estimated tax payment and file your tax return and pay all the tax due by March 1, 2022.

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/tax-forms/2021-individual-income-tax-forms/ 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 DOR 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/individual-income-taxes/check-the-status-of-your-refund/ and click Check the Status of Your Refund.
- Call (317) 232-2240 for automated refund information; to speak to a representative, please call during regular business hours, 8 a.m. to 4:30 p.m., Monday - Friday.

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 DOR 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.), DOR 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 2021. In general, a claim for refund must be made by April 15, 2025 (Nov. 14, 2025 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 2021 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 18, 2022 due date and you have an amount due. Penalty is 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% of the amount due by April 18, 2022.

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 18, 2022 due date and you have an amount due. Interest should be figured on the sum of line 23 minus line 20. Contact DOR at (317) 232-2240 or visit our website at www.in.gov/dor/files/reference/dn03.pdf 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.

Electronic payments can be made via DOR's e-service portal, the Indiana Taxpayer Information Management Engine (INTIME), at https://intime.dor.in.gov. INTIME offers customers the ability to manage their accounts in one convenient location, 24/7. Accepted forms of payment via INTIME include electronic bank payment (ACH/e-check), Visa, MasterCard and Discover debit or credit cards. No fees are assessed for electronic bank payments. Fees apply to payments made with credit or debit cards. You do not need to logon to INTIME to make payments. Simply select the "Make a Payment" option on the page. An INTIME User Guide for Individual Income Tax Customers is available at https://www.in.gov/dor/files/intime-individual-guide.pdf to help you through the process.

Another option is to mail your payment to:
Indiana Department of Revenue
P.O. Box 7224
Indianapolis, IN 46207-7224

You may pay in person at one of DOR's district offices with cash, but with the exact amount only. Other in-person options include paying with a money order, cashier's check or personal check made payable to DOR.

Note: All payments to DOR must be made with U.S Funds.

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 using DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), at intime.dor.in.gov. INTIME offers customers the ability to manage their tax account(s) in one convenient location, 24/7. After you get a tax bill, go to https://intime.dor.in.gov and create a log on using the Letter ID on your tax bill. Set up a payment plan from the "All Actions" tab menu.

Important. If using the payment plan option, penalty and interest will be due on all amounts paid after the April 18, 2022 due date.

If you have questions, contact DOR in one of three ways:

- Use the secure messaging feature in the Indiana Taxpayer Information Management Engine (INTIME). If you are not registered, create an online account at intime.dor.in.gov. Select "New to INTIME? Sign up" and follow instructions to complete the process. You will need your taxpayer ID (FEIN, SSN, etc.) and the unique Letter ID, printed in the upper-right hand corner of this letter. Once logged in, select "Respond to a letter, notice, or bill" under the "All Actions" menu.
- Call DOR Customer Service at 317-232-2240, Monday through Friday, 8 a.m. - 4:30 p.m. EST.
- Correspond with DOR via mail using this address:
  Indiana Department of Revenue
  100 N. Senate Ave.
  Indianapolis, IN 46204-2253

Returned Checks and Other Types of Payments

If you make a tax payment with a check, credit card, debit card, electronic funds transfer, or any other instrument in payment by any commercially allowable means, and DOR is unable to obtain payment for its full amount when it is presented for payment through normal banking channels, a $35 penalty will be assessed.

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. *Note. Any permits and/or licenses issued by DOR 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, DOR 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 customer service 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/contact-us/taxpayer-advocate-office/. 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

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

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 add-backs, maintain with your records the corresponding federal tax forms and schedules as DOR 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 DOR'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, 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). 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: 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 2021. 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 $625,000.

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 9.)

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/files/reference/ib19.pdf.

Line 4 – 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 4.

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 4.

Special rules may apply if the bonus depreciation is taken against property acquired in a like-kind exchange or acquired in a taxable year in which you have an excess business loss. See Income Tax Information Bulletin #118 at www.in.gov/dor/files/reference/ib118.pdf for additional information.

Line 5 – 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 5.

Special rules may apply if the bonus depreciation is taken against property acquired in a like-kind exchange or acquired in a taxable year in which you have an excess business loss. See Income Tax Information Bulletin #118 at www.in.gov/dor/files/reference/ib118.pdf for additional information.

Line 6 – 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.

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 March 31, 2021. Therefore, the IRC used to figure Indiana income may not wind up being 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 March 31, 2021, 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).

- **Conformity Add-Back – Positive Entry 120**

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 March 31, 2021, 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 DOR's homepage at www.in.gov/dor for updates.

Enter code 120 on Schedule 1 under line 6 if reporting this add-back.

- **Conformity Add-Back – Negative Entry 147**

This add-back generally is based on conformity issues arising from a previous year. However, in rare cases this can arise from conformity issues arising in the current year where the IRC treats an item as taxable or nondeductible that was previously exempt or deductible.

One example that occurs periodically is when there is a federal disaster. Congress will amend the IRC to permit IRA withdrawals to be included over three years (e.g., a 2021 withdrawal would be included one-third in 2021, one-third in 2022, and one-third in 2023). If Indiana decoupled from the IRC, the whole amount would be included in 2021, none in 2022, and none in 2023. The Code 120 would be for the two-thirds add-back in 2021, the Code 147 would be for the one-third deduction in 2022 and 2023. These have occurred from time to time but (1) did not affect Indiana because of the specific disaster and (2) the IRC conformity date was updated in time.

Enter code 147 on Schedule 1 under line 6 if reporting this add-back.

Employer Student Loan Payment Add-Back 148

If your employer paid any amount for your student loans and you excluded the payment from your federal gross income, add back the amount you excluded from your gross income. This amount must be added back regardless of whether your employer paid you the amount for your student loans or whether your employer paid the student loan on your behalf.

If you were denied a federal adjusted gross income tax deduction for the portion of student loan interest paid by your employer, complete Worksheet 4-1 provided in IRS Publication 970 to determine the amount (if any) of additional interest allowable for Indiana purposes, including the additional amount allowable under this section (but not in excess of $2,500 total). Report any additional interest deductible beyond using Code 147. This deduction cannot exceed the amount you are required to add back using Code 148.

Meal Deduction Add-Back 149

If you:

- claimed a deduction for meal expenses with regard to food and beverages provided by a restaurant in computing your federal adjusted gross income; AND
- the deduction would have been limited to 50% of the meal expenses if the expenses had been incurred before Jan. 1, 2021,

add back the amount deducted for federal purposes in excess of 50% of the food or beverage expenses.

Do not add back any amounts:

- Claimed as an itemized deduction for federal income tax purposes; or
- Any amount for which an exception to the 50% limitation was in effect for amounts paid before Jan. 1, 2021.

Example: John incurs $2,000 in meal expenses during 2021 and deducts the entire $2,000 in computing John's 2021 federal adjusted gross income. The meal expenses do not qualify for a federal exception from the 50% limitation under pre-2021 IRC § 274. John is required to add back $1,000.

Student Loan Discharge Add-Back 150

If you had a student loan discharged during the taxable year and you excluded the amount of the discharge from your federal gross income, add back the amount of discharged loans excluded from your federal gross income. Do not include amounts that would have been excluded from federal gross income prior to 2021. If you were insolvent at the time of the discharge, your addback is reduced by the amount that would have been excluded for federal income tax purposes if you had chosen to exclude the discharged debt from federal gross income under IRC § 108(a)(1)(B).

