

**INDIANA**  
2 0 2 2



**IT-40PNR**  
**Part-Year and Full-Year Nonresident**  
Individual Income Tax Booklet  
[freefile.dor.in.gov](http://freefile.dor.in.gov) **FAST • FRIENDLY • FREE**

# WAIT!

## YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!



More than 85 percent of Indiana taxpayers filed electronically in 2021. 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.in.gov/dor/individual-income-taxes/infreefile](http://www.in.gov/dor/individual-income-taxes/infreefile) 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 7 for extension of time to file procedures.

---

---

## 2022 Changes

**Update.** Line 36A of Form IT-40PNR, Schedule A, assumes conformity with the Internal Revenue Code of 1986, as amended and in effect on March 31, 2021. If the 2023 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](http://www.in.gov/dor) for updates.

### Add-backs

- The **Student Loan Discharge Add-Back** (150) rules have been adjusted. See page 18 for more information.

### Credits

- A **new credit** (867) is available for qualifying donations to approved foster care organizations. See page 46 for more details.
- A **new credit** (868) is available for the venture capital investment credit for amounts provided to a Qualified Indiana Investment Fund. See page 50 for more information.

- A **new credit** (869) is available for qualified film and media productions. See page 46 for more information.
- The **Adoption Credit** has been increased to 20% of the federal adoption credit or \$2,500 per eligible child, whichever is less. Also, there is a \$2,500 cap per eligible child if the credit is claimed over multiple years. In addition, the adoption credit is now a refundable credit. See page 37 for further information.
- Beginning in 2022, the **Headquarters Relocation Credit** (818) must be reported on Schedule IN-OCC.
- **School Scholarship Tax Credit Contribution** ceiling increased. The total of allowable net contributions to the program has increased to \$18.5 million for the program's fiscal year of July 1, 2022 through June 30, 2023.
- **Automatic Taxpayer Refund.** A \$200 per individual automatic taxpayer refund is available for certain taxpayers who did not qualify for the automatic taxpayer refunds issued during 2022. Please see page 38 for additional information.

### Deductions

- A **new deduction** (635) is available for amounts paid from Indiana education scholarship accounts for qualifying expenses, but only to the extent the payment is included in federal gross income. See page 25 for more information.
- A **new deduction** (637) is available to report student loan interest payments to the extent the interest was paid by your employer and required to be added back to Indiana adjusted gross income. See page 24 for more information.
- A **new deduction** (638) is available for amounts paid from Indiana enrichment scholarship accounts for qualifying expenses, but only to the extent the payment is included in federal gross income. See page 25 for more information.
- For 2022, the **COVID-related Employee Retention Credit Disallowed Expenses Deduction** (634) is limited to certain cases. See page 24 for more information.

### Exemptions

- A new \$3,000 exemption is available for qualifying adopted children. See page 28 for more information.
- A new **Schedule IN-DEP-A** has been created to report any qualifying adopted children for purposes of claiming the adopted child exemption. See page 31 for more information.

### Miscellaneous

- A new **Schedule IN-W** is available to report taxes withheld on your behalf (and your spouse, if married filing jointly).

---

---

## 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](http://www.in.gov/dor/tax-forms).

---

---

## Need Help With Your Return?

### Local Help

You may be eligible to take advantage of the IRS Volunteer Return Preparation Program (VRPP). This program offers free tax return help to low income, elderly and special needs individuals. Volunteers will fill out federal and state forms for those who qualify. Call the IRS at 1-800-829-1040 to find the nearest VRPP location. Be sure to take your W-2s and 1099s with you.

### 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](http://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 2021 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.in.gov/dor/individual-income-taxes/infreefile](http://www.in.gov/dor/individual-income-taxes/infreefile).

### Our Website

Our website offers tax filing options, 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](http://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 [intime.dor.in.gov](http://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 [www.in.gov/dor/files/intime-individual-guide.pdf](http://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](http://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 2022 individual income tax return after you initially filed:

- Prepare another IT-40 PNR 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.

If you are filing an amended return for 2022 reporting additional tax and you previously received a refund, the department will issue either a notice of proposed assessment or demand for payment to request repayment of the refund plus interest and penalty.

The Form IT-40PNR and supporting schedules are located at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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 2023. Event details will be listed at [www.in.gov/dor/news-media-and-publications/dor-public-events/annual-public-hearings](http://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](http://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 within each box. 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](http://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 do not enter the spouse's name on the second name line.

- **Married Persons Who Live Apart Filing Status**

If you were not divorced or legally separated 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.

### 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](http://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, 2022. You can find these code numbers on the chart found on the back of Schedule CT-40PNR. See the instructions beginning on page 51 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, IN K-1s, Etc.

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

Also, enclose:

- All W-2s, 1099s, 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.

### A note about the \$200 additional taxpayer refund.

If you or your spouse (if married filing jointly):

- are claiming the \$200 additional taxpayer refund on you or your spouse's behalf, and
- the individual for whom the credit is being claimed received any Social Security benefits other than Supplemental Security income (SSI),

the Form SSA-1099 for that individual must be attached to the return.

- If the individual for whom the credit is being claimed received only SSI, you must attach a benefits verification letter
- See the instructions for Schedule F, Line 11 on page 38 for special instructions related to electronically-filed returns.

---

---

## 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. In addition, if you filed Schedule IN-COMPA, you must file an Indiana tax return.

### 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.

### Full-Year Residents

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

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

\* To figure your exemptions for filing requirement purposes, Indiana allows a \$1,000 exemption for you and a \$1,000 exemption for your spouse (if married filing jointly). You also get a \$1,000 exemption for each dependent you are eligible to claim. See instructions beginning on page 28 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.

### Deceased Taxpayers

If an individual died during 2022, or died after Dec. 31, 2022, but before filing his/her tax return, the executor, administrator or surviving spouse must file a tax return for the individual if:

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

Be sure to enter the month and day of death for the taxpayer or spouse in the appropriate box located on Schedule H. For example, a date of death of Jan. 9, 2022, would be entered as 01/09/2022.

**Note.** The date of death should not be entered here if the individual died after Dec. 31, 2022, but before filing the tax return. The date of death information will be shown on the individual's 2023 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/contact-us](http://www.in.gov/auditor/contact-us) 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.

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 52 for an explanation of county of residence for military personnel.

---

## When Should You File?

Your tax return is due April 18, 2023. 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.

### 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, 2023 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, 2023.

**Note.** Indiana's Application for Extension of Time to File, Form IT-9, extends the filing date to Nov. 15, 2023.

### 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, 2023, for the extension request to be valid.

**Note.** You may file Indiana's Application for Extension of Time to File online if you make a payment with it by April 18, 2023.

Pay electronically using DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), by visiting [intime.dor.in.gov](http://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. 15, 2023, 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. 15, 2023, 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, 2023.

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, 2023.

### Extension Filing Deadline.

Both state Form IT-9 and federal Form 4868 extend your state filing time to Nov. 15, 2023.

### 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, 2023,
- Filed your tax return by Nov. 15, 2023, and
- Paid any remaining amount due (including interest) with that filing.

Interest is owed on all amounts paid after April 18, 2023. 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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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, 2023. Pay electronically using DOR's e-services portal, the Indiana Taxpayer Information Management Engine (INTIME), by visiting [intime.dor.in.gov](http://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 F, line 3.

**Military personnel** on duty outside of the United States and Puerto Rico on the filing due date are allowed an automatic 60 day extension of time to file. A statement must be enclosed with the return verifying that you were outside of the United States or Puerto Rico on April 18, 2023.

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

---

## Nonresidency and Income Taxable to Indiana

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

### Indiana income includes income from the following sources:

1. Winnings from Indiana riverboats, pari-mutuel wagering, and lotteries;
2. Labor or services performed in Indiana, including salaries, wages, tips, commissions, etc.;
3. A farm, business, trade or profession doing business in Indiana;
4. Any real or personal property located in Indiana, including any income from the sale or exchange of property located in Indiana;
5. A partnership or an S corporation doing business in Indiana;
6. Stocks, bonds, notes, bank deposits, patents, copyrights, secret

processes and formulas, goodwill, trademarks, trade brands, franchises, and other property where earnings are a part of an Indiana business;

7. Income from trusts and estates derived from Indiana sources and distributed to nonresident heirs; and
8. Pensions and most interest and dividends are taxed by your state of residence when you receive them.

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

## Reciprocal States: Special Filing and Income Reporting Instructions

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

- You received wages, salaries, tips, or commissions from Indiana, you will not owe Indiana adjusted gross income tax on that income. However, you may owe a county tax. If this is the only type of income you received from Indiana, you should file Form IT-40RNR, reciprocal nonresident Indiana individual income tax return. See the "Need Tax Forms or Information Bulletins?" section on page 3 for options; or
- You received other types of Indiana-source income besides wages tips, salaries or commissions (see items 1 through 8 above), you must file Form IT-40PNR instead of Form IT-40RNR; or
- You received both Indiana-source income (see items 1 through 8 above) and wage income from Indiana, you must file form IT-40PNR. The wage income will not be subject to Indiana adjusted gross income tax. However, see the county tax instructions for **Reciprocal state residents** on page 54 if these wages were earned in an Indiana county.

*Example.* Fred and Deanna are full-year residents of Michigan, and filed a 2022 joint federal income tax return. During 2022 Fred received \$10,000 winnings from an Indiana riverboat, and Deanna earned \$55,000 wage income from an Elkhart, Indiana employer. Fred's riverboat winnings will be taxed by Indiana. Enter Fred's \$10,000 winnings on Indiana Schedule A, line 20, Columns A and B. Deanna's wage income is not subject to Indiana adjusted gross income tax. Therefore, enter Deanna's wage income in Column A only.

**Note.** See county tax instructions for **Reciprocal state residents** on page 54 to determine if county tax is due on her wage income.

---

## Completing Form IT-40PNR

### Line 1 – Income Taxed by Indiana

Complete Indiana Schedule A: Income or Loss; Proration; and Adjustments to Income. Instructions for Schedule A begin on page 12. Carry the line 36B amount to line 1 on the front of Form IT-40PNR. Make sure to enclose Schedule A when filing.

### Line 2 – Add-Backs

Enter on this line any add-backs from Schedule B: Add-Backs. Instructions for Schedule B begin on page 17. Make sure to enclose Schedule B when filing.



## Line 4 – Deductions

Enter on this line any deductions from Schedule C: Deductions. Instructions for Schedule C begin on page 20. Make sure to enclose Schedule C when filing.

## Line 6 – Exemptions

Enter any exemptions from Schedule D: Exemptions on this line. Instructions for Schedule D begin on page 28. Make sure to enclose Schedule D when filing.

## Line 9 – County Tax

Complete Schedule CT-40PNR to figure your county tax. Instructions for Schedule CT-40PNR begin on page 52.

## Line 10 – Other Taxes

Enter any other taxes from Schedule E: Other Taxes on this line. Instructions for Schedule E begin on page 33. Make sure to enclose Schedule E when filing.

## Line 12 – Credits

Enter your credits from Schedule F: Credits on this line. Instructions for Schedule F begin on page 35. Make sure to enclose Schedule F when filing.

## Line 13 – Offset Credits

Enter the total of any offset credits reported on Schedule G: Offset Credits on this line. Instructions for Schedule G begin on page 42. Make sure to enclose Schedule G when filing.

## Line 17 – Donation Check-Offs

Enter on this line the total of any donations made on Schedule IN-DONATE. Make sure to enclose Schedule IN-DONATE, which is located at the bottom of Schedule F: Credits, when filing. See page 41 for more information.

## Line 19 – Amount to be Applied as a 2023 Estimated Tax Installment Payment

You should pay estimated tax if you expect to have income during the 2023 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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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, 2023, 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 2023 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 2023 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 2023 tax year are due by:

- April 18, 2023 (1st installment)
- June 15, 2023 (2nd installment)
- Sept. 15, 2023 (3rd installment)
- Jan. 16, 2024 (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, 2023, will be considered to be a 2023 first installment payment; June 3, 2023, will be considered to be a 2023 second installment payment; and July 22, 2023, will be considered to be a 2023 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 [intime.dor.in.gov](http://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](http://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-40PNR, 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 2021 IT-40 or IT-40PNR. Note: If last year's **Federal 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. Also use this form if you had substantial changes in withholding during the year. See Income Tax Information Bulletin #3 available at [www.in.gov/dor/files/reference/ib03.pdf](http://www.in.gov/dor/files/reference/ib03.pdf) for further information. 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 18, 2022 first installment due date.

*Example.* Rachael received a sizeable lump sum distribution in December of 2022. She figured how much estimated tax was due, and paid it in full by the Jan. 17, 2023, 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 2021 and/or 2022 was from farming or fishing.

