

Indiana Department of Revenue

1998 IT-40 PNR

Indiana
Income Tax
Return For
Part-Year
Indiana
Residents
or
Full-Year
Indiana
Nonresidents

Forms and
Instruction
Booklet



The most frequently asked question:
What form do I file?

Indiana has four different individual income tax returns. See which one is right for you.

Form IT-40

This form is available for Indiana full-year residents. Note: If you were a full-year Indiana resident, but you're filing a joint return and your spouse **was not** a full-year Indiana resident, you must file form IT-40PNR.

Form IT-40EZ

This form is available for Indiana full-year residents who meet all of the following qualifications:

- ✓ have filed a federal Form 1040EZ;
- ✓ have been an Indiana full-year resident during 1998;
- ✓ claim only the Renter's Deduction and/or Unemployment Compensation Deduction; and
- ✓ have only Indiana state and county tax withholding credits.

Form IT-40PNR

This form is available for Indiana part-year and full-year nonresidents. Note: If you were a full-year Indiana resident, but you're filing a joint return and your spouse **was not** a full-year Indiana resident, you must file form IT-40PNR.

Form IT-40RNR

This form is available for individuals who meet both of the following requirements:

You must:

- ✓ have been a full-year resident of one of the following states: Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin; and
- ✓ have received only the following types of income from Indiana: wages, salaries, tips or other compensation.

Note: If you have any other kind of Indiana-source income, you'll have to file Form IT-40PNR. Also, beginning in 1998, full-year Illinois residents will no longer file Form IT-40RNR; they must file Form IT-40PNR.

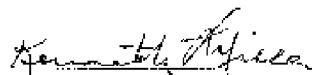
A Message from the Indiana Department of Revenue

The mission statement of the Indiana Department of Revenue reads, "The Indiana Department of Revenue will administer the applicable tax laws of the State of Indiana in an equitable and courteous manner to promote the highest degree of public trust and voluntary compliance."

To achieve our mission, the department is always looking for ways to make filing easier on you and, at the same time, for us to process the information quickly and accurately while maintaining confidentiality.

In recent years the Department has started using electronic means to move and process data. One example of the benefits these programs offer can be seen in the number of "hits" our Internet site has received. During Fiscal Year 1998, the Department of Revenue's site had 1,224,040 hits. The people who used the site were able to download forms, use the electronic help desk, and send e-mail to us. An added benefit of the Internet is that it is available 24 hours a day.

During the filing season, the Department is offering a variety of electronic initiatives. Services ranging from tax filing to form distribution and taxpayer assistance are offered through professional tax preparers, the Internet, and even telephones and fax machines. We want to offer a variety of services to assist as many taxpayers as possible. Please explore these new programs. The benefits to both you as a customer, and us as providers, are numerous. Thank you for your continuing support of these programs.



Kenneth L. Miller
Commissioner

Indiana Department of Revenue on the Internet

<http://www.ai.org/dor/>

- Downloadable Forms • Publications
- PC Filing • Information Bulletins • E-Mail

The Indiana Department of Revenue is part of the Access Indiana Information Network providing Internet access to Indiana state government.

1998 Changes



Illinois Reciprocal Agreement Ends

The reciprocal agreement between Indiana and Illinois ended December 31, 1997. Beginning with tax year 1998, Illinois residents are no longer eligible to file Form IT-40RNR for reciprocal state residents. If you are an Illinois resident and you receive income from Indiana sources, you must file Form IT-40PNR for nonresidents. You will figure your tax to Indiana on this form, and should contact Illinois to claim a credit for taxes paid to Indiana.



Military Base Recovery Tax Credit

Beginning in 1998 a credit is available for rehabilitating real property located in a military base facility located in Indiana. See page 25 for more information.

Need Tax Forms or Information Bulletins?

Use Your Personal Computer

Visit our web site on the Internet and download the forms you need. Our address is: <http://www.ai.org/dor/>

Use Your Fax Machine

Indiana TaxFax: If you have access to a fax machine that has a telephone attached to it, call our fax-on-demand system at (317) 233-2329 from that telephone. The system allows you to receive state tax forms and information bulletins through the same fax machine on your call. It is available 24 hours a day, 7 days a week. All available forms and their retrieval codes are listed in catalogs that may be ordered through the system.

Use Your Telephone

To obtain forms by phone, call (317) 486-5103, 24 hours a day, 7 days a week. When calling the *Forms Order Request Line*, have the following information ready: name of form or form number needed, number of copies needed, contact person's name, daytime phone number, and a complete mailing address (including city, state and zip code). For our hearing impaired taxpayers, you may call our Telephone Device for the Deaf (TDD) Number, (317) 232-4952 to receive assistance or request information about your tax refund.

Use Your Local Library or Post Office

Tax forms may be available in your Indiana neighborhood at your local library or post office. They are also available at Indiana district offices listed on page 34. These offices are open Monday through Friday between 8:15 a.m. and 4:30 p.m.

See the Index on page 35 for help in locating information by topic.

Need Help With Your Return?

Use Local Assistance

Visit any of the district offices listed on page 34 or take advantage of the Volunteer Income Tax Assistance (VITA) program or the Tax Counseling for the Elderly (TCE) program. These programs provide free tax return preparation help to low income, elderly and disabled Indiana taxpayers. Volunteers will help fill out federal and state forms for those who qualify. You can find the nearest VITA/TCE location by calling the Internal Revenue Service at 1-800-829-1040. If you need assistance with your income tax return be sure to take your W-2s, 1099s, or WH-18s and, if going to a district office, a copy of your completed federal tax return.

Use the Automated Information Line

You may call the Automated Information Line from a touch-tone telephone to access 1) status of refunds; 2) prerecorded tax topics; and 3) tax liability balances. The number is (317) 233-4018. This touch-tone phone service is available beginning at 8:00 a.m. Monday through 10:00 p.m. Saturday. If you have a rotary phone, call (317) 232-2240 from 8:15 a.m. to 4:30 p.m., Monday through Friday and a Department representative will help you.