Excess Federal Interest Deduction Modification 142

IRC Section 163(j) limits the federal interest deduction for most business interest to 30% (50% for 2019 and 2020 in certain cases) 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 6 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 federal Form 965, Line 17. For additional information see Income Tax 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. Enter code 113 on Schedule 1 under line 6 if reporting this add-back.

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 6 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 ($1,500 if married filing separately) 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 DOR can require you to provide this information.

For more information about this deduction, see Income Tax Information Bulletin #38 at www.in.gov/dor/files/reference/ib38.pdf.

Line 2 – Homeowner's Residential Property Tax Deduction

You may be able to take a deduction of up to $2,500 ($1,250 if married filing separately) 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 2021 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 2021. 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 ($1,250 if married filing separately) 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, 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 2021 spring and fall installments, if you paid both of them. If you received just one installment statement this year for your 2021 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 DOR 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 1, 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, do not enter any interest from U.S. savings bonds that is shown on your federal Schedule B, line 3 (because it has already been excluded from income).

For more information about this deduction see Income Tax Information Bulletin #19 at www.in.gov/dor/files/reference/ib19.pdf.

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 1040/1040-SR, line 6b, 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 5b of your federal Form 1040/1040-SR, 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 22 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* below 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 75% of the amount received that exceeds $6,250. See the *Military Retirement Income and/or Survivor's Benefits Deduction* information on page 20 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 21 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 20.

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 21.

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/files/reference/ib27.pdf.

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/files/reference/ib107.pdf.

Line 9 – Indiana Net Operating Loss Deduction

You may take a deduction for any Indiana net operating losses allowable. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2021).

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/tax-forms/2021-individual-income-tax-forms/, for more information.

Enclose Schedule A from federal Form 1045 and a completed Indiana Schedule IT-40NOL when claiming this deduction. If your Schedule A from federal Form 1045 included itemized deductions to increase the federal net operating loss, enclose a pro forma copy of the Schedule A computing the net operating loss without the itemized deductions.

Also, maintain with your records a copy of the federal Form 1040/1040-SR from the loss year as DOR 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 22 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 receive a civil service annuity both for yourself and as a surviving spouse, the combined deduction cannot exceed $16,000.

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.

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.

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 instructions)..	1		
2. Federal adjusted gross income from federal Form 1040, line 11..	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		

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 DOR 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/files/reference/ib06.pdf. 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 DOR 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/files/reference/ib70.pdf and Schedule IT-2440 at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/.

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 DOR 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 DOR 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. If you are a married individual filing separately, you may not claim a deduction for amounts paid by or on behalf of your spouse.

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

More information about this program is available at www.in.gov/iltcp.

Important. Keep a copy of the premium statements as DOR 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.

The taxability of this income is being phased out. For tax year 2021, the maximum amount eligible to be deducted has increased. You may be eligible to deduct up to $6,250 of these benefits plus 75% 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

<u>**Step 1**</u> **Round all entries**

Add together your military retirement income and survivor's benefits .... $ ____________

<u>**Step 2**</u>

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.

<u>**Step 3**</u>

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

Step 4
Multiply the amount on Step 3 by 0.75 .... $ ____________

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 0.75 .... $ 8,438

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 .... $ 14,688

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 0.75 .... $ 11,063

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 .... $ 17,313

Since both Gabriel and Christina are eligible for a deduction, add the amounts from Step 5 of both worksheets together and report the $32,001 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/files/reference/ib06.pdf.

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 beginning on page 16. 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 16) 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. DOR may request copies of your military orders to help determine eligibility.

Get Income Tax 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 DOR can require you to provide it at a later date. You may get Schedule IN-PAT at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/.

For more information about this deduction see Income Tax Information Bulletin #104 at www.in.gov/dor/files/reference/ib104.pdf.

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 DOR 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 1040/1040-SR.

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 2020, and received $1,700 unemployment compensation that year. He reported the full amount on his 2020 federal and Indiana income tax returns. In March of 2021 Ryan found out he had to repay $345 of that compensation; he repaid it that summer. For 2021 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 2021 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 2020 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 2021 Cynthia repaid $3,400 of income originally reported on her 2020 federal and Indiana state tax returns. She claimed a credit on her 2021 federal tax return based on the $3,400 amount repaid. Cynthia is eligible to claim the $3,400 amount as a deduction.

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 DOR can require you to provide this information at a later date.

Enter code 630 on Schedule 2 under line 11 if claiming this deduction.

COVID-related Employee Retention Credit Disallowed Expenses Deduction 634

If you had a deduction that was disallowed for federal purposes because an employer claimed a federal COVID-related employee retention credit, deduct the amount that was:

- disallowed for federal purposes; and
- that otherwise would have been allowable in determining Indiana adjusted gross income.

Do not deduct any amounts for amounts disallowed for non-COVID related employee retention credits such as disaster-related employee retention credits.

Indiana-only Tax-exempt Bonds Deduction 636

If you had interest from a bond issued by or in the name of certain Indiana government subdivisions or entities or amounts received upon redemption or maturity of the bond, deduct any interest or other income included in federal gross income. Do not deduct any bond interest that is excluded from federal gross income. In addition, if you sell the bond, do not deduct any amounts for which the bond is sold in excess of your purchase price. See IC 6-8-5-1 for further information regarding the 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 Income Tax 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 Income Tax 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 Income Tax 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 Income Tax Information Bulletin #117 for details and examples.
- Had gross income of less than $4,300 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.

*The foster child must have lived with you the entire year in order to meet eligibility requirements for purposes of claiming the additional dependent exemption.

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 (or if you are married filing separately and the amount on Form IT-40, line 1 is less than $20,000). 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 Income Tax Information Bulletin #117 can be found online at www.in.gov/dor/files/reference/ib117.pdf.

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 DOR 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 Income Tax 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 DOR 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 DOR can require this to be provided at a later date. For details, see federal Form 8332.

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

Exception to gross income test. If your relative (including a person who lived with you all year as a member of your household) is permanently and totally disabled (defined later), certain income for services performed at a sheltered workshop may be excluded for this test. For details, see Income Tax 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 Income Tax 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 Income Tax 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 Income Tax 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 Income Tax 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, DOR 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, DOR 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 Income Tax 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 DOR 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 2021 return (including extensions) and the IRS issues you an ATIN or an ITIN as a result of the application, the IRS will consider your ATIN or ITIN as issued on or before the due date of your return.

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

Schedule 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% (.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 on the next page 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%.

Line 2 – Household Employment Taxes

If you paid cash wages during 2021 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 $2,200 or more to a household worker who is your employee, or total cash wages of $1,000 or more in any calendar quarter of 2020 or 2021 to all household employees, you may have withheld state and county income taxes. To pay these taxes on your Indiana income tax return, contact DOR for Schedule IN-H, or download one from www.in.gov/dor/tax-forms/2021-individual-income-tax-forms.

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/tax-forms/2021-individual-income-tax-forms.

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, Form IN MSID-A and Schedule IN K-1.

You **must** enclose your withholding statements, including W-2s, W-2Gs, 1099s, Form IN MSID-A 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.

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	

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 – 2021 Estimated Tax Paid

If you made estimated tax payments, enter the total paid for 2021 on this line. Also, include any extension payment made with Form IT-9 *Extension of Time* to File for tax year 2021.