**Option 1.** Pay your estimated tax in one payment on or before Jan. 18, 2023, and file your tax return by April 18, 2023; or

**Option 2.** Make no estimated tax payment and file your tax return and pay all the tax due by March 1, 2023.

*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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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 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](http://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 Works 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 2022. In general, a claim for refund must be made by April 15, 2026 (Nov. 14, 2026 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 2022 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, 2023 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, 2023.

## 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, 2023 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](http://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 [intime.dor.in.gov](http://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 [www.in.gov/dor/files/intime-individual-guide.pdf](http://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](http://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 [intime.dor.in.gov](http://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, 2023 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](http://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 H. Then, sign and date the tax return. If this is a jointly filed tax return, both you and your spouse must sign and date it. Make sure to enclose the completed Schedule H when filing.

### Taxpayer Advocate

As prescribed by the Taxpayer Bill of Rights, 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/tao](http://www.in.gov/dor/contact-us/tao). You may also contact the Office of the Taxpayer Advocate directly at [taxadvocate@dor.in.gov](mailto:taxadvocate@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 A

### Sections 1, 2 and 3 Instructions

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

### General Information

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

For part-year residents, the portion of the following types of income from Indiana sources that were received while a nonresident should not be reported as income taxed by Indiana: interest from bonds, dividends, unemployment compensation, and gains from the sale of stock, bonds, or other securities. However, gains from real or tangible personal property located in Indiana should be reported as income taxed by Indiana. In addition, if you receive income from a pass through entity (e.g., an S corporation or partnership) that conducts business in Indiana, your share of the entity's income derived from Indiana sources should be reported as income taxed by Indiana.

For full-year nonresidents, the portion of the following types of income from Indiana sources should not be reported as income taxed by Indiana: interest from bonds, dividends, unemployment compensation, and gains from the sale of stocks, bonds, or other securities.

*Example.* The distributive share of income received from an S corporation doing business in Indiana must be reported by nonresidents as income taxable in Indiana to the extent the S corporation is doing business in Indiana.

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

Read the following line-by-line instructions for more information. Also, see Income Tax Information Bulletin #28 at [www.in.gov/dor/files/reference/ib28.pdf](http://www.in.gov/dor/files/reference/ib28.pdf) for more information.

### Important Information about Possible Year-End Federal Legislation

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

You may wish to periodically check DOR's homepage at [www.in.gov/dor](http://www.in.gov/dor) for updates about any impact of late federal legislation.

### How to Report a Loss

When reporting a loss or negative entry, use a negative sign.

*Example.* Write a \$125 loss as -125.

## Schedule A

### Section 1: Income or Loss

**You must complete your federal income tax return first.**

**Unless otherwise stated:**

- Enter in Column A your income and adjustments as they appear on your federal return, Form 1040/1040-SR; and
- Enter in Column B the portion of your income and adjustments that is subject to Indiana income tax.

#### Lines 1 and 2 – Wages, Salaries, Tips, Etc.

Enter wages, salaries, tips, other compensation, and any other amounts entered on Lines 1a through 1h. You should report your income on line 1 and your spouse's income on line 2. Enter in Column B income received while you were an Indiana resident, and/or income from Indiana sources received while you were not an Indiana resident.

**Note for part-year or full-year nonresidents.** Do not enter that portion of your Indiana source wage, salary, tip or commission income in Column B earned while you were a resident of a reciprocal agreement state (see Reciprocal States: Special Filing and Income Reporting Instructions on page 8).

#### Lines 3 and 4 – Interest and Dividend Income

Enter in Column A your taxable interest and dividend income as reported on your federal return, lines 2b and/or 3b, and report the interest and dividend income attributable to Indiana in Column B. If any of the interest reported in Column B is from U.S. government obligations, including U.S. savings bonds, Treasury notes, T-Bills, etc., you may deduct these amounts on Form IT-40PNR, Schedule C, line 4.

**Interest from municipal obligations.** Do not report any interest from municipal obligations on line 3. However, if you were an Indiana resident when receiving interest from a non-Indiana municipal obligation, see OOS municipal obligation interest add-back on page 17 to see if you are required to add it to your Indiana income to be taxed. See Income Tax Information Bulletin #19 at [www.in.gov/dor/files/reference/ib19.pdf](http://www.in.gov/dor/files/reference/ib19.pdf) for more information.

#### Line 5 – Taxable Refunds, Credits or Offsets

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

#### Line 6 – Alimony Received

Enter in Column A the amount of alimony reported on your federal Schedule 1, line 2a. Enter in Column B that portion you received while you were an Indiana resident.

#### Lines 7, 12 – 16

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

#### Line 7 – Business Income or Loss

Enter in Column A the business income from Schedule C that is reported on federal Schedule 1, line 3. Enter in Column B that portion of business income subject to tax in Indiana. Also, see the instructions for:

- Tax Add-Back on Schedule B, line 1, on page 17,
- Apportionment on line 19 if this income is from a business doing business both within and outside Indiana, and
- Other Income on line 20.

#### Line 8 – Capital Gain or Loss from Sale or Exchange of Property

Enter in Column A the capital gain or loss from federal Schedule D that is reported on federal Form 1040/1040-SR, line 7. Enter in Column B that portion received while you were an Indiana resident and/or from the sale or exchange of property located in Indiana.

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

#### Line 9 – Other Gains or Losses from Form 4797

Enter the gain or loss from the sale or exchange of property as reported for federal tax purposes on federal Schedule 1, line 4. Enter in Column B that portion received:

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

#### Line 10 – IRA Distributions

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

#### Line 11 – Pensions and Annuities

Enter in Column A the taxable portion of all pensions, annuities and other retirement income as reported on your federal Form 1040/1040-SR, line 5b. Enter in Column B that portion received while you were an Indiana resident.

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

#### Line 12 – Net Rent or Royalty Income or Loss

Enter in Column A the net rent and royalty income or loss included in the total on federal Schedule 1, line 5.

Enter in Column B the net royalty income/loss:

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

Enter in Column B the net rental income/loss:

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

Also, see the instructions for tax add-back for Section B, line 1, on page 17.

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

Enter in Column A the income or loss from partnerships, trusts and estates, and S corporations, that is included in the total on federal Schedule 1, line 5.

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

**Fiduciary\***. If you are a nonresident, the Indiana fiduciary(s) should provide to you an apportioned amount to be taxed by Indiana on Schedule IN K-1. If the fiduciary does not apportion its income, then enter in Column B the same amount as you entered in Column A.

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

**\*Information for Nonresidents.** Partnerships, S corporations, and trusts and estates located in and/or doing business in Indiana are required to:

- File an annual return, Form IT-65/Form IT-20S/Form IT-41;
- Withhold Indiana state and county (when applicable) income tax on behalf of their nonresident partners/shareholders/beneficiaries\* and;
- Figure and pay (with the filing of that annual return and Schedule Composite) Indiana state and county income tax due on their individual nonresident partners/shareholders/beneficiaries.\*

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

Individuals who are included on the entities' Schedule Composite are not required to file an individual income tax return to report income from those entities with three exceptions:

**Exception 1.** Form IT-40PNR must be filed and all taxable income reported if the pass-through entity withholds county tax on the nonresident partner, shareholder and/or beneficiary. See Form IT-65/IT-20S Schedule IN K-1, line 9, or Form IT-41 Schedule IN K-1, line 12.

**Exception 2.** Form IT-40PNR must be filed and all taxable income reported if the individual has other taxable Indiana-source income that is not included on a Schedule Composite.

**Exception 3.** Form IT-40PNR must be filed if the individual completed Schedule IN-COMPA.

**However,** if you have any other Indiana-source income, you are required to file Form IT-40PNR, reporting both that income and any income already reported and taxed on Form IT-65/IT-20S/IT-41 (all Indiana-source income).

You will need to include Schedule IN K-1 with the filing for the

Indiana income tax return, and report any withholding amounts from that schedule on Indiana's Schedule F, lines 1 and 2.

**Note.** See the instructions for tax add-back for Schedule B, line 1, on page 17.

### Line 16 – Farm Income or Loss

Enter in Column A the farm income/loss from federal Schedule 1, line 6. Enter in Column B that portion of farm income/loss subject to tax in Indiana.

Also, see the instructions for:

- Apportionment on Section 1, line 6 if this income is from a farm doing business both within and outside Indiana, and
- Tax add-back for Schedule B, line 1, on page 17.

### Line 17 – Unemployment Compensation

Enter in Column A the unemployment income from federal Schedule 1, line 7. Enter in Column B that portion of unemployment income received while you were an Indiana resident.

**Important.** You may qualify for a deduction if you received unemployment compensation while you were an Indiana resident. For more information, see page 22 for Schedule C, line 10 instructions.

### Line 18 – Social Security and Railroad Retirement Benefits

Enter in Column A the portion of Social Security and/or railroad retirement benefits that are taxed on your federal Form 1040/1040-SR, line 5b and/or line 6b. Enter in Column B\* the portion received while you were an Indiana resident.

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

### Line 19 – Indiana Apportioned Income

Apportioned business income from Schedule IT-40PNRA is reported on this line. The apportionment schedule is used only by nonresidents with income or losses from a business that does business both within and outside Indiana. Report the amount from Schedule(s) IT-40PNRA, Part 3, line 3. You may access Schedule IT-40PNRA at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms).

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

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

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

## Line 20 – Other Income

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

- Report any NOL from your federal Schedule 1, line 8a, as a negative amount in Column A only. You will show the Indiana portion of your Indiana net operating loss deduction on Schedule C under line 11. See instructions for Indiana net operating loss deduction on page 23 for more information.
- Other types of income or loss would include riverboat winnings, prizes, awards, amounts recovered from bad debts, gross lottery and other gambling winnings, etc., as reported on your federal return.

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

## Schedule A Proration

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

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

**Note.** If line 21B is a loss, enter zero (0) in Box 21D and on Schedule D: Exemptions, line 6. If line 21A (or Box 21C) is a loss, and line 21B is a positive amount, enter 1.00 (100%) in Box 21D and on Schedule D: Exemptions, line 8.

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

**Step 1** Enter the amount from Schedule A, line 21A..... 1 \_\_\_\_\_

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

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

**Step 4** Enter the amount from Schedule A, line 21B..... 4 \_\_\_\_\_

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

## Schedule A Section 2: Adjustments to Income

### Adjustments to income from federal Form 1040/1040-SR and federal Schedule 1.

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

Unless otherwise stated:

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

\*Important information about possible year-end federal legislation. This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of these adjustments may need to be eliminated and/or refigured. You may wish to periodically check DOR's homepage at [www.in.gov/dor](http://www.in.gov/dor) for updates about any impact of late federal legislation.

### Line 22 – Educator Expense

Enter in Column A any educator expense deduction claimed on your federal Schedule 1, line 11. Enter in Column B the portion of the expense that was spent while you were an Indiana resident.

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

Enter in Column A the adjustment claimed for certain business expenses of reservists, performing artists and fee-based government officials claimed on your federal Schedule 1, line 12. Enter in Column B that portion of the deduction that is directly related to the reported income (in Section 1, Column B) produced in conjunction with those expenses.

### Line 24 – Health Savings Account Deduction

If you are eligible to take this adjustment on your federal Schedule 1, line 13, you are also allowed the adjustment on your Indiana tax return. Enter the amount of the federal deduction in Column A. If some or all of the income on which this deduction was based is taxed by Indiana, then you will be able to take a deduction in Column B.

### Line 25 – Moving Expenses

You may have deducted moving expenses on your federal Schedule 1, line 14, if you are a member of the Armed Forces on active duty and, due to a military order, you moved because of a permanent change of station. Enter in Column A the amount of moving expense deduction reported on your federal Schedule 1, line 26. If Indiana is your home of record, report this amount in Column B. If it is not, leave Column B blank.

### Line 26 – Deductible Part of Self-Employment Tax

Enter in Column A the amount claimed on federal Schedule 1, line 15. If some or all of the income on which this deduction was based is taxed by Indiana, then you will be able to take a deduction in Column B.

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

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

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

Enter in Column A the deduction reported on your federal Schedule 1, line 16. You are allowed a deduction in Column B (based on Indiana self-employment income reported in Column B of Section 1) for contributions to qualified self-employment retirement plans to the extent allowed in arriving at your federal adjusted gross income.

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

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

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

**Line 28 – Self-Employed Health Insurance Deduction**

Enter in Column A the deduction claimed on your federal Schedule 1, line 17. If some or all of the income on which this deduction is based is taxed by Indiana, then you will be able to take a deduction in Column B. The income on which this deduction is based is from self-employment income and certain income from partnerships and/or S corporations. If some or all of your self-employed health insurance deduction is figured on income derived from other states as well as Indiana, you must prorate your total federal adjustment reported in Column A to arrive at the amount to be reported in Column B. Use the formula below to figure your deduction for Column B.

