

Schedule 1: Indiana Deductions
(Schedule 2 begins after line 12 below)

Attachment
Sequence No. **01**

Enter your first name, middle initial and last name and spouse's full name if filing a joint return

A Your Social
Security Number

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Instructions for Schedule 1 begin on page 16.

1. Renter's deduction: Address where rented if different from the one on the front page (enter below)

B _____ Landlord's name and address (enter on next line)

C _____ Amount of rent paid \$ D _____

Number of months rented E _____ Enter the lesser of \$2,500 or amount of rent paid

2. Homeowner's residential property tax deduction: enter address where property tax was paid if different from front page F _____

Enter the lesser of \$2,500 or the actual amount of property tax paid for 2006 Box A \$

Catch-Up Deduction

• Enter the amount of 2002 property taxes paid **during** 2005 (if any) from Step 5 of the worksheet on page 18 Box B \$

• Enter the amount of 2003 property taxes paid **during** 2005 (if any) from Step 10 of the worksheet on page 18 Box C \$

Add boxes A, B and C, enter the total here (combined deduction cannot be more than \$7,500)

3. State tax refund reported on federal return (see page 18)

4. Interest on U.S. government obligations (see page 18)

5. Taxable Social Security benefits (see page 18)

6. Taxable railroad retirement benefits (see page 18)

7. Military service deduction: \$2,000 maximum for qualifying person (see page 18)

8. Non-Indiana locality earnings deduction: \$2,000 maximum per qualifying person (see page 19)

9. Insulation deduction: \$1,000 maximum: attach verification (see page 19)

10. Nontaxable portion of unemployment compensation (see page 20)

11. **Other Deductions:** See instructions beginning on page 20 (attach additional sheets if necessary)

a. Enter deduction name _____ I code no. _____

b. Enter deduction name _____ J code no. _____

c. Enter deduction name _____ K code no. _____

d. Enter deduction name _____ L code no. _____

12. Add lines 1 through 11 and enter total on line 8 of Form IT-40 **Total Deductions** ▶

Please round all entries to the nearest whole dollar (see instructions on page 6).

Did you pay **2002** and/or **2003** property taxes in **2005**?

If yes, see instructions for line 2 on page 17.

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11a		
11b		
11c		
11d		
12		

Schedule 2: Indiana Credits

1. Credit for local taxes paid outside Indiana (see page 27)

2. County credit for the elderly: attach federal Schedule R (see page 27)

3. **Other Local Credits:** See instructions on page 27 (attach additional sheets if necessary)

a. Enter credit name _____ A code no. _____

b. Enter credit name _____ B code no. _____

Important: Lines 1 through 3 cannot be greater than the county tax due on IT-40 line 17 (see page 28)

4. College credit: attach Schedule CC-40 (see page 28)

5. Credit for taxes paid to other states: attach other state's return (see page 28)

6. **Other Credits:** See instructions on page 30 (attach additional sheets if necessary)

a. Enter credit name _____ C code no. _____

b. Enter credit name _____ D code no. _____

c. Enter credit name _____ E code no. _____

d. Enter credit name _____ F code no. _____

Important: Lines 4 through 6 added together cannot be greater than the state adjusted gross income tax due on IT-40 line 16 (see *Additional Limitations* on page 35)

7. Add lines 1 through 6 and enter total on line 29 of Form IT-40 **Total Credits** ▶

1		
2		
3a		
3b		
4		
5		
6a		
6b		
6c		
6d		
7		

Enter your first name, middle initial and last name and spouse's full name if filing a joint return	Your Social Security Number <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>								

SECTION 1: To be completed by those taxpayers who were residents of a county that had adopted a county income tax.

P **Your** county of **residence** as of January 1, 2006. R **Spouse's** county of **residence** as of January 1, 2006.
 (Enter 2-digit county code # from the chart on page 21.) (Enter 2-digit county code # from the chart on page 21.)

	Column A - Yourself		Column B - Spouse's	
1. Enter the amount from IT-40, line 15. Note: If both you and your spouse lived in the same county on January 1, enter the entire amount from Form IT-40, line 15 on line 1A only. See instructions on page 24	1A		1B	
2. If you claimed a non-Indiana locality earnings deduction on Schedule 1, line 8, enter the amount here. If not, leave blank	2A		2B	
3. Add lines 1 and 2	3A		3B	
4. Enter the resident rate from the county tax chart on page 21 for the county code number shown above	4A		4B	
5. Multiply line 3 by the rate on line 4	5A		5B	
6. Add lines 5A and 5B. Enter the total here. Note: Perry County residents: If you live in Perry County and worked in the Kentucky counties of Breckinridge, Hancock or Meade, you must complete lines 7 and 8. Otherwise, enter the total here and on line 9 below (see page 25)			6	
7. Enter the amount of income that was taxed by any of the Kentucky counties listed on line 6 above			7	
8. Multiply line 7 by .0053 and enter total here			8	
9. Line 6 minus line 8. Enter the total here and on line 17 of Form IT-40			9	

SECTION 2: To be completed by those taxpayers who, on January 1, 2006, were residents of a county that had not adopted a county income tax, but worked in an Indiana county that had adopted a county income tax.

Q **Your** county of **principal employment** as of January 1, 2006. (Enter 2-digit county code # from the chart on page 21.) S **Spouse's** county of **principal employment** as of January 1, 2006. (Enter 2-digit county code # from the chart on page 21.)

	Column A - Yourself		Column B - Spouse's	
1. Enter your principal employment income by entering the total income from your W-2s and/or net self-employment income (from federal Schedule C/C-EZ; federal Form 1065, Schedule K-1 and/or farm income from federal Schedule F). If you worked two or more jobs <i>at the same time</i> , enter the portion you earned from your main job. See page 25 for further Section 2 instructions	1A		1B	
2. Enter any amounts for payments made to self-employed retirement plans, IRA's, etc. See page 25 for the complete list of allowable deductions and further instructions	2A		2B	
3. Subtract line 2 from line 1	3A		3B	
4. Enter some or all of the exemptions from line 14 of Form IT-40 (see instructions on page 25)	4A		4B	
5. Subtract line 4 from line 3	5A		5B	
6. Enter the nonresident rate from the county tax rate chart on page 21 for the county number shown above under the Section 2 heading	6A		6B	
7. Multiply the income on line 5 by the rate on line 6	7A		7B	
8. Enter total of 7A plus 7B. Add to any Section 1, line 9 amount, and carry to line 17 of Form IT-40			8	