Note. Do not include on this line any estimated tax paid for tax year 2022.

Line 4 - Unified Tax Credit for the Elderly

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 your spouse meet all the following requirements:

- You and/or your spouse must have been age 65 or older by Dec. 31, 2021,
- 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 2021, and
- You must not have been in prison for 180 days or more in 2021.

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/tax-forms/2021-individual-income-tax-forms.

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 either Form IT-40 **or** Form SC-40, but *file only one of these forms, and only file once.*

Important.

- If your spouse died after Jan. 1, 2021, 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, 2021, **or**
- Both you and your spouse met all the above-requirements and your spouse died after Jan. 1, 2021.

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 36A), must be less than $47,900. 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/tax-forms/2021-individual-income-tax-forms, including any 2021 federal EIC changes that Indiana is not following.

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 2021 federal tax return Form 1040/1040-SR, line 27?

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

2. If, in 2021:

- 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 36A), less than $47,900?
- 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 36A), less than $42,100?
- No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 36A), less than $15,900?

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

3. Are you filing your return for Indiana either as a single individual or married filing jointly?

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

Step 2 Investment Income

1. Add amounts from:

Federal Form 1040/1040-SR, Line 2a	+	___________
Federal Form 1040/1040-SR, Line 2b	+	___________
Federal Form 1040/1040-SR, Line 3b	+	___________
Federal Form 1040/1040-SR, Line 7*	+	___________
Investment Income	=	___________

*If Line 7 is a loss, enter -0-.

2. Is your investment income more than $3,650?

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 1040/1040-SR, line 8, includes an amount from federal Form 4797, you must use **Worksheet 1** in Indiana's Publication EIC (located online at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms) to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

4. Do any of the following apply for 2021?
- You filed federal Schedule E.
- You are claiming a loss on federal Form 1040/1040-SR, line 7, 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/tax-forms/2021-individual-income-tax-forms.
No. Go to Step 3.

Step 3 Qualifying Child

Did a child live with you in 2021?

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 33), and younger than you (or your spouse, if filing jointly), or
- Any age and permanently and totally disabled (see page 33),

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 32.

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 33.

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 an SSN (or was born and died during the year), go to Step 5. **If no qualifying child has an SSN and no qualifying child meets the exception for children who were born and died during the year, STOP. You cannot take the credit.**
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 33).

Step 4 Filers Without a Qualifying Child

1. Are you:
- older than 24 and
- younger than 65?

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

2. If you have no qualifying child (see Step 3) but you claimed an EIC on your federal tax return Form 1040/1040-SR, line 27, 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 1040/1040-SR, line 2a + ___________
   Federal Form 1040/1040-SR, line 11 + ___________

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 $ 47,900?
- 1 qualifying child, is Box A less than $42,100?
- No qualifying children, is Box A less than $15,900?

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 1040/1040-SR, 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 2021, 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 as a statutory employee?

Yes. Skip question 4 and Step 7; go to **Worksheet B** on page 35.
No. *Continue*.

4. If you have:

- 2 or more qualifying children, is your total earned income (Box B) less than $47,900?
- 1 qualifying child, is your total earned income (Box B) less than $42,100?
- No qualifying children, is your total earned income (Box B) less than $15,900?

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 34.

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

- Determine how much of the amount on federal Form 1040/1040-SR, 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 1040/1040-SR, 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/tax-forms/2021-individual-income-tax-forms/) 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 1040/1040-SR, line 4, includes an amount from federal Form 4797, you must use Worksheet 1 in Indiana's Pub. EIC (www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/) 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/tax-forms/2021-individual-income-tax-forms, 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 2021. 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 $8,950?
   - 1 qualifying child, is the amount on line 3 less than $19,550?
   - 2 or more qualifying children, is the amount on line 3 less than $19,550?

   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 1040/1040-SR, 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 1040/1040-SR .... 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 sum of federal Schedule SE, lines 3, 4b, and 5a .... 1a ______

b. Enter the amount from federal Schedule SE, line 13 .... - 1b ______

c. Subtract line 1b from 1a .... = 1c ______

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 K-1 (federal Form 1065), box 14, code A .... + 2b ______

c. Add lines 2a and 2b .... = 2c ______

Part 3: Statutory employees filing federal Schedule C

3. Enter the amount from federal Schedule C, line 1, 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 1c, 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 $47,900?
   - 1 qualifying child, is line 4b less than $42,100?
   - No qualifying children, is line 4b less than $15,900?

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 $8,950?
    - 1 qualifying child, is the amount on line 8 less than $19,550?
    - 2 or more qualifying children, is the amount on line 8 less than $19,550?

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 1040/1040-SR, 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 1040/1040-SR .... 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.

2021 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
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
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
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	49	217	255
7100	7150	49	218	257
7150	7200	49	220	258
7200	7250	49	221	260
7250	7300	49	223	262
7300	7350	49	224	264
7350	7400	49	226	266
7400	7450	49	227	267
7450	7500	49	229	269
7500	7550	49	230	271
7550	7600	49	232	273
7600	7650	49	233	275
7650	7700	49	235	276
7700	7750	49	236	278
7750	7800	49	238	280
7800	7850	49	239	282
7850	7900	49	241	284
7900	7950	49	243	285
7950	8000	49	244	287