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

**Line 29 – Penalty on Early Withdrawal of Savings**

Enter in Column A the penalty on early withdrawal of savings reported on your federal Schedule 1, line 18. Enter in Column B that portion that was forfeited while you were an Indiana resident (provided it is included on Section 1, line 3, Column B).

**Line 30 – Alimony Paid**

Enter in Column A the alimony claimed as a deduction on your federal Schedule 1, line 19a. Enter in Column B the portion that was paid while you were an Indiana resident.

**Line 31 – IRA Deduction**

Enter in Column A the Individual Retirement Account (IRA) deduction reported on your federal Schedule 1, line 20. Enter in Column B an adjustment (based on your Indiana compensation) for the amount you paid into the IRA (provided you qualify for the deduction for federal tax purposes). Compensation includes wages, salaries, commissions, tips, professional fees, bonuses and other amounts you received for providing personal services.

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

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

**Line 32 – Student Loan Interest Deduction**

Enter in Column A the student loan interest deduction reported on your federal Schedule 1, line 21. Enter in Column B the portion of the deductible interest paid while you were an Indiana resident.

**Line 33 – Reserved for Future Use**

**Line 34 – Other**

Use this line to report certain deductions claimed on your federal income tax return for which no specific line was otherwise provided above when arriving at federal adjusted gross income. If you have written in allowable deductions on your federal Schedule 1, line 23 or 24, enter those amounts here.

Following are two of the more commonly reported deductions:

- Enter in Column A the Jury Duty Pay deducted on your federal Schedule 1, line 24a. Enter in Column B the jury duty pay turned over to your employer that is in direct relation to the salary being taxed by Indiana (included in the Section 1 line 21, Column B total).
- Enter in Column A the Archer MSA Deduction deducted on your federal Schedule 1, line 23. Enter in Column B the portion of the deduction that is directly related to the reported income in Section 1, Column B.



## Schedule B: Add-Backs

Some amounts reported on your federal tax return may require different treatment for Indiana income tax purposes. Listed in this area are those items that may need to be added back on your Indiana tax return. Please review the list carefully. When reporting these 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.

You may have to complete this schedule if:

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

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

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

### Important Information About Possible Year-End Federal Legislation

This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of these add-backs may need to be adjusted. You may wish to periodically check DOR's homepage at [www.in.gov/dor](http://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 19 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 2022. Individual owns 10% of Casino X. Individual's share of Casino X's income taxes is \$1,000,000. Instead of individual adding back the full \$1,000,000, Individual will add back \$500,000.

**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 – OOS Municipal Obligation Interest Add-Back

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

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

Interest earned from obligations held or acquired before Jan. 1, 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](http://www.in.gov/dor/files/reference/ib19.pdf).

Enter code 137 on Schedule B under line 5 if reporting this add-back.

### Line 3 – Bonus Depreciation Add-Back

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

Figure the net income (or loss) that would have been included in federal adjusted gross income had the bonus depreciation method not been used. Then, enter the difference, which may be a positive or negative amount, on line 3.

*Example.* Mack used the bonus depreciation method for federal income tax purposes to deduct \$2,000. Absent bonus depreciation, he would have been entitled to a \$500 depreciation deduction. 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 3.

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](http://www.in.gov/dor/files/reference/ib118.pdf) for additional information.

#### **Line 4 – 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 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](http://www.in.gov/dor/files/reference/ib118.pdf) for additional information.

#### **Line 5 – Other Add-Backs**

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

#### **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](http://www.in.gov/dor) for updates.

Enter code 120 on Schedule B under line 5 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 2022 withdrawal would be included one-third in 2022, one-third in 2023, and one-third in 2024). If Indiana decoupled from the IRC, the whole amount would be included in 2022, none in 2023, and none in 2024. The Code 120 would be for the two-thirds add-back in 2022, the Code 147 would be for the one-third deduction in 2023 and 2024. 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 B under line 5 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. Also see the instructions for the deduction for the Employer Student Loan Payment Interest Deduction on page 24. Add back only the portion excluded from federal gross income while you were an Indiana resident.

#### **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 and deducted in determining your Indiana adjusted gross income.

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 owns 50% of Loud Speaker, Inc., an S corporation. Loud Speaker, Inc., incurs \$20,000 in meal expenses during the taxable year. John deducts his share of the meal expenses (\$10,000) in computing John’s federal adjusted gross income. The meal expenses do not qualify for a federal exception from the 50% limitation under IRC § 274.

Loud Speaker, Inc., apportions 20% of its income to Indiana. As a result, John deducts \$2,000 (20% times \$10,000) of the meal expenses in determining John’s Indiana adjusted gross income. If the 50-percent limitation had been in effect, John’s Indiana adjusted gross income tax deduction would have been limited to \$1,000. John is required to add back \$1,000 (\$2,000 deduction minus \$1,000 previously allowable deduction) in determining his Indiana adjusted gross income.

#### **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 add back amounts discharged or repaid via:

Schedule B: Add-Backs Continued

- The Public Service Loan Forgiveness program.
- The Teacher Loan Forgiveness Program.
- The National Health Service Corps Loan Repayment Program.
- Other programs that qualify under IRC section 108(f)(4).
- A discharge granted to a borrower under the Closed School or Defense to Repayment discharge processes to the extent not included in federal gross income.
- The death or total and permanent disability of the student.
- The discharge of the student loan in bankruptcy.
- If the student loan was discharged while the borrower was insolvent. However, the discharge is limited to the amount the borrower was insolvent. Further, if a loan is discharged under the other bullets, those discharges must be applied before the insolvency exception.

**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 B under line 5 if reporting this add-back.

**Federal Repatriated Dividend Deduction Add-Back 139**

Untaxed foreign earnings and profits are repatriated dividends that need to be reported when filing state taxes. Individuals should add back the deduction taken on federal Form 965, Line 17, and received while an Indiana resident. Enter code 139 on Schedule B under line 5 if reporting this add-back. For additional information see Income Tax Information Bulletin #116 at [www.in.gov/dor/files/reference/ib116.pdf](http://www.in.gov/dor/files/reference/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 B under line 5 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 B under line 5 if reporting a final catch-up modification.**

---

---

## Schedule C: Deductions

### Line 1 – Renter’s Deduction

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

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

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

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

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

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

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

If you moved during the year or had more than one landlord, you must list the same information for each place that you rented. 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.* Bill paid \$400 rent for his first apartment, which was located in Indiana. He moved to another Indiana location during the year and paid \$2,800 rent for the rest of the year. His deduction will be limited to \$3,000, even though he paid \$3,200 altogether.

**Important.** Keep copies of your rental receipts, landlord identifying information and lease agreements as 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](http://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 2022 if you are claiming the Lake County residential income tax credit on Schedule F, line 6.

**How do I claim my deduction?** Complete the information area on Schedule C, line 2. Enter the address of your principal residence where the Indiana property tax was paid if it 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 2022. They sold both of their Indiana homes during the year and began renting. They are eligible to claim a property tax deduction on the combined property taxes paid on both homes if they are filing a joint return (limited to \$2,500 altogether).

- Enter the number of months you lived there. If you claim more than one residence, enter the number of months lived at the other residence(s) on a separate sheet of paper.
- Enter the amount of Indiana property tax paid. If you lived in more than one residence during the year, enter the combined amount of Indiana property tax paid on all principal residences.
- Enter the smaller of \$2,500 (\$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 2022 spring and fall installments, if you paid both of them.

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

**Important.** You must maintain copies of proof that you paid your Indiana property tax as 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, and you reported it on Indiana Schedule A, Section 1, line 5B, then deduct that amount here.

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

If you reported interest income on Indiana Schedule A, Section 1, line 3B, you may be able to take a deduction. If any part of your interest

income 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.

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](http://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 tier 1 or tier 2 railroad retirement benefits issued by the U.S. Railroad Retirement Board. If you have included any of these benefits on Indiana Schedule A, Section 1, line 11B or line 18B, deduct those benefits on this line.

**Note.** See the *Railroad Unemployment and Sickness Benefits* deduction instructions on page 27 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 four deductions based on the type of income/benefits they get.

#### 1. Military Service Deduction (including the National Guard and reserve component of the armed forces)

Individuals with military pay from active duty, National Guard, and/or the reserve component of the armed forces, may be eligible to deduct up to \$5,000 of that income. See the *Military Service Deduction* 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 those benefits. See the *Military Retirement Income and/or Survivor's Benefits Deduction* information on page 25 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 26 to see if you qualify for this deduction.

#### 4. Nonresident Military Spouse Earned Income Deduction

A spouse of a nonresident military servicemember may not owe tax to Indiana on earned income from Indiana sources. See the *Nonresident Military Spouse Earned Income Deduction* on page 27 for more information.

### 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 25.

The income on line 21B of Schedule A 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 26.

*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 C, 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 C, 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](http://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.

### Line 9 – Indiana Net Operating Loss Deduction

You may take a deduction for the Indiana portion of the federal net operating loss deduction reported on federal Form 1040/1040-SR. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2022.)

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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms), for more information. For years prior to 2022, the modifications required to compute an Indiana NOL may have changed after publication of the IT-40NOL for the prior year. See the instructions for a list of modifications required for each year and, if necessary, revise the IT-40NOL for changes in modifications.

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 while being an Indiana resident. Complete the worksheet on page 23 to figure your deduction.

**Important.** Do not include any unemployment compensation issued by the U.S. Railroad Retirement Board on line 1 of the worksheet. Instead, see the instructions for the *Railroad Unemployment and Sickness Benefits Deduction* on page 27 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 C 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 Indiana Schedule A, Section 1, line 11B includes federal civil service annuity payments, you may be eligible to take a deduction if you were at least 62 years of age by the end of the tax year and/or 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 (as reported on federal Form 1040/1040-SR, lines 5a and 6a),
- Multiplied by the ratio of civil service annuity income taxable to Indiana as compared to all taxable civil service annuity income.

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

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

**Step 1**

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

**Step 2**

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

**Step 3**

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

**Both spouses receive a civil service annuity.** If 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. They moved from Indiana to Arizona on July 1 of the tax year.

Matthew's taxable civil service annuity is \$13,700, which he reported on Schedule A, Line 11A. He reported the \$6,850 portion received while he was an Indiana resident on Line 11B. He also received \$9,500 in Social Security income while residing in Indiana. Since his Social Security income (received while an Indiana resident) is greater than the annuity received while an Indiana resident, he is not eligible for a deduction.

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

Here is how to figure Claire's deduction.

**Step 1**

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

**Unemployment Compensation Worksheet**

**Note:** If you were married but filing separately, and you lived with your spouse at any time during the year, enter -0- on line 3 of the worksheet. However, if you were married but filing separately, and lived apart from your spouse the entire year, enter \$12,000 on line 3.

1. Unemployment compensation included on Schedule A, line 17B (do not include any unemployment compensation issued by the Railroad Retirement Board - see instructions).....	<b>1</b>		
2. Federal adjusted gross income from federal Form 1040, line 11 .....	<b>2</b>		
3. Enter \$12,000 if single, or \$18,000 if married filing a joint return .....	<b>3</b>		
4. Subtract line 3 from line 2. If zero or less, enter -0- .....	<b>4</b>		
5. Enter one-half of the amount on line 4 (divide line 4 by the number 2).....	<b>5</b>		
6. Taxable unemployment compensation for Indiana purposes: enter the amount from either line 1 or line 5, whichever is smaller .....	<b>6</b>		
7. Subtract line 6 from line 1. Carry this amount to Schedule C, line 10 .....	<b>7</b>		

**Step 2**

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

**Step 3**

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

**Surviving Spouse**

A surviving spouse may be eligible to claim this deduction. There is no age requirement for the surviving spouse. However, if you are a surviving spouse receiving a civil service annuity based on your service and also receive a civil service annuity based on your deceased spouse's service, the combined deduction cannot exceed \$16,000.

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](http://www.in.gov/dor/files/reference/ib06.pdf).

Enter code 601 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 you claimed a federal COVID-related employee retention credit, deduct the amount disallowed for federal purposes. The deduction is limited to the amount that would have been deductible for Indiana adjusted gross income tax purposes. Do not deduct any amounts for amounts disallowed for non-COVID related employee retention credits such as disaster-related employee retention credits.

For 2022, this should only be deducted if the deduction is derived from a pass through entity that has a fiscal year beginning in 2021.

**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](http://www.in.gov/dor/files/reference/ib70.pdf) and Schedule IT-2440 at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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 C under line 11 if claiming this deduction.

**Employer Student Loan Payment Interest Deduction 637**

If you are required to add back employer-paid student loan payment using Code 148, you are permitted to deduct the amount of student loan interest that:

- was paid by your employer, and
- you would have been permitted to deduct if federal law did not disallow that deduction.