The prerecorded tax topics include information on Collection Procedures, Business Registration Requirements and How to Register a Business, Payment Plan Procedures, Estimated Tax/IT-2210 Penalty, Use Tax Information, County Tax, and 1998 Tax Highlights.

To receive information on the daily balance due of a tax liability you will need a copy of your tax notice because you will need to enter the tax identification number or social security number and the liability number shown on the notice. Call (317) 233-4018 and follow the instructions.

Internet

If you need help deciding which form to file, or to get information bulletins or policy directives on specific topics, visit our web site at: <http://www.ai.org/dor/>

Call Us

To receive help with basic tax questions, call us at (317) 232-2240 Monday - Friday between the hours of 8:15 a.m. to 4:30 p.m.

Where's Your Refund?

The Automated Information Line allows you to check the status of your refund. **Important:** You will need a copy of your completed tax return because you will need to know the first social security number shown on your return and the exact amount of your refund in whole dollars.

When you call (317) 233-4018 you will receive the latest information available on the status of your refund. This touch-tone phone service is available beginning at 8 a.m. Mondays through 10 p.m. Saturdays. *Please wait approximately 12 weeks from the date*

sure to fill in the negative indicator. Please do not use blue ink. If you are using a typewriter, place an X over the negative indicator.

Discover® Card Payment

Attach your Discover® Card Payment Coupon in the upper left-hand corner on the front of the return. See instructions on page 27.

School District Number

Enter the 4-digit school district number for where the primary taxpayer lived on January 1, 1998. *Primary taxpayer* is the first name listed at the top of the tax return.

The list of school district numbers can be found on pages 30 and 31. Note: If the primary taxpayer did not live in Indiana on January 1, 1998, enter the code number "9999." If the school district number is not entered, the processing of your return will be delayed.

County Information

Enter the 2-digit code numbers for the county(s) where you and your spouse, if filing joint, lived and worked on January 1, 1998. You can find these code numbers on the chart on page 6.

See the instructions on page 16 for more information, including the definitions of the county where you live and work, details for military personnel, retired individuals, out-of-state filers, etc.

Please round off your amounts to the nearest dollar.
 To do this, drop amounts of less than 50¢.
 • Example: \$432.49 rounds down to \$432.00.

Increase amounts of 50¢ or more to the next higher dollar.
 • Example: \$432.50 rounds up to \$433.00.

Attaching W-2s and Enclosing Checks and Forms

You should staple your W-2s, 1099s or WH-18s to the form in the space to the left of lines 1 through 21 on the front of Form IT-40PNR. To help us process your form please make sure these attachments don't cover the county box information above line 1 or the boxes at the bottom of the form under line 21.

Do not staple your check or money order to the form as this will delay processing your return. Just enclose them in the same envelope with your return.

Attaching Schedules

When assembling your tax return, schedules should be attached to the back of Form IT-40PNR in an "attachment sequence order." This number is located in the upper right-hand corner of the schedule. For example, attach Schedule A (attachment sequence No. 01) first and then Schedules D & E (attachment sequence No. 03) next. Attach by placing one staple in the upper left-hand corner.

Remember your Sales and Use Tax obligation. See instructions on page 20.

Who Should File/Filing Status

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.

Note: If you and your spouse file a joint federal return, you **must** file a joint return for Indiana. If you and your spouse file separate federal returns, you **must** file separate returns for Indiana.

There are four types of returns available. The type you need to file is generally based on your residency status. Read the following to decide if you are part-year resident, a nonresident of Indiana, or a full-year resident, and which type of return you should file.

Part-Year Residents and Nonresidents

If you were a part-year resident and received income while you lived in Indiana, you must file Form IT-40PNR, Part-Year Resident or Nonresident Individual Income Tax Return.

If you were a legal resident of another state (see below) and had income from Indiana (except 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. If you received any other type of income from Indiana, you must file Form IT-40PNR.

Full-Year Residents

Full-year residents must file Form IT-40, Indiana Full-Year Resident Individual Income Tax Return, **or** Form IT-40EZ for Full-Year Indiana Resident Filers with No Dependents (see **What form do I file?** area on page 2 to see if you qualify to file Form IT-40EZ).

You are a full-year Indiana resident if you maintain your legal residence in Indiana from January 1 through December 31. 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:

- 1) they maintain their legal residence in Indiana and intend to return to Indiana during part of the taxable year;
- 2) they retain their Indiana driver's license; or
- 3) they retain their Indiana voting rights.

Indiana allows \$1,000 for each exemption claimed on your federal return, plus an additional \$500 for certain children you are eligible to claim as dependents on your federal return (see instructions on page 15 for more information). If you did not have to file a federal return, you should complete a "sample" federal return to see how many exemptions you are able to claim.

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

If you were a full-year resident and your gross income is less than your total exemptions, you may file a return to get a refund of any Indiana state and/or county tax withheld by your employer; however, you're not required to file under these circumstances.

Deceased Taxpayers

The executor, administrator, or surviving spouse must file a tax return for someone who died during 1998 if:

- a) the deceased was under the age of 65 and had gross income over \$1,000;
- b) the deceased was age 65 or older and had gross income over \$2,000; or

Indiana County 2-Digit Code Number Chart

Use the chart below to find the 2-digit county code number to fill in at the top of Form IT-40PNR. You will need to find the code number for the county(s) where you lived and worked on January 1, 1998. If you worked at home or were retired on January 1, 1998, enter the county number where you lived in both boxes. **Important:** If you worked outside Indiana on January 1, 1998, enter code # **00 unless** you worked in any of the following states: Illinois, Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin. See the 2-digit code numbers for those states in the box following Whitley County below.