2021 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is — At least	But less than	And you have — No children — Your credit is —	One child	Two children
8000	8050	49	246	289
8050	8100	49	247	291
8100	8150	49	249	293
8150	8200	49	250	294
8200	8250	49	252	296
8250	8300	49	253	298
8300	8350	49	255	300
8350	8400	49	256	302
8400	8450	49	258	303
8450	8500	49	259	305
8500	8550	49	261	307
8550	8600	49	262	309
8600	8650	49	264	311
8650	8700	49	266	312
8700	8750	49	267	314
8750	8800	49	269	316
8800	8850	49	270	318
8850	8900	49	272	320
8900	8950	49	273	321
8950	9000	48	275	323
9000	9050	48	276	325
9050	9100	48	278	327
9100	9150	47	279	329
9150	9200	47	281	330
9200	9250	47	282	332
9250	9300	46	284	334
9300	9350	46	285	336
9350	9400	45	287	338
9400	9450	45	288	339
9450	9500	45	290	341
9500	9550	44	292	343
9550	9600	44	293	345
9600	9650	44	295	347
9650	9700	43	296	348
9700	9750	43	298	350
9750	9800	43	299	352
9800	9850	42	301	354
9850	9900	42	302	356
9900	9950	42	304	357
9950	10000	41	305	359
10000	10050	41	307	361
10050	10100	41	308	363
10100	10150	40	310	365
10150	10200	40	311	366
10200	10250	40	313	368
10250	10300	39	314	370
10300	10350	39	316	372
10350	10400	39	318	374
10400	10450	38	319	375
10450	10500	38	321	377
10500	10550	38	322	379
10550	10600	37	324	381
10600	10650	37	325	383
10650	10700	37	326	384
10700	10750	36	326	386
10750	10800	36	326	388
10800	10850	35	326	390
10850	10900	35	326	392
10900	10950	35	326	393
10950	11000	34	326	395
11000	11050	34	326	397
11050	11100	34	326	399
11100	11150	33	326	401
11150	11200	33	326	402
11200	11250	33	326	404
11250	11300	32	326	406
11300	11350	32	326	408
11350	11400	32	326	410
11400	11450	31	326	411
11450	11500	31	326	413
11500	11550	31	326	415
11550	11600	30	326	417
11600	11650	30	326	419
11650	11700	30	326	420
11700	11750	29	326	422
11750	11800	29	326	424
11800	11850	29	326	426
11850	11900	28	326	428
11900	11950	28	326	429
11950	12000	28	326	431
12000	12050	27	326	433
12050	12100	27	326	435
12100	12150	27	326	437
12150	12200	26	326	438
12200	12250	26	326	440
12250	12300	25	326	442
12300	12350	25	326	444
12350	12400	25	326	446
12400	12450	24	326	447
12450	12500	24	326	449
12500	12550	24	326	451
12550	12600	23	326	453
12600	12650	23	326	455
12650	12700	23	326	456
12700	12750	22	326	458
12750	12800	22	326	460
12800	12850	22	326	462
12850	12900	21	326	464
12900	12950	21	326	465
12950	13000	21	326	467
13000	13050	20	326	469
13050	13100	20	326	471
13100	13150	20	326	473
13150	13200	19	326	474
13200	13250	19	326	476
13250	13300	19	326	478
13300	13350	18	326	480
13350	13400	18	326	482
13400	13450	18	326	483
13450	13500	17	326	485
13500	13550	17	326	487
13550	13600	17	326	489
13600	13650	16	326	491
13650	13700	16	326	492
13700	13750	16	326	494
13750	13800	15	326	496
13800	13850	15	326	498
13850	13900	14	326	500
13900	13950	14	326	501
13950	14000	14	326	503
14000	14050	14	326	505
14050	14100	13	326	507
14100	14150	13	326	509
14150	14200	12	326	510
14200	14250	12	326	512
14250	14300	12	326	514
14300	14350	11	326	516
14350	14400	11	326	518
14400	14450	11	326	519
14450	14500	10	326	521
14500	14550	10	326	523
14550	14600	10	326	525
14600	14650	9	326	527
14650	14700	9	326	528
14700	14750	9	326	530
14750	14800	8	326	532
14800	14850	8	326	534
14850	14900	8	326	536
14900	14950	7	326	537
14950	15000	7	326	538
15000	15050	7	326	538
15050	15100	6	326	538
15100	15150	6	326	538
15150	15200	6	326	538
15200	15250	5	326	538
15250	15300	5	326	538
15300	15350	5	326	538
15350	15400	4	326	538
15400	15450	4	326	538
15450	15500	4	326	538
15500	15550	3	326	538
15550	15600	3	326	538
15600	15650	2	326	538
15650	15700	2	326	538
15700	15750	2	326	538
15750	15800	1	326	538
15800	15850	1	326	538
15850	15900	1	326	538
15900	15950	0	326	538
15950	16000		326	538
16000	16050		326	538
16050	16100		326	538
16100	16150		326	538
16150	16200		326	538
16200	16250		326	538
16250	16300		326	538
16300	16350		326	538
16350	16400		326	538
16400	16450		326	538
16450	16500		326	538
16500	16550		326	538
16550	16600		326	538
16600	16650		326	538
16650	16700		326	538
16700	16750		326	538
16750	16800		326	538
16800	16850		326	538
16850	16900		326	538
16900	16950		326	538
16950	17000		326	538
17000	17050		326	538
17050	17100		326	538
17100	17150		326	538
17150	17200		326	538
17200	17250		326	538
17250	17300		326	538
17300	17350		326	538
17350	17400		326	538
17400	17450		326	538
17450	17500		326	538
17500	17550		326	538
17550	17600		326	538

2021 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		326	538
17650	17700		326	538
17700	17750		326	538
17750	17800		326	538
17800	17850		326	538
17850	17900		326	538
17900	17950		326	538
17950	18000		326	538
18000	18050		326	538
18050	18100		326	538
18100	18150		326	538
18150	18200		326	538
18200	18250		326	538
18250	18300		326	538
18300	18350		326	538
18350	18400		326	538
18400	18450		326	538
18450	18500		326	538
18500	18550		326	538
18550	18600		326	538
18600	18650		326	538
18650	18700		326	538
18700	18750		326	538
18750	18800		326	538
18800	18850		326	538
18850	18900		326	538
18900	18950		326	538
18950	19000		326	538
19000	19050		326	538
19050	19100		326	538
19100	19150		326	538
19150	19200		326	538
19200	19250		326	538
19250	19300		326	538
19300	19350		326	538
19350	19400		326	538
19400	19450		326	538
19450	19500		326	538
19500	19550		326	538
19550	19600		325	537
19600	19650		324	536
19650	19700		323	535
19700	19750		323	534
19750	19800		322	533
19800	19850		321	532
19850	19900		320	531
19900	19950		320	531
19950	20000		319	530

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		318	529
20050	20100		318	528
20100	20150		317	527
20150	20200		316	526
20200	20250		315	525
20250	20300		315	524
20300	20350		314	523
20350	20400		313	522
20400	20450		313	521
20450	20500		312	520
20500	20550		311	519
20550	20600		310	518
20600	20650		310	517
20650	20700		309	516
20700	20750		308	515
20750	20800		308	514
20800	20850		307	513
20850	20900		306	513
20900	20950		305	512
20950	21000		305	511
21000	21050		304	510
21050	21100		303	509
21100	21150		302	508
21150	21200		302	507
21200	21250		301	506
21250	21300		300	505
21300	21350		300	504
21350	21400		299	503
21400	21450		298	502
21450	21500		297	501
21500	21550		297	500
21550	21600		296	499
21600	21650		295	498
21650	21700		295	497
21700	21750		294	496
21750	21800		293	495
21800	21850		292	495
21850	21900		292	494
21900	21950		291	493
21950	22000		290	492
22000	22050		290	491
22050	22100		289	490
22100	22150		288	489
22150	22200		287	488
22200	22250		287	487
22250	22300		286	486
22300	22350		285	485
22350	22400		284	484

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		284	483
22450	22500		283	482
22500	22550		282	481
22550	22600		282	480
22600	22650		281	479
22650	22700		280	478
22700	22750		279	477
22750	22800		279	476
22800	22850		278	476
22850	22900		277	475
22900	22950		277	474
22950	23000		276	473
23000	23050		275	472
23050	23100		275	471
23100	23150		274	470
23150	23200		273	469
23200	23250		272	468
23250	23300		272	467
23300	23350		271	466
23350	23400		270	465
23400	23450		269	464
23450	23500		269	463
23500	23550		268	462
23550	23600		267	461
23600	23650		267	460
23650	23700		266	459
23700	23750		265	458
23750	23800		264	458
23800	23850		264	457
23850	23900		263	456
23900	23950		262	455
23950	24000		262	454
24000	24050		261	453
24050	24100		260	452
24100	24150		259	451
24150	24200		259	450
24200	24250		258	449
24250	24300		257	448
24300	24350		257	447
24350	24400		256	446
24400	24450		255	445
24450	24500		254	444
24500	24550		254	443
24550	24600		253	442
24600	24650		252	441
24650	24700		251	440
24700	24750		251	440
24750	24800		250	439