Complete Worksheet 4-1 provided in IRS Publication 970 to determine the amount (if any) of additional interest allowable for Indiana purposes, but not in excess of \$2,500 total. When completing Worksheet 4-1, do not add back amounts required to be added to Indiana adjusted gross income using Code 148. This deduction cannot exceed the amount you are required to add back using Code 148.

**Enterprise Zone Employee Deduction 603**

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas.

Your *employer* will provide Form IT-40QEC to you if you are eligible to claim this deduction. The amount of the deduction is one-half of the earned income shown on Form IT-40QEC or \$7,500, whichever is less. If you and your spouse both have received Form IT-40QEC, you may each take this deduction for a combined maximum of \$15,000 (no more than \$7,500 per qualifying person). You must maintain Form IT-40QEC with your records.

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

**Government or Civic Group Capital Contribution Deduction 633**

A deduction is available for certain capital contributions made by 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 C 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-).



## Schedule C: Deductions Continued

\*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 C under line 11 if claiming this deduction.

### Indiana Education Scholarship Account Deduction 635

A deduction is available if you received an annual grant amount distributed to your Indiana education scholarship account that is used to pay for qualified expenses. See IC 20-51.5-2-9 for a list of qualified expenses. Do not deduct any grants that are not included in your federal gross income. Also, if the grant is used to pay for items other than qualified expenses, do not deduct the amount of those payments.

### Indiana Enrichment Scholarship Account Deduction 638

A deduction is available if you received an annual grant amount distributed to your Indiana enrichment scholarship account that is used to pay for qualified expenses. Qualified expenses are enrichment materials, activities, or programs approved by the Indiana Department of Education to improve student proficiency in math or reading. Do not deduct any grants that are not included in your federal gross income. Also, if the grant is used to pay for items other than qualified expenses, do not deduct the amount of those payments.

### Indiana Lottery Winnings Annuity Deduction 629

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

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

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

### Indiana-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 maturity of the bond, deduct any interest or other income included in federal gross income. Deduct only that portion of interest or other income that would be included in Indiana adjusted gross income if this deduction

was not available. 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.

### 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 Schedule 1, under Part II. 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](http://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 C 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 C under line 11 if claiming this deduction.

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

The income on line Indiana Schedule A, line 21B may include military retirement income and/or survivor's benefits. If it does, you (and/or your spouse, if married filing jointly and both qualify) may be eligible to take this deduction. For 2022 and later, the deduction is equal to the entire amount of military retirement income and/or survivor's benefits.

**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 Bulletin #6 at [www.in.gov/dor/files/reference/ib06.pdf](http://www.in.gov/dor/files/reference/ib06.pdf).

## National Guard and Reserve Component Members Deduction 621

(Also see the *Military Service Deduction* on page 21.)

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

<sup>1</sup>“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*.

<sup>2</sup>“Deployment” is the relocation of forces and material to desired operational areas. Deployment encompasses all activities from origin or home station through destination, specifically including intra-continental U.S., inter-theater, and intra-theater movement legs, staging, and holding areas.

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

### Who is Eligible?

You must be an Indiana resident who is 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 21) 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 C, 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 must be attached to the tax return when claiming this deduction.

**Note.** DOR may request copies of your military orders to help determine eligibility.

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

## Nonresident Military Spouse Earned Income Deduction 625

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

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

## Schedule C: Deductions Continued

To claim this deduction you must enclose a completed Schedule IN-2058SP, which is available at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms).

Enter code 625 on Schedule C under line 11 if claiming this deduction.

### **Olympic/Paralympic Medal Winners Deduction 627**

You are eligible for a deduction if, while an Indiana resident, you won a gold, silver and/or bronze medal from participating in the Olympic/Paralympic games. The deduction equals the value of the medal(s) won plus the amount of income received during the taxable year from the United States Olympic Committee as prize money for winning the Olympic medal(s). If these amounts were previously deducted or excluded in determining your federal adjusted gross income, you are not permitted this deduction for the amounts that were excluded or deducted in determining your federal adjusted gross income. This deduction may be claimed only in the tax year in which the medal was won.

Enter code 627 on Schedule C under line 11 if claiming this deduction.

### **Qualified Patents Income Exemption Deduction 622**

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

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

You must maintain the completed Schedule IN-PAT with your records as DOR can require you to provide it at a later date. You may get Schedule IN-PAT at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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](http://www.in.gov/dor/files/reference/ib104.pdf).

Enter code 622 on Schedule C 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 Indiana Schedule A: Section 1, Column B, and
- You did not already deduct these benefits on Schedule C, lines 5 and/or 6.

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

Make sure to keep the statements (such as Form 1099G) issued by the U.S. Railroad Retirement Board as DOR may request them at a later date.

Enter code 624 on Schedule C 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 20B on Indiana Schedule A: Section 1.

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, use the portion of that amount also reported on Indiana Schedule A, Section 1, line 20B as a deduction on this line.

Enter code 616 on Schedule C under line 11 if claiming this deduction.

### **Repayment of Previously Taxed Income Deduction 630**

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

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

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

*Example 1.* Ryan was a full-year Indiana resident in 2021, and received \$1,700 unemployment compensation that year. He reported the full amount on his 2021 federal and Indiana income tax returns. Ryan moved to and became a resident of Arkansas in October of 2022.

Ryan found out he had to repay \$345 of that compensation, which he repaid in July of 2022. For 2022 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 2022 Indiana state tax return, Form IT-40PNR, even if he is not otherwise required to file with Indiana.

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

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

*Example 1, continued.* Ryan claimed a \$73 unemployment compensation deduction on his 2021 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 2022 Cynthia repaid \$3,400 of income originally reported on her 2021 federal and Indiana state tax returns. She claimed a credit on her 2022 federal tax return based on the \$3,400 amount repaid. Cynthia is eligible to claim the \$3,400 amount as a deduction on her Indiana state tax return.

*Example 3.* Ashley moved to Indiana in 2021, and filed her first state tax return with Indiana that year. In 2022 she repaid \$2,700 income originally reported on her 2020 federal income tax return. Since this income was not reported to Indiana in 2020, she is not eligible to claim a deduction for the amount of the repayment.

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

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

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

---

---

## Exemptions

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

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

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

---

---

## Schedule D: Exemptions

Line-by-line instructions.

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

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

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

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

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

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

### Step 1 Do You Have a Qualifying Child?

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

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

**AND, was...**

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

**AND, who...**

- Didn't provide over half of his or her own support for the year (see 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.

*Schedule D: Exemptions Continued*

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 \$4,400 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. If one or more claimed dependent is adopted, see instructions for IN-DEP-A.**

#### Line 4 – Age 65 or Older or Blind

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

#### Line 5 – Additional Exemption for Age 65 or Older

An additional \$500 exemption is available for you and/or your spouse (if filing a joint return) if you are age 65 or older and the amount on Indiana Schedule A, line 36A, is less than \$40,000 (or if you are married filing separately and the amount on Indiana Schedule A, line 36A, 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.

#### Line 6 - Additional Exemptions for Adopted Child

If you are claiming additional exemptions for one or more qualifying adopted children, enter the number of qualifying children listed on Schedule IN-DEP-A. Do **not** enter the number of boxes marked for parents.

#### Line 8 – Proration Amount

At the top of the back of Indiana Schedule A is the Proration Section. The number in Box 21D represents the percentage of your total income being taxed by Indiana. For example, .450 means that Indiana is taxing 45% (.45) of your total income. Enter the amount from Box 21D on Schedule D, line 8.

Multiply the line 7 total by the amount on line 8; enter the result on line 9.

*Example.* If line 7 is \$1,000 and line 8 is .450, your line 9 total exemptions will be \$450. Since Indiana is taxing 45% (.45) of your total income, you're allowed to deduct 45% of your total exemptions.

See instructions for the *Proration* section on page 15 for more information.

## Schedule IN-DEP Instructions

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

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

### Lines 1 through 5

For each qualified dependent child, enter his or her:

- First and last name in Box A and Box B.
- 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 D, line 2.

### Additional Dependent Exemptions

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

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

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

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

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

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

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

### Line 7

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

### Claiming more than five dependents

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

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

---

---

## Schedule IN-DEP-A Instructions

You must complete and enclose Schedule IN-DEP-A if you are claiming any additional exemption for adopted children. These children are also required to be listed on Schedule IN-DEP.

To claim this exemption for an adopted child, the adoption of the child must be finalized before the end of the taxable year.

### Lines 1 through 5

For each adopted dependent, 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
- If the first listed taxpayer on the return is an adoptive parent of the child, check Box E
- If the second listed taxpayer on the return is an adoptive parent of the child, check Box F

**Note.** An adopted child can only qualify for the additional adopted child exemption if the child also meets the requirements for an additional child exemption on Schedule IN-DEP. If Box E on Schedule IN-DEP for the adopted child is not checked, the additional adopted child dependent exemption also will be disallowed.

If both parents are adoptive parents of the child, only one additional adopted child dependent deduction is permitted for that child.

This exemption may not be claimed by a non-adoptive parent (e.g., a biological parent of child adopted by a stepparent) unless the adoptive parent files a joint return with the non-adoptive parent.

If you are claiming more than five additional adopted child exemptions, attach an additional Schedule IN-DEP-A. Include the additional information to the total on the first schedule, Box 6, where applicable.

---

---

## 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/formsInstructions.html>.
- Indiana's Income Tax Information Bulletin #117 can be found online at [www.in.gov/dor/files/reference/ib117.pdf](http://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.



*Schedule E: Other Taxes*

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.*

If you apply for an ATIN or an ITIN on or before the due date of your 2022 return (including extensions) and the IRS issues you an ATIN or an ITIN as a result of the application, the IRS will consider your ATIN or ITIN as issued on or before the due date of your return.

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

## Schedule E: Other Taxes

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

If, while a resident of Indiana, you made purchases while you were outside Indiana, through the mail (for instance, by catalog or offer through the mail), through radio or television advertising and/or over the Internet, these purchases may be subject to Indiana sales and use tax, if sales tax was not paid at the time of purchase. This tax, called “use” tax, is figured at 7% (.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 page 33 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, while you lived in Indiana, you paid cash wages during 2022 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](http://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 2021 or 2022 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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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.

Sales/Use Tax Worksheet		
List all purchases made during the tax year from out-of-state retailers.		
Column A	Column B	Column C
Description of personal property purchased from out-of-state retailer	Date of purchase(s)	Purchase Price of Property(s)
Magazine subscriptions:		
Mail order purchases:		
Internet purchases:		
Other purchases:		
1. Total purchase price of property subject to the sales/use tax: enter total of Columns C .....		1
2. Sales/use tax: Multiply line 1 by .07 (7%) .....		2
3. Sales tax previously paid on the above items (up to 7% per item) .....		3
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-40PNR, Schedule E, line 1. If the amount is negative, enter zero and put no entry on Schedule E, line 1 .....		4

## Schedule IN-PRO

- 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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms).

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

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

---

---

## Schedule IN-PRO

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

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

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

\*A **professional team member** includes:

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

\*\***Income apportioned to Indiana.**

- Nonresident professional team members will apportion their income to Indiana based on duty days performed in Indiana (by county) compared to total duty days in a taxable year. See Income Tax Information Bulletin #88, including section VI. Local Income Tax, at [www.in.gov/dor/files/reference/ib88.pdf](http://www.in.gov/dor/files/reference/ib88.pdf) for assistance in determining the amount of income that is subject to county tax.
- Nonresident race team members also will apportion their income to Indiana based on duty days performed in Indiana (by county) compared to total duty days in a taxable year. See Income Tax Information Bulletin #88B at [www.in.gov/dor/files/ib88b.pdf](http://www.in.gov/dor/files/ib88b.pdf) for assistance in determining the amount of income that is subject to county tax.

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

### Line-By-Line Instructions

Before you begin, visit our website at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms) to get Schedule CT-40PNR. The county code numbers and tax rates are located on the second page of the schedule.

#### Line 1 –

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

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

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

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

Here is how Eddie will complete Schedule IN-PRO.

	Column A	Column B	Column C	Column D
1	02	2800	.0148	41
2	82	2400	.012	<u>29</u>
11				70

He will carry the \$70 total county tax due to Schedule E, line 4.

You must enclose all W-2s, 1099s, Forms IN-MSID/MSID-A, etc., showing income from Indiana sources. Make sure to include any Indiana state/county withholding amounts on Schedule F, which is available on our website at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms).

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

## Schedule F: Credits

### Lines 1 and 2 – Indiana State and County Tax Withheld

If you are reporting any tax withheld on your behalf, report the Indiana state and local taxes on these lines. Report the state and county withholdings separately. **Do not claim credit for taxes withheld for states other than Indiana or for localities outside Indiana.**

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 (and your spouse's, if married filing jointly) 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. If you had more than one job, a W-2 form for each job must be attached to the tax return so you can get credit for all Indiana state and county tax withheld. Failure to enclose all necessary withholding statements will result in a reduced refund or increase in the amount you owe. In addition to the withholding statements, you must also enclose Schedule IN-W.

