

Enter your first name, middle initial and last name and spouse's full name if filing a joint return ^A Your Social Security Number

Section A: Figure Your Indiana Earned Income Credit

A-1 Enter the earned income credit from your federal income tax return Form 1040 line 66a, Form 1040A line 40a, or Form 1040EZ line 8a (must be \$9.00 or more: see instructions)..... **A-1\$** _____

A-2 Multiply line A-1 by .06 and enter here. Carry this total to Form IT-40, line 26, or Form IT-40PNR, line 22..... **Indiana Earned Income Credit** **A-2\$** _____

▶ **If you did not complete Federal Schedule EIC (you did not claim children when figuring your federal earned income credit), you are finished with this schedule. Make sure to attach it to your Form IT-40 or IT-40PNR.**

▶ **If you claimed children on your Federal Schedule EIC**
Complete Section B if you claimed children (on Federal Schedule EIC) when you figured your earned income credit on federal Forms 1040 or 1040A. Enter information for up to four children even if only claiming two on federal Schedule EIC (see instructions for more information).

Section B: Qualifying Child (Read the instructions to explain the terms used below.)

Enter each child's name here Enter each child's Social Security Number	1 First _____ Last _____ SSN _____	2 First _____ Last _____ SSN _____	3 First _____ Last _____ SSN _____	4 First _____ Last _____ SSN _____
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↓ **Check only one box in each section for each child listed.**

B-1	Your child	a <input type="checkbox"/>	a <input type="checkbox"/>	a <input type="checkbox"/>	a <input type="checkbox"/>
	Adopted child	b <input type="checkbox"/>	b <input type="checkbox"/>	b <input type="checkbox"/>	b <input type="checkbox"/>
	Grandchild	c <input type="checkbox"/>	c <input type="checkbox"/>	c <input type="checkbox"/>	c <input type="checkbox"/>
	Stepchild	d <input type="checkbox"/>	d <input type="checkbox"/>	d <input type="checkbox"/>	d <input type="checkbox"/>
	Foster child, (not related)	e <input type="checkbox"/>	e <input type="checkbox"/>	e <input type="checkbox"/>	e <input type="checkbox"/>
	Other (related foster child, or other related child - see instructions)	f <input type="checkbox"/>	f <input type="checkbox"/>	f <input type="checkbox"/>	f <input type="checkbox"/>
B-2	Under age 18	g <input type="checkbox"/>	g <input type="checkbox"/>	g <input type="checkbox"/>	g <input type="checkbox"/>
	Age 18	h <input type="checkbox"/>	h <input type="checkbox"/>	h <input type="checkbox"/>	h <input type="checkbox"/>
	Age 19 - 24 and a full-time student	i <input type="checkbox"/>	i <input type="checkbox"/>	i <input type="checkbox"/>	i <input type="checkbox"/>
	Age 19 or older and totally disabled	j <input type="checkbox"/>	j <input type="checkbox"/>	j <input type="checkbox"/>	j <input type="checkbox"/>
B-3	Child lived with you at least 1/2 of the year.	k <input type="checkbox"/>	k <input type="checkbox"/>	k <input type="checkbox"/>	k <input type="checkbox"/>
	Child was born or died in 2006, and lived with you while alive in 2006.	l <input type="checkbox"/>	l <input type="checkbox"/>	l <input type="checkbox"/>	l <input type="checkbox"/>

Important: You must complete and attach this schedule to your Form IT-40 or IT-40PNR when claiming the Indiana earned income credit. Note: Do not complete or attach this schedule if you are claiming this credit on the Form IT-40EZ (see the worksheet on Form IT-40EZ for instructions for how to claim the credit).

Indiana's Earned Income Credit Instructions

Generally, Indiana's earned income credit is 6% (.06) of the earned income credit allowed on your federal income tax return.

If, during 2006:

- you were an Indiana resident, and/or
- had income from Indiana sources, and
- you claimed the earned income credit on your federal income tax return (Form 1040, 1040A or 1040EZ),

then you are eligible to claim Indiana's Earned Income Credit.

Indiana's Earned Income Credit will lower the tax you owe and may give you a refund even if you don't owe any tax.

Note: Do not complete this schedule if filing Indiana's Form IT-40EZ. Instead, complete the worksheet on the back of Form IT-40EZ to claim your earned income credit.

Section A – Figure Your Credit

Enter on Line A-1 the amount of earned credit* from your

- Federal Form 1040, line 66a or
- Federal Form 1040A, line 40a or
- Federal Form 1040EZ, line 8a.

* **Important:** This amount must be at least \$9.00 or more (a smaller federal earned income credit will create an Indiana credit of less than \$1).

Multiply the amount on Line A1 by .06 (6%) and enter the result on line A-2. This is your Indiana earned income credit. Enter this amount on your Form IT-40, line 26, or on Form IT-40PNR, line 22.

Section B - Qualifying Child

You must complete Section B if you filed the federal Schedule EIC, Earned Income Credit.

Enter in Column 1 (and Column 2) information for the same child (or children) you entered on your federal Schedule EIC.

Note: If you have more than two children who meet the requirements to be eligible to claim them for the federal earned income credit on federal Schedule EIC, please enter the additional child's information (up to two additional children) in Column 3 (and Column 4, if applicable). Note: This will not increase or decrease your Indiana earned income credit.

In **Section B-1**, the 'Other' box (box f) includes:

- a related foster child, or
- your brother, sister, stepbrother, stepsister, or
- a descendant of your brother and/or sister, etc. (for example, your niece or nephew), whom you cared for as your own child.

Note: In **Section B-2**, box i, the child must be under age 24.

Caution: You must know what your federal earned income credit is before you can figure your Indiana earned income credit. Some individuals ask the Internal Revenue Service (IRS) to figure their federal earned income credit for them. If you have chosen to do this, you must wait to claim Indiana's earned income credit until you find out what your earned income credit is from the IRS. Your Indiana income tax return, Form IT-40, IT-40PNR, or IT-40EZ, must be filed by April 16, 2007. If you don't know what your federal earned income credit is by Indiana's filing due date, go ahead and file your Indiana return without claiming the earned income credit. Then, when you find out what your federal earned income credit is, file an amended (corrected) Indiana tax return, Form IT-40X, to claim your Indiana earned income credit.