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		249	438
24850	24900		249	437
24900	24950		248	436
24950	25000		247	435
25000	25050		246	434
25050	25100		246	433
25100	25150		245	432
25150	25200		244	431
25200	25250		244	430
25250	25300		243	429
25300	25350		242	428
25350	25400		241	427
25400	25450		241	426
25450	25500		240	425
25500	25550		239	424
25550	25600		239	423
25600	25650		238	422
25650	25700		237	422
25700	25750		236	421
25750	25800		236	420
25800	25850		235	419
25850	25900		234	418
25900	25950		233	417
25950	26000		233	416
26000	26050		232	415
26050	26100		231	414
26100	26150		231	413
26150	26200		230	412
26200	26250		229	411
26250	26300		228	410
26300	26350		228	409
26350	26400		227	408
26400	26450		226	407
26450	26500		226	406
26500	26550		225	405
26550	26600		224	404
26600	26650		223	404
26650	26700		223	403
26700	26750		222	402
26750	26800		221	401
26800	26850		221	400
26850	26900		220	399
26900	26950		219	398
26950	27000		218	397
27000	27050		218	396
27050	27100		217	395
27100	27150		216	394
27150	27200		215	393

2021 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 —		
27200	27250		215	392
27250	27300		214	391
27300	27350		213	390
27350	27400		213	389
27400	27450		212	388
27450	27500		211	387
27500	27550		210	386
27550	27600		210	386
27600	27650		209	385
27650	27700		208	384
27700	27750		208	383
27750	27800		207	382
27800	27850		206	381
27850	27900		205	380
27900	27950		205	379
27950	28000		204	378
28000	28050		203	377
28050	28100		203	376
28100	28150		202	375
28150	28200		201	374
28200	28250		200	373
28250	28300		200	372
28300	28350		199	371
28350	28400		198	370
28400	28450		198	369
28450	28500		197	368
28500	28550		196	368
28550	28600		195	367
28600	28650		195	366
28650	28700		194	365
28700	28750		193	364
28750	28800		193	363
28800	28850		192	362
28850	28900		191	361
28900	28950		190	360
28950	29000		190	359
29000	29050		189	358
29050	29100		188	357
29100	29150		187	356
29150	29200		187	355
29200	29250		186	354
29250	29300		185	353
29300	29350		185	352
29350	29400		184	351
29400	29450		183	350
29450	29500		182	349
29500	29550		182	349
29550	29600		181	348
29600	29650		180	347
29650	29700		180	346
29700	29750		179	345
29750	29800		178	344
29800	29850		177	343
29850	29900		177	342
29900	29950		176	341
29950	30000		175	340
30000	30050		175	339
30050	30100		174	338
30100	30150		173	337
30150	30200		172	336
30200	30250		172	335
30250	30300		171	334
30300	30350		170	333
30350	30400		169	332
30400	30450		169	331
30450	30500		168	331
30500	30550		167	330
30550	30600		167	329
30600	30650		166	328
30650	30700		165	327
30700	30750		164	326
30750	30800		164	325
30800	30850		163	324
30850	30900		162	323
30900	30950		162	322
30950	31000		161	321
31000	31050		160	320
31050	31100		159	319
31100	31150		159	318
31150	31200		158	317
31200	31250		157	316
31250	31300		157	315
31300	31350		156	314
31350	31400		155	313
31400	31450		154	313
31450	31500		154	312
31500	31550		153	311
31550	31600		152	310
31600	31650		151	309
31650	31700		151	308
31700	31750		150	307
31750	31800		149	306
31800	31850		149	305
31850	31900		148	304
31900	31950		147	303
31950	32000		146	302
32000	32050		146	301
32050	32100		145	300
32100	32150		144	299
32150	32200		144	298
32200	32250		143	297
32250	32300		142	296
32300	32350		141	295
32350	32400		141	295
32400	32450		140	294
32450	32500		139	293
32500	32550		139	292
32550	32600		138	291
32600	32650		137	290
32650	32700		136	289
32700	32750		136	288
32750	32800		135	287
32800	32850		134	286
32850	32900		133	285
32900	32950		133	284
32950	33000		132	283
33000	33050		131	282
33050	33100		131	281
33100	33150		130	280
33150	33200		129	279
33200	33250		129	278
33250	33300		128	277
33300	33350		127	277
33350	33400		126	276
33400	33450		126	275
33450	33500		125	274
33500	33550		124	273
33550	33600		123	272
33600	33650		123	271
33650	33700		122	270
33700	33750		121	269
33750	33800		121	268
33800	33850		120	267
33850	33900		119	266
33900	33950		118	265
33950	34000		118	264
34000	34050		117	263
34050	34100		116	262
34100	34150		116	261
34150	34200		115	260
34200	34250		114	259
34250	34300		113	259
34300	34350		113	258
34350	34400		112	257
34400	34450		111	256
34450	34500		111	255
34500	34550		110	254
34550	34600		109	253
34600	34650		108	252
34650	34700		108	251
34700	34750		107	250
34750	34800		106	249
34800	34850		105	248
34850	34900		105	247
34900	34950		104	246
34950	35000		103	245
35000	35050		103	244
35050	35100		102	243
35100	35150		101	242
35150	35200		100	241
35200	35250		100	241
35250	35300		99	240
35300	35350		98	239
35350	35400		98	238
35400	35450		97	237
35450	35500		96	236
35500	35550		95	235
35550	35600		95	234
35600	35650		94	233
35650	35700		93	232
35700	35750		93	231
35750	35800		92	230
35800	35850		91	229
35850	35900		90	228
35900	35950		90	227
35950	36000		89	226
36000	36050		88	225
36050	36100		87	224
36100	36150		87	223
36150	36200		86	222
36200	36250		85	222
36250	36300		85	221
36300	36350		84	220
36350	36400		83	219
36400	36450		82	218
36450	36500		82	217
36500	36550		81	216
36550	36600		80	215
36600	36650		80	214
36650	36700		79	213
36700	36750		78	212
36750	36800		77	211

2021 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 —		
36800	36850		77	210
36850	36900		76	209
36900	36950		75	208
36950	37000		75	207
37000	37050		74	206
37050	37100		73	205
37100	37150		72	204
37150	37200		72	204
37200	37250		71	203
37250	37300		70	202
37300	37350		69	201
37350	37400		69	200
37400	37450		68	199
37450	37500		67	198
37500	37550		67	197
37550	37600		66	196
37600	37650		65	195
37650	37700		64	194
37700	37750		64	193
37750	37800		63	192
37800	37850		62	191
37850	37900		62	190
37900	37950		61	189
37950	38000		60	188
38000	38050		59	187
38050	38100		59	186
38100	38150		58	186
38150	38200		57	185
38200	38250		57	184
38250	38300		56	183
38300	38350		55	182
38350	38400		54	181
38400	38450		54	180
38450	38500		53	179
38500	38550		52	178
38550	38600		52	177
38600	38650		51	176
38650	38700		50	175
38700	38750		49	174
38750	38800		49	173
38800	38850		48	172
38850	38900		47	171
38900	38950		47	170
38950	39000		46	169
39000	39050		45	168
39050	39100		44	168
39100	39150		44	167
39150	39200		43	166