2-Digit County Code Number

#	County Name	#	County Name	#	County Name	#	County Name	#	County Name
01	Adams	21	Fayette	41	Johnson	61	Parke	81	Union
02	Allen	22	Floyd	42	Knox	62	Perry	82	Vanderburgh
03	Bartholomew	23	Fountain	43	Kosciusko	63	Pike	83	Vermillion
04	Benton	24	Franklin	44	LaGrange	64	Porter	84	Vigo
05	Blackford	25	Fulton	45	Lake	65	Posey	85	Wabash
06	Boone	26	Gibson	46	LaPorte	66	Pulaski	86	Warren
07	Brown	27	Grant	47	Lawrence	67	Putnam	87	Warrick
08	Carroll	28	Greene	48	Madison	68	Randolph	88	Washington
09	Cass	29	Hamilton	49	Marion	69	Ripley	89	Wayne
10	Clark	30	Hancock	50	Marshall	70	Rush	90	Wells
11	Clay	31	Harrison	51	Martin	71	St. Joseph	91	White
12	Clinton	32	Hendricks	52	Miami	72	Scott	92	Whitley
13	Crawford	33	Henry	53	Monroe	73	Shelby	00	Out-of-State code
14	Daviess	34	Howard	54	Montgomery	74	Spencer	except the following:	
15	Dearborn	35	Huntington	55	Morgan	75	Starke	94	Illinois
16	Decatur	36	Jackson	56	Newton	76	Steuben	95	Kentucky
17	DeKalb	37	Jasper	57	Noble	77	Sullivan	96	Michigan
18	Delaware	38	Jay	58	Ohio	78	Switzerland	97	Ohio
19	Dubois	39	Jefferson	59	Orange	79	Tiptecanoe	98	Pennsylvania
20	Elkhart	40	Jennings	60	Owen	80	Tipton	99	Wisconsin

c) the deceased was a nonresident and had gross income from Indiana.

You must attach a copy of the death certificate to the tax return to verify the date of death. Make sure to enter the month and day of death for the taxpayer or spouse in the appropriate box located on the back of the IT-40PNR. For example, a date of death of January 9, 1998, would be entered as 01/09/1998. **Note:** The date of death should not be entered here if the individual died *after* December 31, 1998, but *before* filing the tax return. The date of death information will be shown on the individual's 1999 tax return.

Signing the decedent's tax return

If filing a return for a deceased individual, an executor or administrator appointed for the deceased's estate must file and sign the return (even if this isn't the final return). If an executor or administrator has not been appointed, the person filing the return should sign and give their relationship to the deceased. If a joint return is filed by the surviving spouse, the surviving spouse should sign his/her own name and after the signature write: **"Taxpayer and Surviving Spouse."**

Only one tax return should be filed on behalf of the person who died.

If you (the surviving spouse, administrator, or executor) have received a refund and cannot cash the refund check, contact the Department to get a widow's or distributee's affidavit. After completing the affidavit and returning it to the Department, a refund check with additional information will be issued to the surviving spouse, executor, or administrator of the estate.

Military Personnel

If you were an Indiana resident when you entered the military service, you remain an Indiana resident even if you are stationed outside of Indiana. You must report all your income to Indiana on Form IT-40, Indiana Full-Year Resident Individual Income Tax Return.

If you changed your legal residence (military home of record) during 1998, you are a part-year resident and should file Form IT-40PNR, Part-Year Resident or Nonresident Individual Income Tax Return. You also must attach a copy of Military Form DD2058 to the tax return. As an Indiana part-year resident, you will be taxed on the income earned while you were a resident of Indiana, plus any other income from Indiana sources.

If your legal residence is a state other than Indiana, and you receive nonmilitary income from Indiana sources (e.g.: part-time job income), you should file Form IT-40PNR to report that Indiana-source income. Your military income may have to be reported on the tax return you may need to file for the other state.

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. When completing Indiana Schedule A, Sections 1 through 3, report only your income and adjustments in Column B.

Refer to the instructions on page 16 for an explanation of county of residence for military personnel.

When To File

The due date for filing your tax return is April 15, 1999. However, you may file as early as January 1, 1999. Your tax return must be postmarked by April 15th to be considered timely filed.

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* date at the top of the form.

Penalties For Late Payments

If you don't file your tax return and pay the amount of tax owed by the due date, Indiana law requires you to pay penalty and interest on the late payment. See the instructions for penalty and interest on page 27.

Extensions

If you can't file by the due date and you don't owe any tax amount with your tax return, you are not required to file for an extension of time to file. However, if you are expecting a refund, you might need an extension of time to file if you are claiming the Unified Tax Credit for the Elderly. See the instructions for the Unified Tax Credit for the Elderly on page 21.

If you can't meet the filing deadline and expect to owe tax with your return, you should apply for an automatic extension. The extension allows additional time to complete and file your income tax return; however, the extension does not provide additional time to pay the amount of tax owed. To make the extension valid, you must pay at least 90% of the tax due (Form IT-40PNR, line 30) by April 15, 1999.

There are two ways to get an extension for filing your Indiana tax return. One way is to file Indiana's extension Form IT-9 by April 15, 1999. This extends the filing date to June 15, 1999. Remember, you must pay at least 90% of the tax due for the extension to be valid. A copy of Form IT-9 is on page 32.

Indiana also recognizes valid federal extension dates plus 30 days. So, if you file for a federal extension, simply attach a copy of the Federal Form 4868 to your Indiana return when filing. Again, 90% of the tax due must still be paid by April 15, 1999.

Note: Valid extensions are only for filing purposes. Interest will be due on any tax remaining unpaid during the extension period.

Nonresidency and Income Taxable to Indiana

A **part-year resident** owes tax on taxable income received from all sources while being a legal resident of Indiana. A part-year 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. Labor or services performed in Indiana, including salaries, wages, commissions, tips etc.;
2. A farm, business, trade or profession doing business in Indiana;
3. Any personal property located in Indiana;
4. A partnership or an S corporation doing business in Indiana;
5. Stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, goodwill, trade marks, trade brands, franchises, and other property where earnings are a part of an Indiana business;
6. Trusts and estates given to nonresident heirs; and
7. 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), you are not required to file an Indiana income tax return.

Reciprocal States: Special Instructions

If you were 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 was the only type of income you earned from Indiana, you should file *Form IT-40RNR*, Reciprocal Nonresident Indiana Individual Income Tax Return. See the "Need Tax Forms ...?" section on page 3 for options. (Remember, Illinois is no longer a reciprocal agreement state.)