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

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

**A note about your withholding statements.** It is important that any statement reporting withholding is readable. The state and county tax amounts withheld are verified on every withholding statement that comes in with your tax return. These amounts also should be reflected on Schedule IN-W. If you are not filing electronically, we encourage you to enclose the best copy available when you file.

In some cases, verification of withholding may be delayed if the business withholding the tax is late filing copies of withholding statements.

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

### Line 3 – 2022 Estimated Tax Paid

If you made estimated tax payments, enter the total paid for 2022 on this line. Also, include any extension payment made with Form IT-9 *Extension of Time to File* for tax year 2022.

**Note.** Do not include on this line any estimated tax paid for tax year 2023.

### 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, 2022,
- If married and living together at any time during the year, you must file a joint return,
- The amount on Indiana Schedule A, Section 3, line 36A must be *less than \$10,000*,
- You must have been a resident of Indiana for at least six months during 2022, and
- You must not have been in prison for 180 days or more in 2022.

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

#### Important.

- If your spouse died after Jan. 1, 2022, you can claim this credit by filing a joint return.
- If a person dies and does not have a surviving spouse, then no one can claim the credit on behalf of the deceased person.
- If your income is low enough that you are not required to file a Form IT-40PNR, and you meet the requirements for claiming the Unified Tax Credit for the Elderly, do not file Form IT-40PNR. Instead, file the simplified Form SC-40 to claim this credit.\*
- If you are claiming an automatic taxpayer refund for 2022, do not include the amount on this line. Enter that amount on Line 11.

\*Form SC-40 can be found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). 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*.

**Note.** You must file the Form IT-40PNR if you are eligible to take the Lake County residential income tax credit. See line 6 instructions on page 36 for more information.

**No double benefit allowed.** 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.

### 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, 2022, **or**
- Both you and your spouse met all the above-requirements and your spouse died after Jan. 1, 2022.

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 \$49,399. If it is the same amount or more, **STOP**. You are not eligible to claim Indiana’s EIC.
- Schedule IN-EIC must be completed and enclosed by all filers claiming the EIC.

To figure the EIC, go to Indiana’s Publication EIC at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). This publication includes all worksheets and tables, along with any 2022 federal EIC changes that Indiana is not following.

**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 not claiming the Homeowner’s Residential Property Tax Deduction on Indiana Schedule C, line 2.** If you are claiming this credit, make sure to see the **Final Step** after **Worksheet B** 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-40PNR) through line 7.  
Enter amount from line 7 here ..... 1 \_\_\_\_\_
2. Enter any Homeowner’s Residential Property Tax Deduction reported on Schedule C, line 2..... 2 \_\_\_\_\_
3. Modified Indiana AGI. Add lines 1 and 2,  
enter result here and continue to Step 3 ..... 3 \_\_\_\_\_

**Step 3**

If 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 as single or 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 as single or 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 5 for rounding instructions ..... **B4** \$ \_\_\_\_\_
- B5** Enter the amount of Indiana property tax you paid on your Lake County residence ... **B5** \$ \_\_\_\_\_
- B6** Enter the smaller of B4 or B5. This is your credit. Enter here and on Schedule 5, line 6, and continue to the **Final Step** below ..... **B6** \$ \_\_\_\_\_

**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 5 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 C, line 2.

**Lines 7 and 8: Economic Development for a Growing Economy Credit (EDGE); Economic Development for a Growing Economy Retention Credit (EDGE-R)**

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

This credit is available to owners of pass-through entities such as S corporations, partnerships, limited liability companies, etc. However, if all or part of your share of the credit is claimed by the pass-through entity, you may not claim the previously-claimed credit on your own behalf.

Contact the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204, for eligibility requirements, or visit [iedc.in.gov](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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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 (for credits awarded before July 1, 2022), 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.

Beginning with the 2022 tax year, this credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing.

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 46.

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](http://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 [iedc.in.gov](http://iedc.in.gov), or by phone at (317) 232-8800.

## Line 10 – Adoption Credit

You are 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 is 20% of the federal credit allowed per child, or \$2,500 per child, whichever is less. If you are claiming a credit because of a federal carryover of the adoption credit, the total credit allowable for the child is limited to \$2,500.

### Federal adoption carryforward credits.

A carryforward credit claimed on federal Form 8839 may be allowed if it is from the preceding five tax years (2017, 2018, 2019, 2020 and/or 2021). To figure the credit, use the Adoption Credit Worksheet on page 39. Use lines 6 through 30 if you are carrying forward a credit from a previous year. Complete only the lines applicable to the year(s) from which you are carrying forward a credit. If you are not claiming a credit based on any federal adoption credit carryforward, skip lines 6 through 30.

See Income Tax Information Bulletin #111 at [www.in.gov/dor/files/reference/ib111.pdf](http://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.

## Line 11 – 2022 Additional Automatic Taxpayer Refund

If you are filing this form, you may claim the credit only if you and your spouse are married filing jointly and either you or your spouse is a full-year Indiana resident. If you are single or married filing separately, you may not claim the credit on this return.

If you or your spouse were not eligible for the combined \$325 automatic taxpayer refund issued during 2022, you or your spouse may be eligible for a \$200 automatic taxpayer refund. You are eligible for this additional taxpayer refund only if the you (or your spouse if married filing jointly) meet of the following criteria:

- You were not eligible to receive the combined \$325 automatic taxpayer refund paid in 2022. If you had all or part of the \$325 offset due to other liabilities, you are considered eligible for the \$325 combined automatic taxpayer refund and are not eligible to claim the refund on this return.

- You were not claimed as a dependent on another individual's Indiana income tax return in 2022.
- You received Social Security income in 2022.
  - This can include any benefit received from the Social Security Administration regardless of age, disability, or marital status.
  - This does not include benefits issued by a state, territory, or foreign county, Railroad Retirement Board benefits, or federal Civil Service Retirement benefits.
  - Benefits received in 2022 but required to be repaid are not considered to be received.
  - You file a resident return before January 1, 2024. In the case of an IT-40PNR, the return is considered a resident return for an individual if the individual is a full-year Indiana resident and the individual's spouse is a nonresident for all or part of the year (or vice versa). If you or your spouse are a full-year Indiana resident, you must complete Schedule H, Section 1 for both spouses.

If you are married filing jointly, your eligibility and your spouse's eligibility must be determined separately. Enter \$200 if you or your spouse (if married filing jointly) are eligible to claim the automatic taxpayer refund if you meet the requirements above.

If you are claiming this credit and filing this return on paper, you must attach a copy of Form SSA-1099 if you (or your spouse if married filing jointly) received benefits other than Supplemental Security Income (SSI). If you (or your spouse if married filing jointly) received only SSI, please attach a letter from the Social Security Administration indicating qualification for benefits. **Failure to include the required form will result in your credit being denied.**

If you are filing this return electronically, you must provide the information from boxes 1, 2, and 5 of the Form SSA-1099 you (or your spouse if married filing jointly) or check the box indicating SSI eligibility (if you are claiming based solely on receiving SSI). **Failure to properly provide the requested information will result in your credit being denied.**

**Note.** It is possible for one spouse to receive the \$325 combined automatic taxpayer refund paid in 2022 and the other spouse to qualify for the \$200 automatic taxpayer refund on this return.

**Adoption Credit Worksheet**

	Child 1	Child 2	Child 3
1. First Name			
2. Last Name			
3. Year of Birth			
4. Identification Number			
5. Check if this child is NOT claimed as a dependent			
6. Enter amount from 2017 Form 8839, line 11	\$	\$	\$
7. Enter the amount from 2017 Form 8839, line 12	\$	\$	\$
8. Divide line 6 by line 7; round answer to four decimal places			
9. Enter the amount of 2017 carryforward credit used in 2022 (line 2 minus line 10 of the 2022 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
10. Multiply line 8 by line 9; round to nearest whole dollar. Enter this amount on line 36	\$	\$	\$
11. Enter amount from 2018 Form 8839, line 11	\$	\$	\$
12. Enter the amount from 2018 Form 8839, line 12	\$	\$	\$
13. Divide line 11 by line 12; round answer to four decimal places			
14. Enter the amount of 2018 carryforward credit used in 2022 (line 3 minus line 12 of the 2022 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
15. Multiply line 13 by line 14; round to nearest whole dollar. Enter this amount on line 37	\$	\$	\$
16. Enter amount from 2019 Form 8839, line 11	\$	\$	\$
17. Enter the amount from 2019 Form 8839, line 12	\$	\$	\$
18. Divide line 16 by line 17; round answer to four decimal places			
19. Enter the amount of 2019 carryforward credit used in 2022 (line 4 minus line 14 of the 2022 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
20. Multiply line 18 by line 19; round to nearest whole dollar. Enter this amount on line 38	\$	\$	\$
21. Enter amount from 2020 Form 8839, line 11	\$	\$	\$
22. Enter the amount from 2020 Form 8839, line 12	\$	\$	\$
23. Divide line 21 by line 22; round answer to four decimal places			
24. Enter the amount of 2020 carryforward credit used in 2022 (line 5 minus line 16 of the 2022 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
25. Multiply line 23 by line 24; round to nearest whole dollar. Enter this amount on line 39	\$	\$	\$
26. Enter amount from 2021 Form 8839, line 11	\$	\$	\$
27. Enter the amount from 2021 Form 8839, line 12	\$	\$	\$
28. Divide line 26 by line 27; round answer to four decimal places			
29. Enter the amount of 2021 carryforward credit used in 2022 (line 6 minus line 18 of the 2022 <i>Adoption Credit Carryforward Worksheet</i> from the Form 8839 instructions)	\$	\$	\$
30. Multiply line 28 by line 29; round to nearest whole dollar. Enter this amount on line 40	\$	\$	\$
31. Enter amount from 2022 Form 8839, line 11	\$	\$	\$
32. Enter the amount from 2022 Form 8839, line 12	\$	\$	\$
33. Divide line 31 by line 32; round answer to four decimal places			
34. Enter the amount from line 16 of Form 8839 reduced by the amount on line 13 of Form 8839. If less than zero, enter 0	\$	\$	\$
35. Multiply line 33 by line 34; round to nearest whole dollar. Enter this amount on line 41	\$	\$	\$

**Adoption Credit Worksheet (continued)**

	<b>Child 1</b>	<b>Child 2</b>	<b>Child 3</b>
36. Enter the amount on line 10	\$	\$	\$
37. Enter the amount on line 15	\$	\$	\$
38. Enter the amount on line 20	\$	\$	\$
39. Enter the amount on line 25	\$	\$	\$
40. Enter the amount on line 30	\$	\$	\$
41. Enter the amount on line 35	\$	\$	\$
42. Enter the sum of lines 36 through 41	\$	\$	\$
43. Multiply line 42 by 20% (0.20)	\$	\$	\$
44. Enter \$2,500	\$	\$	\$
45. Enter the sum of any previous Indiana adoption credits claimed for the child	\$	\$	\$
46. Enter line 44 minus line 45. If less than zero, enter 0	\$	\$	\$
47. Enter the lesser of line 43 and line 46. Enter this amount on IT-40, Schedule 5, line 10, or IT-40PNR, Schedule F, line 10	\$	\$	\$



## 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/fish-and-wildlife/nongame-and-endangered-wildlife/donate-to-the-indiana-nongame-wildlife-fund/](http://www.in.gov/dnr/fish-and-wildlife/nongame-and-endangered-wildlife/donate-to-the-indiana-nongame-wildlife-fund/).

- **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](http://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 IN-W: Indiana Withholding Statements

You must complete and enclose Schedule IN-W if you are reporting any tax withheld on your behalf and when filing your IT-40, IT-40PNR or IT-40RNR by paper. Enter information from each withholding statement, including Form W-2, 1099, IN-MSID-A or Schedule IN K-1.

If you have a withholding statement that withholds tax for multiple Indiana counties, enter the Indiana state income and Indiana state tax withheld once for that statement. **Do not duplicate the Indiana state income and Indiana state tax withheld on multiple lines.**

### Column A – Social Security Number

Enter your or your spouse's (if married filing jointly) social security number from your W-2, 1099, IN-MSID-A, IN K-1, or other form on which Indiana state and/or local tax withholding is reported for you or your spouse (if married filing jointly).

### Column B – Form Code

Enter the appropriate form code listed on the Reference Chart provided at the bottom of this schedule. Leave blank if your W-2, 1099, or other federal form type is not listed or if your withholding is from IN-MSID-A or IN K-1.

### Column C – Employer or Payer Identification Number

Enter the employer's or State/payer's identification number (ID).

### Column D – State Income

Enter the amount of Indiana income.