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 —		
39200	39250		42	165
39250	39300		41	164
39300	39350		41	163
39350	39400		40	162
39400	39450		39	161
39450	39500		39	160
39500	39550		38	159
39550	39600		37	158
39600	39650		36	157
39650	39700		36	156
39700	39750		35	155
39750	39800		34	154
39800	39850		34	153
39850	39900		33	152
39900	39950		32	151
39950	40000		31	150
40000	40050		31	150
40050	40100		30	149
40100	40150		29	148
40150	40200		29	147
40200	40250		28	146
40250	40300		27	145
40300	40350		26	144
40350	40400		26	143
40400	40450		25	142
40450	40500		24	141
40500	40550		23	140
40550	40600		23	139
40600	40650		22	138
40650	40700		21	137
40700	40750		21	136
40750	40800		20	135
40800	40850		19	134
40850	40900		18	133
40900	40950		18	132
40950	41000		17	132
41000	41050		16	131
41050	41100		16	130
41100	41150		15	129
41150	41200		14	128
41200	41250		13	127
41250	41300		13	126
41300	41350		12	125
41350	41400		11	124
41400	41450		11	123
41450	41500		10	122
41500	41550		9	121
41550	41600		8	120

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 —		
41600	41650		8	119
41650	41700		7	118
41700	41750		6	117
41750	41800		5	116
41800	41850		5	115
41850	41900		4	114
41900	41950		3	114
41950	42000		3	113
42000	42050		2	112
42050	42100		1	111
42100	42150		0	110
42150	42200			109
42200	42250			108
42250	42300			107
42300	42350			106
42350	42400			105
42400	42450			104
42450	42500			103
42500	42550			102
42550	42600			101
42600	42650			100
42650	42700			99
42700	42750			98
42750	42800			97
42800	42850			96
42850	42900			95
42900	42950			95
42950	43000			94
43000	43050			93
43050	43100			92
43100	43150			91
43150	43200			90
43200	43250			89
43250	43300			88
43300	43350			87
43350	43400			86
43400	43450			85
43450	43500			84
43500	43550			83
43550	43600			82
43600	43650			81
43650	43700			80
43700	43750			79
43750	43800			78
43800	43850			77
43850	43900			77
43900	43950			76
43950	44000			75

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 —		
44000	44050			74
44050	44100			73
44100	44150			72
44150	44200			71
44200	44250			70
44250	44300			69
44300	44350			68
44350	44400			67
44400	44450			66
44450	44500			65
44500	44550			64
44550	44600			63
44600	44650			62
44650	44700			61
44700	44750			60
44750	44800			59
44800	44850			59
44850	44900			58
44900	44950			57
44950	45000			56
45000	45050			55
45050	45100			54
45100	45150			53
45150	45200			52
45200	45250			51
45250	45300			50
45300	45350			49
45350	45400			48
45400	45450			47
45450	45500			46
45500	45550			45
45550	45600			44
45600	45650			43
45650	45700			42
45700	45750			41
45750	45800			41
45800	45850			40
45850	45900			39
45900	45950			38
45950	46000			37
46000	46050			36
46050	46100			35
46100	46150			34
46150	46200			33
46200	46250			32
46250	46300			31
46300	46350			30
46350	46400			29

2021 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	28		
46450	46500	27		
46500	46550	26		
46550	46600	25		
46600	46650	24		
46650	46700	23		
46700	46750	23		
46750	46800	22		
46800	46850	21		
46850	46900	20		
46900	46950	19		
46950	47000	18		
47000	47050	17		
47050	47100	16		
47100	47150	15		
47150	47200	14		
47200	47250	13		
47250	47300	12		
47300	47350	11		
47350	47400	10		
47400	47450	9		
47450	47500	8		
47500	47550	7		
47550	47600	6		
47600	47650	5		
47650	47700	5		
47700	47750	4		
47750	47800	3		
47800	47850	2		
47850	47900	1		
47900	47950	0		

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* in the next column.

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

Step 1

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

Step 2

1. First, prepare your state tax return (Form IT-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 ______________

Step 3

If you are filing as a single individual or as married filing jointly:

- 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.

If you are filing as a married individual filing separately:

- If the amount from Step 2, line 3 is greater than $9,299, **STOP.** You do not qualify for this credit.
- If the amount from Step 2, line 3 is less than $9,000, go to **Worksheet C** to figure your credit.
- If the amount from Step 2, line 3 is between $9,000 and $9,299, go to **Worksheet D** to figure your credit.

Worksheet A:

Complete if the answer from Step 2, line 3 is less than $18,000 and you are filing a single return or filing as married filing jointly.

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 and you are filing a single return or filing as married filing jointly.

B1 Allowable maximum Indiana AGI.................. **B1** $ 18,600

B2 Enter the amount from Step 2, line 3... .... **B2** $____________

B3 Subtract B2 from B1 (if answer is zero or a negative amount, **STOP**. You do not qualify for this credit)................... **B3** $____________

B4 Multiply the amount on B3 by 0.5. Round answer; see page 6 for rounding instructions...................................... **B4** $____________

B5 Enter the amount of Indiana property tax you paid on your Lake County residence.. **B5** $____________

B6 Enter the smaller of B4 or B5. This is your credit. Enter here and on Schedule 5, line 6, and continue to the **Final Step** below.. **B6** $____________

Worksheet C:

Complete if the answer from Step 2, line 3 is less than $9,000 and you are a married individual filing separately.

C1 Enter the amount of Indiana property tax you paid on your Lake County residence... **C1** $ ___________

C2 Maximum credit .... **C2** $ 150

C3 Enter the **smaller** of C1 or C2. This is your credit. Enter here and on Schedule 5, line 6, and skip to the Final Step below........... **C3** $ ___________

Worksheet D: Indiana AGI Phaseout

Complete if the answer from Step 2, line 3 is between $9,000 and $9,300 and you are a married individual filing separately.

D1 Allowable maximum Indiana AGI .... **D1** $ 9,300

D2 Enter the amount from Step 2, line 3... .... **D2** $___________

D3 Subtract D2 from D1 (if answer is zero or a negative amount, **STOP**. You do not qualify for this credit)................... **D3** $___________

D4 Multiply the amount on D3 by 0.5. Round answer; see page 6 for rounding instructions....................................... **D4** $___________

D5 Enter the amount of Indiana property tax you paid on your Lake County residence... **D5** $___________

D6 Enter the smaller of D4 or D5. This is your credit. Enter here and on Schedule 5, line 6, and continue to the **Final Step** below... **D6** $___________

Final Step

Remember, you are not eligible to claim both the Homeowner's Property Tax Deduction and the Lake County Residential Income Tax Credit in the same year. Therefore, if you are claiming this credit, make sure to remove any Homeowner's Property Tax Deduction reported on Schedule 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 owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc.

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 must complete and enclose Schedule IN-EDGE or Schedule IN-EDGE-R, which are located online at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/.

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% of the cost incurred in relocating the headquarters. Generally, this credit is nonrefundable, and is reported on Schedule 6: Offset Credits.

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 DOR 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 beginning on page 50.

For more information (including limitations on the credit and the application process), see Income Tax Income Tax Information Bulletin #97, available at www.in.gov/dor/files/reference/ib97.pdf. 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** below.

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** below.

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

Read more about this fund and other programs available for Hoosier veterans 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** in the next column.

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

Remember, you can use this credit only if you have **both**:
- A county tax amount on Form IT-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% of the qualified investment made by the taxpayer during the taxable year.