Important: If you were a reciprocal state resident and received other types of Indiana-source income in addition to wages, tips, salaries or commissions, you must file *Form IT-40PNR* instead of *Form IT-40RNR*. **Note:** Since Indiana won't tax the wages, salaries, tips or commissions, remember to **not** put them in Column B.

Indiana 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 from your entire income.

General Information

Income received from Indiana sources should be reported as Indiana income by nonresidents, except certain types of Indiana income that are subject to tax only by your state of residence at the time you receive it. When reporting a loss or negative entry, fill in the oval to the left of the line. If you're using a typewriter, place an 'X' over the oval.

For part-year residents, the portion of the following types of income received while a nonresident would not be reported as Indiana income: interest, dividends, royalties and gains from the sale of capital assets, unless such income results from the conduct of a trade or business. For example, dividends received from an S corporation doing business in Indiana would be reported by nonresidents as income taxable in Indiana.

Read the following line-by-line instructions for more information. Also, get *Income Tax Information Bulletin # 28*.

Section 1: Income or Loss Line-by-Line Instructions

Unless otherwise stated:

- enter in Column A your income as it appears on your federal return; and
- enter in Column B the portion of your income that is subject to Indiana income tax.

Lines 1 and 2 — Wages, Salaries, Tips, etc.

Enter wages, salaries, tips and/or other compensation received as an employee. 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 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 Instructions*.)

Lines 3 and 4 — Interest and Dividend Income

Enter in Column A your taxable interest and dividend income as reported on your federal return, and report the interest and dividend income attributable to Indiana in Column B. Interest earned from U.S. Government Obligations is not taxed by Indiana, but still must be reported on this line. If any of the interest reported in Column B is from U.S. Savings Bonds, Treasury Notes, T-Bills, etc., you may deduct these amounts on *Form IT-40PNR*, Schedule D, line 3.

Note: If municipal bond interest income is not taxed on your federal return, it will not be taxed on the Indiana return.

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 Form 1040, line 10. 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 Form 1040, line 11. Enter in Column B that portion you received while you were an Indiana resident.

Important: The amounts on line 7 and lines 12 through 16 should reflect the amounts reported on your federal Form 1040 (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 Schedules C or C-EZ that is reported on federal Form 1040, line 12. Enter in Column B that portion of business income subject to tax in Indiana. Also, see the instructions for:

Section 1: Income or Loss cont'd...

- tax add-back on Section 1, line 23; and
- apportionment on line 19 if this income is from a business doing business both within and outside Indiana.

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, line 13. Enter in Column B that portion received while you were an Indiana resident.

Note: Any capital loss claimed is subject to the same capital loss limitations that apply for federal tax purposes.

Example: Jessica had a \$4,000 long term capital loss while living in Indiana from January 1, 1998 through September 30, 1998. She moved to Utah on October 1, and lived there the rest of the year. She realized a \$5,000 long term capital gain while she was a resident of Utah. She reported \$1,000 capital gain income on her federal Form 1040, line 13. She will report a \$3,000 loss to Indiana. The remaining \$1,000 loss will be available for her 1999 Indiana nonresident income tax return.

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 Form 1040, line 14. 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 IRA distribution reported on your federal Form 1040, line 15b, or Form 1040A, line 10b. Enter in Column B that portion received while you were an Indiana resident.

Line 11 — Pensions and Annuities

Enter in Column A all taxable pensions, annuities and other retirement income as reported on your federal Form 1040, line 16b, or Form 1040A, line 11b. Enter in Column B that portion received while you were an Indiana resident.

Line 12 — Net Rent or Royalty Income or Loss

Enter in Column A the net rent and royalty income or loss from federal Form 1040, line 17.

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 on Section 1, line 23.

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, as reported on federal Form 1040, line 17. Enter in Column B that portion of income received from these sources while you were an Indiana resident.

If you are a nonresident, the Indiana partnership, S corporation and fiduciaries doing business both within and outside Indiana should provide to you an apportioned amount to be taxed by Indiana. If those Indiana entities do not apportion their income, then enter in Column B the same amount from those entities as you entered in Column A.

Also, see the instructions for tax add-back on Section 1, line 23.

Note: If, while a nonresident, you received interest or dividend income from an Indiana partnership, S corporation or trust or estate, and such income is not an integral part of an Indiana business, trust or estate, you should not enter this income in Column B.

Line 16 — Farm Income or Loss

Enter in Column A the farm income/loss from federal Form 1040, line 18. 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 19 if this income is from a farm doing business both within and outside Indiana, and
- tax add-back on Section 1, line 23.

Line 17 — Unemployment Compensation

Enter in Column A the unemployment income from federal Form 1040, line 19 or federal Form 1040A, line 12. Enter in Column B that portion of unemployment income received while you were an Indiana resident.

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, lines 16b and/or 20b, or Form 1040A, lines 11b and/or 13b. 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 (issued by the Retirement Board). Therefore, look at Indiana Schedule D, lines 4 and 5. You'll be able to take a deduction for any of these amounts on that schedule.

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 6. Contact the Department to get Schedule IT-40PNRA.

Note: If you are apportioning business income, you will:

- 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.

Section 1: Income or Loss cont'd...

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 Form 1040, line 12. 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 line provided on the IT-40PNR return. Other income or loss would include prizes, awards, amounts recovered from bad debts, gross lottery and gambling winnings, director's fees, excluded income/housing from federal Form 2555 (report as a loss), etc., as reported on your federal return. List the sources of the income or loss reported on this line.

Do not report any net operating loss deduction here. You will show your Indiana net operating loss deduction on Schedule D, line 13.

Line 21 — Total Income

Add lines 1 through 20 for Columns A and B and enter totals on this line. Also, enter these amounts on line 22 on the back of the schedule.

Proration Section

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 line 21B Indiana income by the line 21A total income. Enter the result here and on line 8 on the front of Form IT-40PNR.