### Column E – State Tax Withheld

Enter the amount of Indiana State Tax withheld.

**Important.** Complete Columns F, G, and H only if there is Indiana local withholding.

### Column F – Local Income

Enter the amount of Indiana local income.

**Column G – Local Tax Withheld**

Enter the amount of County Tax withheld.

**Column H – Locality Code**

Enter the appropriate Indiana 2-digit county code. Refer to the back of Schedule CT-40, CT-40PNR or IT-40RNR for a list of county codes.

**Line 26**

Add Column E, lines 1 through 25. Enter this total on line 1 of IT-40 Schedule 5, or line 1 of IT-40PNR Schedule F, or line 7 of IT-40RNR

**Line 27**

Add Column G, lines 1 through 25. Enter this total on line 2 of IT-40 Schedule 5, or line 2 of IT-40PNR Schedule F, or line 8 of IT-40RNR.

**Note.** You must enclose your W-2s, 1099s, IN-MSID-As, IN K-1s, or other forms reporting Indiana state or county tax withholding with this completed schedule.

If you are reporting more than 25 withholding statements, complete and attach additional Schedule IN-W as needed, but do not complete lines 26 and 27. On the first schedule, enter the total of state tax withheld (Column E) from all pages on line 26 and enter the total of local tax withheld (Column G) from all pages on line 27. Use these totals numbers on lines 1 and 2 of IT-40 Schedule 5 or IT-40PNR Schedule F, or lines 7 and 8 of IT-40RNR.

---

---

**Schedule G: Offset Credits**

The following credits cannot be refunded; their purpose is to help reduce your state and/or county tax amounts due. See the **Combined 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-40PNR, line 9, and had to pay a local income tax outside Indiana, you may be able to take a credit. This credit applies only if the tax you paid outside Indiana was to another city, county, town, or other local governmental entity; and they did not refund the tax, or give you a credit for Indiana county tax.

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

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

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

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

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

**Note.** See the **Combined Limitation** page 43.

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

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

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

**Line 2 – Community Revitalization Enhancement District Credit**

A state and local income tax liability credit is available for a qualified investment made within a community revitalization enhancement district. The expenditure must be made under a plan adopted by an advisory commission on industrial development and approved by the Indiana Economic Development Corporation before it is made. The credit is equal to 25% 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-40PNR. Also, claim any unused amount (within certain limitations) on Schedule G under line 6 (see instructions for this credit on page 45).

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](http://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 G. These credits, when combined, cannot be greater than the county tax shown on Form IT-40PNR line 9; if they are, adjust the amounts before you enter them. See the following **Order of Application** and 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-40PNR, 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 G, line 1, and the \$60 limited CREED credit on line 3a.

**Note.** Megan may use the \$140 remaining CREED credit to offset any state adjusted gross income tax due on this year’s tax return (IT-40PNR, line 8). See additional instructions for the CREED credit on page 45.

**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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms) and Income Tax Information Bulletin #14 at [www.in.gov/dor/files/reference/ib14.pdf](http://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 50.

**Line 5 – Credit for Taxes Paid to Other States**

If you received income from another state while you were an Indiana resident, you must report that income on your Indiana income tax return. You may be able to take a credit for taxes paid to another state. If you had income from another state, and had to pay taxes to that state, read the following instructions carefully.

If you were an Indiana resident during part or all of the tax year and had income from any of the states listed in Group A below, you should first find out what the other state’s rules are concerning the taxation of your income.

**Group A**

**No Agreement** (Credit taken on resident return)

Alabama	Louisiana	New York
Arkansas	Maine	North Carolina
California	Maryland	North Dakota
Colorado	Massachusetts	Oklahoma
Connecticut	Minnesota	Rhode Island
Delaware	Mississippi	South Carolina
Georgia	Missouri	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 except as provided for Group C states.

**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 while you are an Indiana resident, 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-40PNR 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.

## Schedule G: Offset Credits Continued

**Example.** Sarah owns an interest in a partnership. Her share of the partnership's income is \$100,000 and her share of the partnership's bonus depreciation is \$10,000. The partnership derived 40% of its income from Illinois sources, and Sarah paid \$4,900 of state income tax to Illinois. Her Indiana state tax liability is \$5,000.

She will enter the following:

- A. \$2,000 (tax paid to Illinois)
- B. \$1,421 ((\$100,000 income + \$10,000 bonus depreciation) \* .4 (share of partnership income from Illinois sources) \* .0323 (tax due to Indiana))
- C. \$5,000 (Form IT-40 line 8)

Sarah's credit is \$1,421, 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 Indiana state income tax on income:

- earned while an Indiana resident,
- earned from a non-United States country or territory, and
- that is not currently subject to tax in that country but will be taxed in a later year,

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	Ohio	Wisconsin
Michigan	Pennsylvania	

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.

If you were a full resident of one of the reciprocal states and had other types of income from Indiana, or were a part-year Indiana resident, you will need to file Form IT-40PNR.

**Note.** Winnings from Indiana **riverboats** and **lotteries** are not eligible for the reciprocal agreement.

**Caution.** You may have to make estimated tax payments to Indiana. If the reciprocal state employer does not withhold Indiana withholding on your wage income, or does not withhold enough, 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.

If you were a resident of a Group C state and had income from Indiana, you must file an Indiana nonresident return, figure your tax, and then claim a credit for taxes paid to other states on the Indiana nonresident return. Make sure to attach a copy of the other state's return to substantiate the credit.

**Note.** 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 at the entity level by your state of residence, 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 D

**No State Income Tax** (No credit allowed)

Alaska	South Dakota	Washington
Florida	Tennessee	Wyoming
Nevada	Texas	

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 50.

### Line 6 – Other Credits

Each of the following credits has been assigned a three-digit code number. When claiming the credit on Schedule G under line 6, enter the name of the credit, the three-digit code number and the amount claimed.

### **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 50.

### **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 50 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](http://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](http://www.in.gov/tos/iesa) and at [www.collegechoicedirect.com](http://www.collegechoicedirect.com). See Schedule IN-529 at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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 50.

### **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 [iedc.in.gov](http://iedc.in.gov). Also, see Income Tax Information Bulletin #99 at [www.in.gov/dor/files/reference/ib99.pdf](http://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 50.

### **Community Revitalization Enhancement District Credit 808**

See the Schedule G line 3 instructions for details about this credit. This credit is available to offset **both** your state and local tax liabilities, and any unused remainder is available to be carried forward. 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 G, line 3, the remaining credit should be claimed on this line.

For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at [iedc.in.gov](http://iedc.in.gov).

**Note.** If you have not used all of the community revitalization enhancement district credit, the unused portion should be carried over to next year's tax return.

Enter code 808 under line 6 if claiming this credit. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 50 for additional limitations.

### **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 [iedc.in.gov](http://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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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/#mem](http://www.aiez.org/#mem) 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 [iedc.in.gov](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](http://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](http://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 [iedc.in.gov](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 50.

### 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](http://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 [iedc.in.gov](http://iedc.in.gov).

**Note.** See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 50 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 before January 1, 2018, 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](http://www.in.gov/dor/files/reference/ib66.pdf) and Indiana Schedule LIC at [www.in.gov/dor/tax-forms/enterprise-zone-forms](http://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 [iedc.in.gov](http://iedc.in.gov) for additional information.

Enter code 814 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 50.

### 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 50 for additional limitations.

### Film and Media Production Tax Credit 869

Effective July 1, 2022, a credit is available for expenses incurred for qualified film and media production expenses. The amount of the taxpayer's credit is equal to the taxpayer's qualified film and media production expenses multiplied by a percentage determined by the Indiana Economic Development Corporation, but not more than 30% of the expenses.

**Note.** Certification for this credit must be obtained from the Indiana Economic Development Corporation. See [iedc.in.gov/indiana-advantages/investments/film-and-media-tax-credit](http://iedc.in.gov/indiana-advantages/investments/film-and-media-tax-credit) for further information.

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied.

### Foster Care Donations Credit 867

Effective starting in taxable year 2022, a credit for donations to qualifying foster care organizations is available. The credit is 50% of the donation made to qualifying organizations, up to a maximum of \$10,000 per taxable year. In addition, no more than \$2,000,000 in credits can be awarded during a state fiscal year. See [www.in.gov/dor/tax-forms/foster-care-credit-donation-information](http://www.in.gov/dor/tax-forms/foster-care-credit-donation-information) for further information regarding the application and approval process.

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Enclose the approval letter from the Department of Revenue with the return, otherwise the credit will be denied.

### 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 (for credits awarded before July 1, 2022); 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 (for credits awarded before July 1, 2022).
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.

## Schedule G: Offset Credits Continued

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](http://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 [iedc.in.gov](http://iedc.in.gov), or by phone at (317) 232-8800.

Beginning with the 2022 tax year, this credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing.

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.

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 50 for additional limitations.

**Important.** If the IEDC has granted a refundable credit under the second test, see the instructions on page 37 for completing Schedule E, 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 50 for additional limitations.

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

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

Report any recapture on Schedule E, line 3. See Line 3 instructions on page 33 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 [iedc.in.gov](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](http://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 50 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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 [iedc.in.gov](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](http://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 50 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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/2022-corporatepartnership-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-corporatepartnership-income-tax-forms).

Enter code 822 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 50.

### 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 be 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.

## Schedule G: Offset Credits Continued

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 50.

### 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, 2020. A taxpayer is entitled to receive a credit for a qualified investment made after December 31, 2019, and before January 1, 2030, if the taxpayer is awarded a credit under:

- An application approved by the Indiana Economic Development Corporation (IEDC) before January 1, 2020; or
- An agreement entered into by the taxpayer and IEDC before January 1, 2021.

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

For additional information regarding procedures for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8800, or visit their website at [iedc.in.gov](http://iedc.in.gov).

**Note.** See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 50 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 50 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 50 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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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** page 50 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 50.

### 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 50 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



## Schedule G: Offset Credits Continued

**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.* Liam was an 8th grade teacher for four months at an Indiana public school. During that time period he spent \$314 for qualified supplies. He is eligible to claim a \$100 credit.

*Example 3.* Chris and Pat are employed as teachers at an Indiana public high school. They are filing a joint tax return. During the year Chris spent \$74 for qualified supplies; Chris's credit is \$74. Pat spent \$214 for qualified supplies; Pat's credit is \$100 (limited to the lesser of the amount Pat spent or \$100). They will claim a \$174 combined credit.

**Important.** Make sure to keep a copy of the expense receipts used to figure this credit as 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 50.

## 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 [iedc.in.gov](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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing. Also, see the **Combined Limitation** on page 50.

## 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](http://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 [www.in.gov/ocra](http://www.in.gov/ocra).

Enter code 831 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 50.

## 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 a taxpayer's credit is equal to 50% of the amount of the contribution made to the SGO for a school scholarship program. In some cases, the department may round the credit down to the nearest dollar if the department receives information that the credit should be the amount as rounded down.

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 \$18.5 million in credits per state fiscal year of July 1, 2022 – June 30, 2023.

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.in.gov/doe/students/indiana-choice-scholarship-program](http://www.in.gov/doe/students/indiana-choice-scholarship-program) for additional information.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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](http://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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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.

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

### Venture Capital Investment Credit – Qualified Indiana Investment Fund 868

A taxpayer who provides qualified investment capital (either debt or equity capital) to a qualified Indiana investment fund may be eligible for this credit.

**Note.** 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.

This credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/tax-forms/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-individual-income-tax-forms). Make sure to enclose this schedule with your tax filing.

Apply online through the IEDC's website at [iedc.in.gov](http://iedc.in.gov) or call (317) 232-8800 for more information.

Enclose the certification letter from the IEDC with the return, otherwise the credit will be denied.

### 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 G. These credits, when combined, cannot be greater than the state adjusted gross income tax shown on Form IT-40PNR line 8; if they are, adjust the amounts before you enter them. This includes any credits reported on Schedule IN-OCC, and carried to line 7 of Schedule G.

### How to Adjust the Amount of Credit to Enter (Examples)

*Example.* Tanya is eligible to claim both a \$200 College Credit and a \$300 Credit for Taxes Paid to Other States, for a \$500 total amount of offset credits. Her state adjusted gross income tax due (IT-40PNR, line 8) is \$360. Since her combined credits are \$140 more than her state tax due, she should reduce the last entry (the \$300 Credit for Taxes Paid to Other States) by the \$140 difference to \$160. She will enter the full \$200 College Credit on Schedule G, line 4, and the \$160 limited Credit for Taxes Paid to Other States on line 5.

*Example.* Matthew has a \$500 Indiana College Choice 529 Savings Plan Credit and a \$600 Industrial Recovery Credit. His state adjusted gross income tax due (IT-40PNR, line 8) is \$700. He will report the full \$500 Indiana College Choice 529 Savings Plan Credit on Schedule G, line 6a, and enter \$200 of the Industrial Recovery Credit on line 6b. He will carry the \$400 remaining unused Industrial Recovery Credit over to next year's tax return.