This credit is available to owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc. 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 49).

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** below.

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 Income Tax Information Bulletin #59 available at www.in.gov/dor/files/reference/ib59.pdf.

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 $100 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/tax-forms/2021-individual-income-tax-forms and Income Tax Information Bulletin #14 at www.in.gov/dor/files/reference/ib14.pdf.

Important. You must maintain documentation of your contributions. DOR 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	Utah
Hawaii	Montana	Vermont
Idaho	Nebraska	Virginia
Illinois	New Hampshire*	West Virginia
Iowa	New Jersey	
Kansas	New Mexico	

Any foreign countries or U.S. possessions

* Capital gain, interest, and dividends only.

If you are personally subject to the District of Columbia Unincorporated Business Franchise Tax (D-30) on income that you received while you are an Indiana resident, you may claim a credit against your Indiana adjusted gross income tax for those taxes. Do not claim a credit for taxes paid to the District of Columbia from Form D-40.

NOTE: If you are an owner or beneficiary of a partnership, S corporation, trust, or similar pass-through entity and the entity is subject to a tax imposed by another state at the entity level, you cannot take a credit for the tax imposed at the entity level, even if the tax is allowable as a credit against your personal tax liability imposed by that state. This disallowance does not apply to composite or withholding taxes imposed by another state.

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 1 - 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.

Exception 2. If you are subject to state income tax on income from a non-United States country or territory that is not currently subject to tax in that country but will be, enclose the following information with your return:
- The country or territory in which the income is subject to tax
- The type of income (dividends, interest, etc.)
- The amount of income
- The reason the income is deferred by the country
- The tax that will be due upon the income upon recognition by the foreign country
- The credit for taxes paid to another state claimed on the income (include a computation similar to the Group A worksheet above).

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 does not 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. For Indiana residents who are subject personally to the District of Columbia Unincorporated Business Franchise Tax (D-30) on income that you received, please see the Group A instructions.

Group D

No State Income Tax (No credit allowed)

Alaska	Florida	Nevada
South Dakota	Tennessee	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% of the federal credit allowed per child, or $1,000 per child, whichever is less. Complete Worksheet B on page 48 to figure your credit.

Federal adoption carryforward credits.
A carryforward credit claimed on federal Form 8839 may be allowed if it is from the preceding five tax years (2016, 2017, 2018, 2019 and/or 2020).

Federal Adoption Credit Carryforward

Worksheet A-1: 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 2021 (line 2 minus line 10 of the 2021 *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: 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 2021 (line 3 minus line 12 of the 2021 *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: 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 2021 (line 4 minus line 14 of the 2021 *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: 2019 Carryforward Credit	Child 1	Child 2	Child 3
1. Enter amount from 2019 Form 8839, line 11	$	$	$
2. Enter the amount from 2019 Form 8839, line 12	$	$	$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2019 carryforward credit used in 2021 (line 5 minus line 16 of the 2021 *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	$	$	$

Federal Adoption Credit Carryforward

Worksheet A-5: 2020 Carryforward Credit	Child 1	Child 2	Child 3
1. Enter amount from 2020 Form 8839, line 11	$	$	$
2. Enter the amount from 2020 Form 8839, line 12	$	$	$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2020 carryforward credit used in 2021 (line 6 minus line 18 of the 2021 *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 10 of Worksheet B below	$	$	$

Indiana Adoption Credit Calculation

Complete Worksheet B to figure your Indiana adoption credit. Add more columns to the worksheet below if claiming this credit for more than three children.

You will need to have your completed 2021 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 2016 adoption carryforward credit from Worksheet A-1, line 5	$	$	$	
7. Enter pro rata share of any 2017 adoption carryforward credit from Worksheet A-2, line 5	$	$	$	
8. Enter pro rata share of any 2018 adoption carryforward credit from Worksheet A-3, line 5	$	$	$	
9. Enter pro rata share of any 2019 adoption carryforward credit from Worksheet A-4, line 5	$	$	$	
10. Enter pro rata share of any 2020 adoption carryforward credit from Worksheet A-5, line 5				
11. Add lines 5, 6, 7, 8, 9 and 10	$	$	$	
12. Limitation	$ 10,000	$ 10,000	$ 10,000	
13. Enter the smaller of line 11 or line 12	$	$	$	
14. Multiply line 13 by 10% (.10); round to nearest whole dollar	$	$	$	
15. Add all amounts from each column on line 14. Enter total here.			**This is your credit**	$

See Income Tax Information Bulletin #111 at www.in.gov/dor/files/reference/ib111.pdf 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 DOR 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.

Federal Adoption Credit Carryforward Calculation
Use *Worksheet A-1* on page 47 to figure each child's pro rata share of any 2016 carryforward credit shown on line 12 of the 2021 Adoption Credit Carryforward Worksheet (from the 2021 instructions for federal Form 8839). Enter that amount in the appropriate column on line 6 of Worksheet B.

Use *Worksheet A-2* on page 47 to figure each child's pro rata share of any 2017 carryforward credit shown on line 14 of the 2021 Adoption Credit Carryforward Worksheet (from the 2021 instructions for federal Form 8839). Enter that amount in the appropriate column on line 7 of Worksheet B.

Use *Worksheet A-3* on page 47 to figure each child's pro rata share of any 2018 carryforward credit shown on line 16 of the 2021 Adoption Credit Carryforward Worksheet (from the 2021 instructions for federal Form 8839). Enter that amount in the appropriate column on line 8 of Worksheet B.

Use *Worksheet A-4* on page 47 to figure each child's pro rata share of any 2019 carryforward credit shown on line 18 of the 2021 Adoption Credit Carryforward Worksheet (from the 2021 instructions for federal Form 8839). Enter that amount in the appropriate column on line 9 of Worksheet B.

Use *Worksheet A-5* on page 47 to figure each child's pro rata share of any 2020 carryforward credit shown on line 20 of the 2021 Adoption Credit Carryforward Worksheet (from the 2021 instructions for federal Form 8839). Enter that amount in the appropriate column on line 10 of Worksheet B.

If you have no federal adoption credit to carry forward from either 2016, 2017, 2018, 2019 and/or 2020, skip Worksheets A-1, A-2, A-3, A-4, and A-5 and complete Worksheet B.

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, you may make contributions to this fund for Indiana K-12 education purposes. 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/files/reference/ib98.pdf. 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/tax-forms/2021-individual-income-tax-forms/ 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 owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc. 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/files/reference/ib99.pdf.

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

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. Owners of 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.

Economic Development for a Growing Economy - Nonresident Employees (EDGE-NR) 865

This credit is for incremental state income tax amounts that would have been withheld on employees from reciprocal states if those employees had been subject to Indiana state tax withholding. Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., are eligible for this credit. Unlike the EDGE and EDGE-R credits, the EDGE-NR credit is a non-refundable credit.

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.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of a pass-through entity such as S corporations, partnerships, limited liability companies, etc., make sure to keep Schedule IN K-1 with your records as DOR can require you to provide this information.

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. Visit www.aiez.org/directory.html to look up contact information for a particular enterprise zone.

Sole proprietors who operate and/or invest in a business located in a zone and owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., 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% 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/files/reference/ib66.pdf and Indiana Schedule EZ, Parts 1, 2 and 3 at www.in.gov/dor/tax-forms/enterprise-zone-forms/. Also, you may 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% 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/files/reference/ib66.pdf, 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% 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/files/reference/ib66.pdf and Indiana Schedule LIC at www.in.gov/dor/tax-forms/enterprise-zone-forms.