Note: If line 21B is a loss, enter zero (0) in Box 8C and on line 8 on the IT-40PNR. If line 21A is a loss, and line 21B is a positive amount, enter 1.00 (100%) in Box 8C and on line 8 on the IT-40PNR.

Line 23 — Tax Add-Back

If you have entries on Section 1, lines 7, 12, 13, 14, 15 and/or 16, and if you claimed deductions for any state income tax, local real estate and/or personal property tax on the federal schedules from which those entries came, you must add these back to your income.

Example: Cheryl had \$20,000 self employment income from Indiana reported on federal Form 1040, line 12, and on Indiana Schedule A, Section 1, line 7 Columns A and B. On her federal Schedule C she claimed a \$1,000 property tax deduction. She'll enter that \$1,000 here as a tax add-back.

Note: The state income tax, local real estate and/or personal property taxes deducted on your federal return may be based on taxes paid outside Indiana. Regardless of where these taxes were

paid, they must be added back to the extent the income from which they were deducted is being taxed in Column B. Also, note that income, losses and/or expenses from various other schedules and forms may flow through to federal Schedule C, E and F. For example, partnership income from federal Schedule K-1 (Form 1065) is included on federal Schedule E, while expenses from federal Form 8829 are included on federal Schedule C. Make sure to check those forms and schedules to see if they also include deductions for any state income tax, local real estate and/or personal property taxes that must be added back here.

Line 24 — Lump Sum Distribution

Enter in Column B the capital gains and ordinary income reported on federal Form 4972 that you received while you were an Indiana resident.

Indiana Schedule A, Section 2

Adjustments to Income from federal Form 1040, 1040A or 1040EZ.

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 which are subject to Indiana income tax.

Line 26 — Individual Retirement Account Deductions

Enter in Column A the Individual Retirement Account (IRA) deduction reported on your federal 1040 or 1040A. 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 compute the IRA adjustment for Column B, you must use the percentage that your Indiana compensation bears to your federal compensation. Use the formula below:

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

Line 27 — Student Loan Interest Deduction

Enter in Column A the student loan interest deduction reported on your Federal Form 1040, line 24 or Form 1040A, line 16. Enter in Column B the portion of the deductible interest paid while you were an Indiana resident.

Line 28 — Medical Savings Account Deduction

Enter in Column A the medical savings account deduction reported on your federal Form 1040, line 25. Figure the amount to be reported in Column B by using the same steps outlined in the line 26 instructions above applied towards your full deduction.

Line 29 — Moving Expenses

Enter in Column A the amount of moving expense deduction reported on your federal Form 1040, line 26. If you moved to or within Indiana, report this amount in Column B. If you moved from Indiana to another state, do not report this amount in Column B.

Section 2: Adjustments to Income cont'd...

Line 30 — Self-Employment Tax Deduction

Enter the amount claimed on federal Form 1040, line 27 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. To figure your adjustment for Column B use the formula below:

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

Line 31 — Self-Employed Health Insurance Deduction

If you are eligible to take this adjustment on your federal Form 1040, line 28, you are also allowed the adjustment on your Indiana tax return. Enter the amount of the federal deduction on this line. 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. The income on which this deduction is based is from self employment income, certain income from partnerships and/or S corporations. To figure your adjustment for Column B use the formula below:

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

Line 32 — Payments to Keogh Plans and Self-Employed Retirement Plans

Enter in Column A the Keogh deduction reported on your federal Form 1040, line 29. You are allowed a deduction in Column B (based on Indiana self-employment income reported in Column B of Section 1) for contributions to a qualified self-employment retirement plan 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 which your Indiana self-employment income bears to your total self-employment income. Use the formula below:

$$\frac{\text{Indiana Self-employment Income}}{\text{Federal Self-employment Income}} \times \text{Federal Adjustment (Column A)} = \text{Indiana Deduction (Column B)}$$

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 33 — Penalty on Early Withdrawal of Savings

Enter in Column A the penalty on early withdrawal of savings reported on your federal Form 1040, line 30. 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 34 — Alimony paid

Enter in Column A the alimony claimed as a deduction on your federal Form 1040, line 31a. Enter in Column B the portion that was paid while you were an Indiana resident.

Important: Also enter on this line any other deductions claimed on your federal Form 1040, line 31a, and provide supporting documentation. For example, enter any adjustment claimed for scholarship and fellowship grants excluded on federal Form 1040NR, line 30. Cross out alimony and write the type of deduction being claimed. Enter in Column B the portion excluded while being an Indiana resident, and attach a copy of your 1040 and 1040NR. Do not claim itemized deductions on this line.

Section 3: Totals

Line 36A — Column A Total

Subtract line 35A from line 25 A and enter total here.

Line 37B — Column B Total

Subtract line 35B from line 25B. Enter total here and on the front of form IT-40PNR, line 1.

Indiana Deductions Schedule D

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**
- the place you rented 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 mobile home **in Indiana** or paid rent for your mobile home lot, you may claim the renter's deduction if the above requirements are met.
- Rent paid for summer homes or vacation homes is *not* deductible.

You can't claim the renter's deduction if the rental property was exempt from Indiana property tax. Examples of this type of property are:

- government owned housing, including Section 8 housing;
- property owned by a nonprofit organization;
- student housing;
- property owned by a cooperative association; or
- property located outside of Indiana.

How do I report my deduction? First, complete the information with details about where you rented, who your landlord was, how many months you rented and how much rent you paid. If you moved during the year or had more than one landlord, you must list the same information for each place in Indiana that you rented. Attach additional sheets if necessary. Then enter on line 1 the

Schedule D: Indiana Deductions cont'd...

lesser of the total amount of rent paid *or* \$1,500 (e.g. Bill paid \$400 rent and then moved to another location and paid \$1,300 rent. His deduction will be limited to \$1,500 even though he paid \$1,700 altogether).

Important: You must maintain copies of your rental receipts, landlord identifying information, and lease agreements as the Department can require you to provide this information.

For more information about this deduction, contact the Department to get Income Tax Information Bulletin #38.