---

## Schedule H Section 1: Residency Information

### Your (and Spouse's) Information

Tell us where you were a resident during 2022 by completing this area. Enter the 2-letter name for the other state(s) where you lived.

Complete the area asking for the time period you lived in Indiana and/or other state(s). If you lived in more than one state other than Indiana, let us know where and when.

**Note.** If you were a resident of a foreign country during all or a part of 2022, enter the 2-letter code "OC" for other country. In addition, indicate whether or not you filed a tax return with the state/country you were a resident of in 2022.

## Schedule H Section 2: Additional Required Information

### Line 1 – Federal Filing Information

You must place an "X" in the "yes" or "no" box to answer the question: "Are you filing a federal income tax return for 2022?"

### Line 2 – Extension of Time to File Information

Place an "X" in the box on line 2a if you have a federal extension of time to file (you filed federal Form 4868, Form 2350, or made an online extension payment). Place an "X" in the box on line 2b if you have an Indiana extension of time to file (you filed Form IT-9 or made an online extension payment).

### Line 3 – Farmers and Fishermen

Farmers and fishermen have special filing considerations. If at least two-thirds (2/3) of your gross income is from farming or fishing, mark the box provided on Schedule H, line 3. This will make sure that a penalty for the underpayment of estimated tax is not assessed provided you have followed through by:

- Paying all your estimated tax on or by Jan. 17, 2023, and filing your Form IT-40PNR by April 18, 2023, or

## Schedule H, Section 2: Additional Required Information Continued

- Filing your Form IT-40PNR by March 1, 2023, 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 4 – 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](http://www.in.gov/dor/tax-forms/miscellaneous-individual-forms)), along with any supporting documentation.

### Line 5 – Date of Death

If the taxpayer and/or spouse died during 2022, 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, 2022, would be entered as 01/09/2022. See instructions beginning on page 6 for more information.

**Note.** If the taxpayer and/or spouse died before 2022, or after Dec. 31, 2022, but before filing his or her tax return, do not enter his/her date of death in this box.

### 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/2022-individual-income-tax-forms](http://www.in.gov/dor/tax-forms/2022-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: Schedule CT-40PNR

If you live or work in an Indiana county as of January 1 of the tax year, you will probably owe county tax. Complete the county tax Schedule CT-40PNR to figure if you 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, 2022. If you had more than one home on this date, then your county of residence as of Jan. 1, 2022, 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 2022.

### Did You Move During the Year?

If you moved your residence to a different Indiana county (or out of state) during the year, but after Jan. 1, 2022, the county where you lived for tax purposes *will not change until next year.*

### County Where You Worked Defined

The county where you worked (county of principal employment) is the county where your main place of business was located or where your main work activity was performed on Jan. 1, 2022. If you began working in another county (or out of state) after Jan. 1, 2022, the county where you worked for tax purposes will not change *until next year*.

*Example.* Jessie worked in Marion County, Indiana, on Jan. 1, 2022. She quit that job and began a new one in Johnson County, Indiana, on Feb. 10, 2022. She will enter the Marion County two-digit code “49” in the County Where You Worked box on the front of Form IT-40PNR even though she changed jobs during the year.

If you had more than one job on Jan. 1, 2022, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2022, 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-40PNR.

**Exception.** If you worked in any of the following states on Jan. 1, 2022, 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

### Principal Employment Income

You must figure your principal employment income if, on Jan. 1, 2022, you lived out-of-state and were employed in an Indiana county. Your principal employment income is income you earned from your main Indiana work activity (job) for the entire year. See instructions for Section 2, line 1 on page 54 for more information.

### Military Personnel

If you were stationed in Indiana, your county of residence is the county where you lived on Jan. 1 of the year you entered the military service. If, on Jan. 1, 2022, 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-40PNR (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, 2022, 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, 2022, 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 Indiana counties on Jan. 1, 2022 you need to figure your county tax separately on Section 1.
- If both of you lived out-of-state on Jan. 1, 2022, but worked in different Indiana counties, you must figure your tax separately on Section 2.
- If only one of you is subject to county tax, then you may use all of the exemptions from Schedule D, line 8, except for your spouse’s personal exemption, to figure your tax.\*

*\*Example.* On Schedule D Jack and Sue claim \$2,000 on line 1, one exemption (\$1,000) on line 2, and one additional dependent exemption (\$1,500) on line 3. The line 6 amount is \$4,500. The line 7 amount is .40. Jack can use \$1,400 (the \$3,500 exemption amount x .40 = \$1,400) to figure his county tax.

## County Tax Schedule CT-40PNR Section 1: Line-by-Line Instructions

### Where Did You Live?

Did you live in an Indiana county on Jan. 1, 2022? If “yes,” complete Section 1 for yourself, and skip Section 2. If your answer is “no,” skip Section 1 and go to *Section 2: Line-By-Line instructions*.

If you are filing a joint return, did your spouse live in an Indiana county on Jan. 1, 2022? If yes, complete Section 1 for your spouse, and skip Section 2. If your answer is no, skip Section 1 and go to *Section 2: Line-By-Line instructions*.

### Line 1

If you are completing Section 1, state taxable income means:

- state taxable income from Line 7 of Form IT-40PNR; plus
- any Indiana-source income from wages, tips, or other compensation earned while you are a resident of a reciprocal state (Kentucky, Michigan, Ohio, Pennsylvania, or Wisconsin).

If you are filing a single return or are married filing separately, enter in Column A your state taxable income.

If you are filing a joint return and you both lived in the same Indiana county on Jan. 1, 2022, enter in Column A your combined state taxable income. Leave Column B blank.

*Example.* On Jan. 1, 2022, Jack and Diane lived in the same Indiana county. They will enter their combined state taxable income in Column A.

If you are filing a joint return and you and your spouse lived in different Indiana counties on Jan. 1, 2022, enter each person’s share of state taxable income in the appropriate columns.

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

*Example 1.* Simon and Tina married in 2022 and are filing a joint return. On Jan. 1, 2022, Simon lived in Greene County (Indiana) and

## County Tax Continued

Tina lived in Clay County (Indiana). Their federal adjusted gross income is \$55,400. Their proration percentage from Schedule A, Line 21D is .549. None of their income is derived from wages from a reciprocal state. Their state taxable income (subject to tax in Indiana) of \$29,302 includes the following breakdown:

Simon: \$23,000 wages  
+ 200 (½ joint interest income)  
- 549 exemption\*  

---

19,651 income for CT-40PNR Section 1, line 1 Column A

Tina: \$10,000 wages  
+ 200 (½ joint interest income)  
- 549 exemption\*  

---

9,651 income for CT-40PNR Section 1, line 1 Column B

\* Exemptions. Schedule D line 8 is  $.549 \times \$2,000 = \$1,098$ . Simon and Tina will each use one-half of that total, or \$549.

*Example 2.* Same facts as the example above, except that Simon and Tina moved to Ohio but Simon continued to work in Indiana. Simon's wages from the period after moving to Ohio were \$5,000, not included on Line 7 of the IT-40 PNR. Simon would use \$25,000 (\$20,000 earned while an Indiana resident plus \$5,000 earned from Indiana sources while an Ohio resident) instead of \$20,000, which would make his income for CT-40PNR, Section 1, line 1 Column A \$24,651 (\$25,000+\$200-\$549).

### Use of exemptions when separating income.

Each individual must use his/her own personal exemption when figuring his/her share of net income subject to county tax. Additional exemptions, such as for dependents, age 65 or older, etc., should be divided up in whole\* in a way that provides the most benefit to the individuals. This usually results with the individual with the higher county tax rate using all of the exemptions *except* for his/her spouse's personal exemption.

\*Exemptions must be assigned in whole (before applying the proration percentage). For example, a \$1,000 exemption may not be separated into \$700 to be used by one spouse, with the remaining \$300 to be used by the other spouse. The full \$1,000 (times the proration percentage) must be used by one spouse only.

**Note.** The total amount of exemptions used in Section 1 may not be greater than the total amount of exemptions reported on Schedule D, line 8.

*Example 3.* Sam and Molly married in January 2022 and are filing a joint return. On Jan. 1, 2022, Sam lived in County A, which has a county tax rate of .01. Molly lived in County B, which has a county tax rate of .025. They claim their five-year old son Sebastian as a dependent, and also claim him as an additional dependent exemption.

Their total exemptions before proration are \$4,500 (\$1,000 each for Sam and Molly, \$1,000 for Sebastian, plus the \$1,500 additional dependent exemption for Sebastian).

Sam's Indiana wage income is \$49,000; Molly's is \$45,000. They claimed a \$2,500 homeowner's property tax deduction. They moved to Minnesota in November of the tax year and earned \$31,333 after moving there. Their proration amount is 75% (.75).

Molly will use all of the prorated exemptions except for Sam's personal exemption ( $\$1,000 \times .75 = \$750$ ) when figuring her share of income subject to county tax since she has the higher county tax rate.

Their individual share of the \$88,125 state taxable income reported on line 7 of their Form IT-40PNR is to be reported on Schedule CT-40PNR between Column A and Column B in the following way:

Sam: \$49,000 wages  
- 1,250 (½ property tax deduction)  
- 750 exemption total (after proration)\*  

---

47,000 amount for CT-40PNR Section 1, line 1 Column A

Molly: \$45,000 wages  
- 1,250 (½ property tax deduction)  
- 2,625 exemption total (after proration)\*  

---

41,125 amount for CT-40PNR Section 1, line 1 Column B

\*Sam's prorated exemption total is \$750 ( $\$1,000 \times .75$ ). Molly's prorated exemption total is \$2,625 ( $\$3,500 \times .75$ ).

Sam will enter \$47,000 on line 1A and Molly will enter \$41,125 on line 1B.

### Line 2

Find your county on the County Income Tax Chart located on the back of Schedule CT-40PNR. Find the rate from the County Tax Rate column and enter it here.

### Line 4

Add the amounts from line 3, Columns A and B. If you were a Perry County (Indiana) resident and worked in the Kentucky counties of Breckinridge, Hancock or Meade, review Lines 5 and 6 instructions. Otherwise, skip to line 7.

### Lines 5 and 6

If you:

- Were a Jan. 1, 2022 Perry County resident,
- Worked in the Kentucky counties of Breckinridge, Hancock and/or Meade; and
- The income from those counties was subject to either a Kentucky county income tax or a local income tax for a locality in those counties,

review the following instructions. Otherwise, skip these lines and go to line 7.

**Line 5** – If the Kentucky counties of Breckinridge, Hancock and/or Meade, or a locality located within these counties figured a locality tax on your income, enter the amount of that income here.

**Line 6** – Multiply the amount on line 5 by .0181 and enter the result here. Continue to line 7.

### Line 7

Subtract any entry on line 6 from the amount on line 4. Continue with Section 2 below if you are married filing jointly and your spouse needs to complete it. Otherwise, enter the result here and on line 9 of Form IT-40PNR.

---

---

## County Tax Schedule CT-40PNR Section 2: Line-By-Line Instructions

### Where Did You Work?

Did you work in an Indiana county on Jan. 1, 2022? If “yes,” complete this section. If your answer is “no,” you will not owe any county tax. Do not complete this section on your behalf.

If you are filing a joint return, did your spouse work in an Indiana county on Jan. 1, 2022? If yes, complete this section. If your answer is “no,” your spouse will not owe any county tax. Do not complete this section on your spouse’s behalf.

### Line 1

Enter your principal employment or business income that is included on Indiana Schedule A, Section 1, Column B\* (if you are a resident of a reciprocal state [Kentucky, Ohio, Pennsylvania, Michigan or Wisconsin], see **Reciprocal state residents** below). This can include income from wages, tips, salaries and commissions; net self-employment income from federal Schedule C/C-EZ; Schedule IN K-1, and/or net farm income from federal Schedule F. This can include the portion of income from a trade or business, including income listed on a IN Schedule K-1 and derived from the primary county of employment you are actively involved in the business. Do not include passive-source income like nonbusiness interest and dividends, pension, capital gains, farm rental, unemployment compensation, etc.

Do not include income from a part-time job if you held it at the same time you had a full-time job.

*Example.* During 2022, Jake received income from the following Indiana sources (included on Indiana Schedule A, Section 1, Column B):

- \$15,000 from his full-time job (held for the entire year)
- \$1,850 from his part-time job
- \$50 nonbusiness interest income
- \$800 pension income

Jake will enter his \$15,000 principal employment income on line 1.

**\*Exception.** A spouse of a nonresident military servicemember who claims the nonresident military spouse earned income deduction on Schedule C, line 11, will not owe county tax on that income.