Note. Schedule LIC must be enclosed if claiming this credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov for additional information.

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

Some or all of this credit may be available to be refunded. See below 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.

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/files/reference/ib97.pdf. 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 43 for completing Schedule 5, line 9. Maintain the documentation provided to you that supports the refundable portion of this credit as DOR 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 the Credit Recapture Schedule IN-CR, and Schedule 4, line 3, *Recapture of certain Indiana offset credits*. See instructions on page 28 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. Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., 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/files/reference/ib95.pdf.

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/tax-forms/2021-individual-income-tax-forms/. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of a pass-through entity such as S corporation, partnership, limited liability company, etc., make sure to keep Schedule IN K-1 with your records as DOR can require you to provide this information.

Hoosier Business Investment Credit - Logistics 860

This credit is for qualified expenditures for certain logistics investments. Owners of 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/files/reference/ib95.pdf 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/tax-forms/2021-individual-income-tax-forms/. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of a pass-through entity such as S corporations, partnerships, limited liability companies, etc., make sure to keep Schedule IN K-1 with your records as DOR 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. Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., are eligible to claim this credit. Enclose your Schedule IN K-1 to support your claim.

A completed Form IT-20REC must be kept with your records as DOR can require you to provide this information. Get Form IT-20REC at www.in.gov/dor/tax-forms/2021-corporatepartnership-income-tax-forms/.

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. Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc. may are eligible to claim this credit.

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 DOR 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 owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc.

Note. 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, 2021. A taxpayer is entitled to receive a credit for a qualified investment made after December 31, 2020, and before January 1, 2031, if the taxpayer is awarded a credit under:

- An application approved by the Indiana Economic Development Corporation (IEDC) before January 1, 2021; or
- An agreement entered into by the taxpayer and IEDC before January 1, 2022.

Important. Any unused credit existing before Jan. 01, 2021, 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 owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc.

The carryforward portion of the previously approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of a pass-through entity, such as S corporations, partnerships, limited liability companies, etc., make sure to keep Schedule IN K-1 with your records as DOR 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.

Owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc., are eligible for this 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.

Non-qualified expenses are certain expenses not allowed when figuring this credit. They include:

- Certain expenses for professional development courses related to the curriculum, or to the students, that the educator teaches.
- COVID-19 protective items, such as face masks; disinfectant for use against COVID-19; hand soap; hand sanitizer; disposable gloves; tape, paint, or chalk to guide social distancing; physical barriers (for example, clear plexiglass); air purifiers; and other items recommended by the CDC to be used for the prevention of the spread of COVID-19.

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:

- 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 DOR 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** on page 54.

Redevelopment Tax Credit 863

You may be eligible for a credit if you make a qualified investment for the redevelopment or rehabilitation of real property located within a qualified redevelopment site.

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.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/. Make sure to enclose this schedule with your tax filing. Also, see the **Combined Limitation** on page 54.

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/files/reference/ib87a.pdf. 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** on page 54.

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** below for additional limitations.

School Scholarship Credit 849

A credit is available for donations to certain scholarship-granting organizations (SGOs). The amount of credit is equal to 50% of the amount of the contribution. While there are no limits to how much a donor can contribute to a qualified SGO, the entire tax credit program cannot award more than $17.5 million in credits per state fiscal year of July 1, 2021 – June 30, 2022.

To qualify for the credit, you must make a contribution to a scholarship granting organization that is certified by 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/tax-forms/2021-individual-income-tax-forms. 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 iedc.in.gov/.

Beginning with the 2020 tax year, this credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as an owner of pass-through entity such as S corporation, partnership, limited liability company, etc., make sure to keep Schedule IN K-1 with your records as DOR can require you to provide this information.

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

Restriction for Certain Tax Credits - Limited to One Per Project

A taxpayer may not be granted more than one credit for the same project. The credits that are 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. Miranda 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 2021?"

Line 2 – Out-Of-State Income Information

If you and/or your spouse worked in Illinois, Kentucky, Michigan, Ohio, Pennsylvania and/or Wisconsin during 2021, 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 in the next column.

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. 18, 2022, and filing your Form IT-40 by April 18, 2022, or
- Filing your Form IT-40 by March 1, 2022, and paying all the tax due at that time. You are not required to make an estimated tax payment if you use this option.

Important. If you have checked the box, you must keep the completed Schedule IT-2210 with your records as DOR may request it at a later date.

Line 5 – Non- or Partially- Responsible Spouse

Place an X in this box if you are a spouse who claims to not be liable for all or part of a tax liability because the remaining liability is that of the other spouse. You may be filing as a spouse who claims to not be liable for all or part of a tax liability if:

- You have a tax liability reported on a joint return for which you are not responsible;
- You have a tax liability reported on a joint return, but you are responsible only for a portion of the liability; or
- You have received an assessment from the Indiana Department of Revenue and you are not liable for all or part of the assessment because the assessment arises from the tax attributable to your spouse.

If filing as a non- or partially- responsible spouse who claims to not be liable for all or part of a tax liability, complete and submit Schedule IN-40PA (www.in.gov/dor/tax-forms/miscellaneous-individual-forms/), along with any supporting documentation.

Line 6 – Date of Death

If the taxpayer and/or spouse died during 2021, 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, 2021, would be entered as 01/09/2021. See instructions beginning on page 6 for more information.

Note. If the taxpayer and/or spouse died before 2021, or after Dec. 31, 2021, but before filing his or her tax return, do not enter his/her date of death in this box.

Line 7 – 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, DOR 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 DOR 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 DOR 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 DOR 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 DOR 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/tax-forms/2021-individual-income-tax-forms/ 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, 2021. If you had more than one home in Indiana on this date, then your county of residence as of Jan. 1, 2021, 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 2021.

Enter the county two-digit code for the county where you lived on Jan. 1, 2021, 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, 2021, 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, 2021. He will figure Scott County tax when filing his 2021 state tax return (he lived there on Jan. 1, 2021). If he still lived in Martin County on Jan. 1, 2022, he will figure Martin County tax when filing his 2022 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, 2021. If you began working in another county after Jan. 1, 2021, 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, 2021. She quit that job and began a new one in Johnson County on Feb. 10, 2021. 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, 2021, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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.
- Are filing a joint return and you both lived in the same county on Jan. 1, 2021, enter on line 1A the amount from Form IT-40, line 7. Leave Column B blank.
- Are filing a joint return and you lived in different counties on Jan. 1, 2021, 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 2021 and are filing a joint return. On Jan. 1, 2021, 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 spouse must use their own:

- Personal $1,000 exemption (included on Schedule 3, line 1),
- Age 65 or older exemption (included on Schedule 3, line 4),
- Age additional age 65 exemption (included on Schedule 3, line 5),

when figuring their share of net income subject to county tax. Additional exemptions for dependents 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 dependent exemptions when figuring county tax.

*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 2021 and are filing a joint return. On Jan. 1, 2021, 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:

Breakdown	Column A Sam	Column B Molly	IT-40 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, 2021, on the *2021 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, 2021, 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, 2021:

- 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, 2021, 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, 2021 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.

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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:

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- 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