Line 2 - State Tax Refund Reported on Federal Return

If you had to report your state income tax refund as income on your federal return, and you reported it on Indiana Schedule A, Section 1, lines 5A and 5B, deduct it here.

Line 3 - Interest on U.S. Government Obligations Deduction

If you have 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 these amounts.

Examples of U.S. Government obligations include U.S. Savings Bonds, U.S. Treasury Bills and U.S. Government Certificates.

The portion of interest income reported from a trust, estate, partnership or S corporation that is from U.S. Government obligations is also deducted on this line.

For more information about this deduction, contact the Department to get Income Tax Information Bulletin #19.

Lines 4 and 5 - Taxable Social Security and/or Railroad Retirement Benefits Deduction

If you have an amount on Indiana Schedule A, Section 1, line 18B, deduct it on this line. Indiana does not tax these types of income.

Note: **Do not** enter any other types of pension or retirement income on this line. Enter **only** the amount of social security and/ or railroad retirement benefits (issued by the Railroad Retirement Board) taxed on your federal tax return.

Line 6 - Military Service Deduction

If the income on Indiana Schedule A, Section 1, lines 1B and/or 2B includes active or reserve military pay received by you, you will be eligible to take a deduction (regardless of your age).

Also, if you are retired from the military or the surviving spouse of a person who was in the military, and you included military retirement income on Indiana Schedule A, Section 1, line 11B, you may be able to take this deduction if:

- a) you were at least 60 years of age by December 31, 1998;
- b) you were receiving military retirement or survivor's benefits in 1998; and
- c) the total benefits received as retirement income were reported on your federal return.

This deduction is equal to the actual amount of military income received (i.e. military pay, retirement pay, and/or survivor's benefits) or \$2,000, whichever is *less*. If you and your spouse received military income, you may each claim the deduction for a maximum of \$4,000. For more information about this deduction, contact the Department to get Income Tax Information Bulletins #6 and #27.

Important: If you are claiming this deduction you **must** attach your military W-2 forms, retirement pay statement and/or survivor's benefit statement to the tax return.

Caution: If you received both military pay and retirement pay or survivor's benefits during the tax year, the total deduction cannot be greater than \$2,000 per qualifying person. For example, if you earned \$3,000 in military pay the first half of the year and \$1,500 in retirement pay the second half of the year, you can deduct only \$2,000 of your income.

Line 7 - Non-Indiana Locality Earnings Deduction

If you received income subject to both Indiana state income tax and a local tax in another state, you may be allowed to deduct up to \$2,000.

Example: While an Indiana resident you earned \$8,000 in Smith City, Kentucky. Your employer withheld a Smith City (local) tax from your wages. Since your wages were taxed by a non-Indiana locality, you are eligible to take a \$2,000 deduction.

You may deduct the amount of your income taxed by a non-Indiana locality **or** \$2,000, whichever is *less*. If you and your spouse both qualify, you may each claim the deduction for a maximum of \$4,000 (limited to no more than \$2,000 per person).

You must attach proof the tax was paid to a locality outside Indiana to be allowed this deduction. A W-2 form is sufficient proof as long as the W-2 form shows an amount and the locality where the tax was paid. The name of the locality is usually found in box 19, Locality Name, of the W-2 form. A copy of a non-Indiana locality tax return will also serve as proof of tax paid. **Remember:** You may take this deduction only if your wage income is taxed by **both** Indiana and a locality outside Indiana.

Line 8 - Insulation Deduction

If you installed new insulation, weather stripping, double pane windows, storm doors or storm windows in your Indiana home during 1998, you may be able to take the insulation deduction. To take the insulation deduction the following requirements must be met:

- a) the insulating items must have been installed in your principal place of residence located in Indiana;
- b) the part of your home where the insulating items were installed must have been built *before* January 1, 1995;
- c) the insulating items must be an *upgrade* and not a replacement **or** like-kind item (e.g., replacing a double pane window with a new double pane window won't qualify, but replacing a double pane window with a triple pane window will qualify); and
- d) the deduction must be taken in the year the insulating items were installed.

Schedule D: Indiana Deductions cont'd...

You are allowed to deduct the actual cost of the qualifying items plus the amount paid for labor up to a maximum of \$1,000. (You cannot include the cost of labor you did yourself.)

When claiming the deduction attach a separate sheet stating:

- the item purchased;
- the purchase price;
- the place of purchase;
- the date of purchase;
- the date of installation; and
- the amount paid for labor.

For more information about this deduction, contact the Department to get Income Tax Information Bulletin #43.

Line 9 - Disability Retirement Deduction

To take this deduction you must have:

- a) been permanently and totally disabled at the time of retirement;
- b) retired on disability before December 31, 1998;
- c) been under the age of 65 at the end of 1998; and
- d) received disability retirement income during 1998.

If you meet these qualifications, you should complete Schedule IT-2440 and have it signed by your doctor to claim this deduction. For more information about this deduction, contact the Department to get Income Tax Information Bulletin #70 and Schedule IT-2440. This schedule **must** be attached to your tax return when claiming this deduction.

This deduction is limited to up to \$5,200 per qualifying individual.

Note: Social security disability income does not qualify for this deduction because Indiana does not tax this income.

Line 10 - Civil Service Annuity Deduction

If the income on Indiana Schedule A, Section 1, line 11B includes federal civil service annuity payments, you may be able to take a deduction *if* you were at least 62 years of age by December 31, 1998.

To figure your deduction take the amount of annuity payments received or \$2,000, whichever is less, and subtract all social security and tier 1 and tier 2 railroad retirement benefits received.

For example, if your civil service annuity for 1998 was \$6,000, and you received social security benefits of \$1,200, your deduction would be figured in the following manner:

Lesser of the amount of the annuity (\$6,000) or \$2,000	\$2,000
Social security benefits	<u>- 1,200</u>
Allowable deduction	\$ 800

If you and your spouse both received annuities, you may each take this deduction for a maximum of \$4,000 (\$2,000 apiece), providing you both meet the age requirement.