*Example.* Jo Anne and her husband John are Illinois residents. They moved to Indiana two years ago when John, who is in the military, was stationed in Indiana. She has an Indiana job. Jo Anne reported her \$35,000 Indiana-source wage income on Schedule A, lines 2A and 2B. She reported the \$35,000 as a military spouse earned income deduction on Schedule C, line 11. That \$35,000 income is not subject to Indiana county tax. She will not enter it on Schedule CT-40PNR, Section 2, line 1B.

If you had more than one job at different times during the year (not including part-time employment), and that income is taxed on Indiana Schedule A, Column B, add the income from those jobs and enter here.

*Example.* Sarah had two full-time jobs in Indiana during the year. She earned \$13,000 from her first job, which she held from January through April. She began a new job in May and worked through year’s end, earning \$21,000. She should enter the \$34,000 combined amount here.

If you worked two or more jobs at the same time, enter the portion you earned from your main job.

*Example.* Daniel had two jobs at the same time. On Job #1 he worked 30 hours a week and earned \$270 a week. On Job #2 he worked 10 hours a week and earned \$80 a week. Daniel should enter only the amount he earned from Job #1 (\$270 per week) as his principal employment income.

**Reciprocal state residents** (see instructions on page 8 and under Line 4 below) with Indiana-source income from wages, tips or other compensation may owe county tax on that income and certain business income described above even though it’s not taxed on Schedule A, Section 1, Column B.

*Example.* Fred and Deanna are full-year Michigan residents. Deanna earned \$55,000 wage income from an Elkhart, Indiana employer, which is the county where she worked as of Jan. 1, 2022. Fred received \$10,000 winnings from an Indiana riverboat. Fred’s gambling income is subject to Indiana state tax (he will report it on Schedule A, line 20, Column B); however, his winnings are not subject to Indiana county tax (he lived and worked in Michigan on Jan. 1, 2022).

Conversely, while Deanna’s wage income is not subject to Indiana adjusted gross income tax, it is subject to county tax. Enter her \$55,000 wage income on CT-40PNR, Section 2, line 1B. See **Reciprocal state residents** under Line 4 instructions below and the *Example* for more information on how to figure her county tax.

### Line 2

You may use certain deductions to lower the amount of income to be taxed. These deductions must have been claimed on Indiana Schedule A, Section 2, Column B, or Indiana Schedule C and must have a direct relationship to the income being taxed on line 1.

The allowable deduction from your Indiana Schedule C can include the enterprise zone employee deduction if the deduction is directly related to the income reported on line 1.

## County Tax Continued

The allowable deductions reported on Indiana Schedule A, Section 2, can include the educator expense deduction, certain business expenses of reservists, performing artists and fee-based government officials, health savings account deduction, deductible part of self-employment tax, SEP, SIMPLE and qualified plans, self-employed health insurance deduction, and/or IRA deduction, if the deduction is directly related to the income reported on line 1. If you have a deduction that is not directly related to the income being taxed on Line 1, do not claim these deductions.

*Example.* Ann is an Illinois resident teaching in Indiana. Her Indiana wages were \$51,000, which she reported on Schedule A, lines 1A and 1B. She claimed a \$250 educator expense deduction on Indiana Schedule A, Section 2, lines 22A and 22B. She will claim the \$250 educator expense deduction on line 2.

*Example.* Tim and Jane file a joint tax return and are full-year Illinois residents. Jane does not owe county tax, but Tim does because his business is located in an Indiana county. Jane has a \$21,000 wage income and a \$2,000 IRA deduction. Tim has \$23,000 net income from his Indiana photography shop and claimed a \$700 self-employed SEP deduction. He will enter his \$23,000 income on line 1 of Section 2 and the \$700 SEP deduction on line 2 of Section 2. He is not eligible to take the IRA deduction because the wage income that it is in relation to is not being taxed for county tax purposes (it is associated with Jane's income).

### Line 4

If you are married filing jointly, enter a portion of the your exemption(s) (personal, over 65 and/or blind) included on Schedule D, line 9. All other filers should enter the total exemptions from Schedule D, line 9.

You cannot claim your spouse's personal exemption. Exemptions for dependents, and age 65 or older or blind can be claimed by either spouse, as long as the total of line 4, Columns A and B is not greater than the total reported on Schedule D, line 9.

*Example.* On Schedule D Jack and Sue claim \$2,000 on line 1, one dependent exemption (\$1,000) on line 2, and one additional dependent exemption (\$1,500) on line 3. The line 7 amount is \$4,500. The line 8 amount is .40. Jack can use \$1,400 (the \$3,500 exemption amount x .40 = \$1,400) to figure his county tax.

**Reciprocal state residents** (see instructions on page 8) with Indiana-source income from wages, tips or other compensation (reciprocal income) may not use any exemptions to reduce their reciprocal income for county tax calculation purposes.

*Example.* Alex lived in Michigan and worked in Indiana on Jan.1 of the year, earning \$65,000 wages (reciprocal income) from his Elkhart County job.

He also had \$5,000 income from his St. Joseph County, Indiana business (rental income, which is not reciprocal income).

While his wage income is not subject to Indiana income tax, it is subject to county tax. He will complete Schedule CT-40PNR, Section 2, Column A, entering his \$65,000 wage income on lines 1 and 3. He is not eligible to claim any exemptions on line 4.

### Line 6

Find your county on the County Income Tax Chart the back of Schedule CT-40PNR. Find the rate from the *County Tax Rate* column and enter it here.

**Note.** If you have figured a tax in Section 1 and Section 2, add amounts from Section 1, line 9 and Section 2, line 8, and enter on Form IT-40PNR, line 9.

## NOTES:



## NOTES:



# Index to Instructions

2022 Changes ..... 3

## A

### Add-Backs

Bonus Depreciation Add-Back.....	17
Conformity Add-Back	
Conformity Add-Back – Negative Entry.....	18
Conformity Add-Back – Positive Entry.....	18
Discontinued Add-Backs: How and When to Report a Final Catch-Up Modification .....	19
Employer Student Loan Payment Add-Back.....	18
Excess Federal Interest Deduction Modification .....	19
Federal Repatriated Dividend Deduction Add-Back .....	19
Meal Deduction Add-Back .....	18
OOS Municipal Obligation Interest Add-Back.....	17
Qualified Preferred Stock.....	19
Section 179 Expense Add-Back.....	18
Student Loan Discharge Add-Back.....	18
Treatment of Previously Discontinued Add-Back .....	17
Adoption Credit.....	38
Adoption Credit Carryforward Worksheets.....	39–40
Amended (Corrected) Tax Return.....	4
Amount Due .....	11
Annual Public Hearing.....	4

## C

Combined Limitation .....	43, 50
County Tax Instructions.....	51–55
County Where You Lived Defined.....	51
County Where You Worked Defined.....	52

Credits	
Economic Development for a Growing Economy Credit (EDGE).....	37
Economic Development for a Growing Economy Retention Credit (EDGE-R) .....	37
Estimated Tax Paid.....	35
Headquarters Relocation Credit.....	37
Indiana’s Earned Income Credit (EIC) .....	36
Indiana State and County Tax Withheld.....	35
Lake County (Indiana) Residential Income Tax Credit .....	36
Unified Tax Credit for the Elderly.....	35

## D

Deceased Taxpayer	
Date of Death.....	51
Refund Check for a Deceased Individual.....	7
Signing the Deceased Individual’s Tax Return .....	7

Deductions	
Civil Service Annuity Deduction.....	23
COVID-related Employee Retention Credit Disallowed Expenses Deduction .....	24
Disability Retirement Deduction .....	24
Enterprise Zone Employee Deduction .....	24
Government or Civic Group Capital Contribution Deduction.....	24

Human Services Deduction.....	24
Indiana Lottery Winnings Annuity Deduction.....	25
Indiana Net Operating Loss Deduction .....	22
Indiana-only Tax-exempt Bonds Deduction .....	25
Indiana Partnership Long-Term Care Policy Premiums Deduction .....	25
Infrastructure Fund Gift Deduction .....	25
Interest on U.S. Government Obligations Deduction .....	20
Nonresident Military Spouse Earned Income Deduction .....	26
Nontaxable Portion of Unemployment Compensation .....	22
Olympic/Paralympic Medal Winners Deduction .....	27
Private School/Homeschool Deduction.....	22
Qualified Patents Income Exemption Deduction .....	27
Railroad Unemployment and Sickness Benefits Deduction.....	27
Recovery of Deductions .....	27
Repayment of Previously Taxed Income Deduction .....	27
State Tax Refund Reported on Federal Return.....	20
Taxable Social Security and/or Railroad Retirement Benefits Deduction.....	21
Dependents, Definitions and Special Rules for .....	31–33

## E

Exemptions	
Additional Exemption for Age 65 or Older .....	29
Age 65 or Older or Blind .....	29
Dependent Exemptions, Additional .....	30
Extension	
Extension Filing Deadline.....	8
Extension of Time to File .....	7
Extension of Time to File Information.....	50
Form IT-9 .....	8
Penalty and/or Interest .....	8
Where to Report Your Extension Payment.....	8

## F

Farmers and Fishermen.....	50
File Your Return	
Electronic Filing Program.....	4
INfreefile.....	4
Foreign Country Code.....	5
Form IT-40PNR, Completing.....	8–12

## H

Help With Your Return	
Information Line .....	4
Internet Address .....	4
Local Help .....	4
Telephone .....	4
Homeowner’s Residential Property Tax Deduction.....	20

## I

Important Information About Possible Year-End Federal Legislation .....	17
Indiana Nongame Wildlife Fund.....	41
Individual Taxpayer Identification Number (ITIN) .....	5
Information Bulletins, Obtaining.....	3
Interest .....	11

<b>L</b>	
Losses .....	5
<b>M</b>	
Married Filing Requirements	
Married Filing Jointly .....	5
Married Filing Separately .....	5
Married Persons Who Live Apart Filing Status .....	5
Military Family Relief Fund .....	41
Military Personnel	
Military Address .....	5
Military Personnel, County .....	52
Military Retirement Income and/or Survivor's	
Benefits Deduction .....	21, 25
Military Service Deduction .....	21
National Guard and Reserve Component Members	
Deduction .....	21, 26
Nonresident Military Spouse Earned Income Deduction .....	21
Residency .....	7
Move During the Year .....	51
Moving? .....	4
<b>N</b>	
Negative Entries .....	5
Non- or Partially- Responsible Spouse .....	51
Nonresidency and Income Taxable to Indiana .....	8
<b>O</b>	
Offset Credits	
College Credit .....	43
Community Revitalization Enhancement District Credit .....	42
Credit for Local Taxes Paid Outside of Indiana .....	42
Credit for Taxes Paid to Other States .....	43
Other Credits .....	44-50
Other Local Credits .....	42
Opt-Out Designation .....	51
Order of Application .....	43
<b>P</b>	
Paid Preparer Information .....	51
Payment Options .....	11
Penalty .....	11
Personal Representative Information .....	51
Principal Employment Income .....	52
Proration Amount .....	29
Public K – 12 Education Fund .....	41
<b>R</b>	
Refund	
Direct Deposit .....	11
Refund Offsets .....	10
Statute of Limitations for Refund Claims .....	11
When to Expect Your Refund .....	10
Where's Your Refund? .....	10
Renter's Deduction .....	20
Restriction for Certain Tax Credits .....	42, 50

Retired Persons, Homemakers or Unemployed .....	52
Returned Checks and Payments .....	12
Rounding Required .....	5

## S

Sales/Use Tax Worksheet .....	33
Schedule A	
Proration .....	15
Section 1: Income or Loss .....	13-15
Section 2: Adjustments to Income .....	15-17
Schedule B: Add-Backs .....	17-20
Schedule C: Deductions .....	20-28
Schedule D: Exemptions .....	28-30
Schedule E: Other Taxes .....	33-34
Schedule F: Credits .....	35-41
Schedule G: Offset Credits .....	42-50
Schedule H	
Section 1: Residency Information .....	50
Section 2: Additional Required Information .....	50-51
Schedule IN-DEP .....	30-31
Schedule IN-DEP-A .....	31
Schedule IN-DONATE .....	41
Schedule IN-PRO .....	34
Schedule IN-W: Indiana Withholding Statements .....	41
Schedules, Enclosing .....	6
Social Security Number .....	5, 32

## T

Tax Forms, Obtaining .....	3
Taxpayer Advocate .....	12
Taxpayer Refund, Additional Automatic .....	38

## U

Unemployment Compensation Worksheet .....	23
---	----

## W

W-2s, Enclosing .....	6
Wagering Taxes .....	17
Website .....	4
What if You Can't File on Time? .....	7
When Should You File? .....	7
Where to Mail Your Tax Return .....	12
Which Indiana Tax Form Should You File? .....	3
Who Should File? .....	6

## Z

ZIP/Postal Code .....	5
-----------------------	---