This deduction is available only to the annuitant and is not available to the annuitant's beneficiary. For more information about this deduction, contact the Department to get Income Tax Information Bulletin #6.

Line 11 - Nontaxable Portion of Unemployment Compensation

If you reported unemployment compensation on your federal income tax return, Forms 1040, line 19 or 1040A, line 12, then this amount may also be included on Indiana Schedule A, Section 1, line 17B. Indiana can differ from the federal government in determining the taxable portion.

You should use the worksheet at the bottom of this page to determine your Indiana taxable unemployment income. If, after completing the worksheet, there is a difference between state and federal taxable unemployment compensation, enter the amount from line 7 of the worksheet as a deduction.

Line 12 - Indiana State Lottery Winnings

If you win any prize money from the Indiana Hoosier Lottery Commission, either by winning an instant game, a pull-tab game or an on-line game such as Lotto Cash or Hoosier Lottery Powerball, you must report those winnings as income on your federal income tax return. However, Indiana **does not** tax winnings paid by the Hoosier Lottery Commission. Therefore, if you reported these winnings on your federal return and they are included on Indiana Schedule A, Section 1, line 20B, enter this amount as a deduction.

Note: Winnings from other state lotteries, Indiana pari-mutuel horse races or out-of-state tracks, Indiana or out-of-state riverboats and other gambling winnings are taxable in Indiana and should not be deducted from your taxable income.

Unemployment Compensation Worksheet

Note: If you were married but filing separately, and you lived with your spouse at any time during 1998, 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 reported on Indiana Schedule A, Section 1 line 17B	1		
2. Federal adjusted gross income from Form 1040, line 33, Form 1040A, line 18, or Form 1040EZ, line 4	2		
3. Enter \$12,000 if single, or \$18,000 if married filing a joint return	3		
4. Subtract line 3 from line 2. If zero or less, enter -0-	4		
5. Enter one-half (1/2) of the amount on line 4	5		
6. Taxable unemployment compensation for Indiana purposes: enter the amount from either line 1 or line 5, whichever is smaller	6		
7. Subtract line 6 from line 1. Carry this amount to Schedule D, line 11.....	7		

Schedule D: Indiana Deductions cont'd...

Line 13 - 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, line 21. (This will be a net operating loss deduction from an earlier year(s) carried forward to 1998.) State the amount you are deducting as a positive figure. Attach the following copies to your state tax return:

- federal Forms 1045 and 1045 Schedule A; or
- a detailed breakdown showing the federal loss calculation; **and**
- a completed Indiana Schedule IT-40NOL.

The deduction will be denied if these schedules are not attached to your tax return.

Line 14 - Enterprise Zone Employees

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

Enterprise zones have been established in certain portions of the following cities:

Anderson	Fort Wayne	Marion
Bedford	Gary	Michigan City
Bloomington	Hammond	Muncie
Connersville	Indianapolis	Richmond
East Chicago	Kokomo	South Bend
Evansville	Lafayette	Terre Haute

If you lived in an enterprise zone and worked for a qualified employer* in that zone you may be able to take this deduction. Your employer will provide you with Form IT-40QEC if you're eligible to claim this deduction.

The amount of the deduction is one-half (½) of the earned income shown on that form or \$7,500, whichever is less. **Form IT-40QEC must be attached to the Form IT-40PNR.** For additional information about this deduction, contact the Department for Income Tax Information Bulletin #66.

***A qualified employer cannot be a governmental agency, not-for-profit organization, partnership, or S corporation.** Your employer must be in good standing with the Enterprise Zone Authority. If they are not, you will not be entitled to this deduction.

Line 15 - Recovery of Deductions

If you did not complete the "other income" line 20B on Indiana Schedule A, Section 1, then **do not** complete this line.

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 21 of your 1998 federal Form 1040, use the portion of that amount also reported on Indiana Schedule A, Section 1, line 20B as a deduction on this line.

Line 16 - Earned Income Tax Deduction

You may be eligible to claim an earned income tax deduction if your income on Indiana Schedule A, Section 1, line 35A is less than \$12,000. Complete the worksheet on page 15 to see if you meet the qualifications and to figure the deduction.

Line 17 - Other Deductions

If you take any of the following deductions make sure to list the type of deduction claimed and the amount being claimed.

Important: Do not claim itemized deductions from federal Schedule A.

Medical Savings Account Deduction

You may be eligible for a deduction if your employer deposited funds in certain medical care savings accounts. If you received Form IN-MSA from the account provider you should deduct any medical withdrawals and exempt interest income reported in Box 2 and/or Box 7. **Make sure you attach Form IN-MSA or your claimed deduction will be denied.**

Note: You are not eligible to claim this deduction if you are claiming a medical savings account adjustment on IT-40PNR Schedule A, Section 2, line 28B.

Human Services Tax Deduction

You might be able to take the human services tax deduction if you lived in Indiana, and:

- received Medicaid payments;
- were not living at home; and
- were receiving care in a hospital, skilled nursing facility, or an intermediate care facility.

To determine your deduction, request Income Tax Information Bulletin #80.

Law Enforcement Reward Deduction

If you reported an amount you received as a reward as other income on Indiana Schedule A, Section 1, line 20B, you may be eligible for this deduction.

If you received the reward for providing information to a law enforcement official or agency; if the information assisted in the arrest, indictment, or the filing of charges against a person; and if you are not compensated for investigating crimes, the person convicted of the crime or the victim of the crime; then you can deduct the *lesser* of the amount received or \$1,000.

Airport Development Zone Deduction

Certain areas within Indiana have been designated as airport development zones. Currently, zones are established within the City of Gary. Areas within the City of Terre Haute and Allen County are also eligible to designate zones. If you lived in an airport development zone and worked for a qualified employer in that zone you may be able to take this deduction.

Your *employer* will provide you with Form IT-40QEC if you're eligible to claim this deduction. The amount of the deduction is one-half (½) of the earned income shown on that form or \$7,500, whichever is less. Form IT-40QEC must be attached to the Form IT-40PNR.

For additional information about this deduction, contact your employer to see if you're working in an established airport development zone.

Indiana Exemptions: Lines 4 - 9

At the bottom of Indiana Schedule A is the Proration Section. The number in Box 8C represents the percentage of your total income being taxed by Indiana. For example, .45 means that Indiana is taxing 45% of your total income.

On lines 4, 5 and 6 on the front of the IT-40PNR you'll figure the number of exemptions available to you. On lines 7, 8 and 9 you'll multiply that exemption total by the percent from Box 8C. For example, if line 7 is \$1,000 and line 8 is .45 (45%), your line 9 total exemption will be \$450. Since Indiana is taxing 45% of your total income, you're allowed to deduct 45% of your total exemptions.

Line 4 - Exemptions

You are allowed a \$1,000 exemption on your Indiana tax return for each exemption claimed on your federal return. Enter the total number of federal exemptions claimed in the space provided.

Example - John and Lisa have a 12 year old daughter named Sarah. On John and Lisa's joint federal return they claim themselves and Sarah as exemptions for a total of 3. They'll enter 3 in the box on line 4 for a total of \$3,000 exemptions.

If you do not have to file a federal return, you will need to complete a "sample" federal return to see how many federal exemptions you're allowed to claim.

Note: If no exemption is claimed on your federal return, you can still claim yourself (even if you are claimed on a parent's or guardian's return) and any qualifying dependents on this return.

Line 5 - Additional Exemption for Dependent Child

An additional exemption of \$500 is allowed for certain dependent children you are eligible to claim as exemptions on your federal income tax return. Carefully read the following *Dependent Child Definition* to see if you are eligible to claim this additional exemption.

Earned Income Tax Deduction Worksheet

You may be eligible to claim an earned income tax deduction if your income on Form IT-40PNR, Schedule A, Section 3, line 35A is less than \$12,000. Complete the following steps to see if you qualify.

Step 1 Enter the amount from Indiana Schedule A, Section 3, line 36A plus lines 23B and 24B (if less than zero, enter zero) **A** _____

Is this less than \$12,000?

No Stop. You don't get this deduction.

Yes Multiply the line A amount by 80% (.80) and enter total here **B** _____

Go on to Step 2.

Step 2 Do you have a child who:

- is your child, stepchild or foster child? Yes No
- lived with you in Indiana for more than one-half of 1998? Yes No
- is dependent on you for more than one-half of his/her support? Yes No
- was under the age of 19 as of December 31, 1998? Yes No
- was not married on December 31, 1998? Yes No

If you answered No to ANY of the questions, Stop. You don't get this deduction.

If you answered Yes to ALL of the questions, go on to Step 3.

Step 3 Enter your (and your spouses, if married filing jointly) wage, salary and tip income from federal Forms: 1040EZ, line 1, 1040A, line 7, or 1040, line 7 **C** _____

Enter your (and your spouses, if married filing jointly) net earnings from self-employment from your federal Form 1040 (see definition below*); leave this line blank if you don't have this kind of income reported on your federal return **D** _____

Add Lines C and D. Go on to Step 4 **E** _____

Step 4 Is the line E amount bigger than the line B amount?

No Stop. You don't get this deduction.

Yes You qualify for a deduction. Go on to Step 5.

Step 5 This is the maximum allowable deduction **F** \$ 12,000

Enter the line A amount **G** -

Subtract line G from line F. This is your allowable deduction. Enter here and on Schedule D, line 16 **H**

*Net earnings from self-employment is defined as 1) the income from a trade or business less deductions from that trade or business, and/or 2) the share of ordinary net income or loss from a trade or business carried on by a partnership of which you are a member.

Exemptions cont'd...

Dependent Child Definition: The dependent child must be a son, stepson, daughter, stepdaughter, and/or foster child who is your child (and/or your spouse's child if filing a joint return). They must be either under the age of 19 by December 31, 1998, or be a full-time student who is under the age of 24 by December 31, 1998.

If any dependent(s) you are eligible to claim on your federal return also meet the *Dependent Child Definition* above, enter that number in the box on line 5.

Example - John and Lisa claimed their 12 year old daughter Sarah as an exemption on line 4. Since Sarah is their daughter, is under the age of 19 and was claimed as an exemption on her parent's federal tax return, John and Lisa will claim one (1) exemption on line 5 for a total of \$500.

Note: Not all dependent children eligible to be claimed as exemptions on the federal tax return will be eligible for this additional exemption. For instance, if you claimed a grandchild or nephew as an exemption on your federal tax return, you should also claim an exemption for them on line 4. However, since they don't meet the *Dependent Child Definition* above, you won't be able to claim the additional exemption on line 5.

Line 6 - Age 65 or Older or Blind

If you and/or your spouse (if filing a joint return) are age 65 or older, you (or both of you) can take an additional \$1,000 exemption. If you and/or your spouse (if filing a joint return) are legally blind, you (or both of you) can take a \$1,000 exemption. Mark the boxes applying to you and/or your spouse. Enter the total number of boxes marked on this line x \$1,000.

Line 8 - Proration Amount

Enter the amount from Box 8C located at the bottom of Indiana Schedule A, Section 1.

Line 9 - Total Exemptions

Multiply the exemption subtotal on line 7 by the amount on line 8. Enter the total here.

County Tax: Schedule CT-40PNR Instructions

If, on January 1, 1998, you and your spouse (if filing a joint return) lived and/or worked in an Indiana county that has a tax, you must complete Schedule CT-40PNR to figure your county tax.

A county has a tax if it has tax rates next to its name on the chart on page 19. Note: If the county on the chart has the initials "NA" in the rate columns, it doesn't have a county tax. It is listed for the 2-digit county code number only.

County of Residence Defined

Your county of residence is the county where you maintained your home on January 1, 1998. If you had more than one home on this date, then your county of residence as of January 1, 1998, was:

- a) where you were registered to vote. If this did not apply, then your county of residence was;
- b) where your personal automobile was registered. If this did not apply, then your county of residence was;
- c) where you spent the majority of your time during 1998.

If you moved to another Indiana county (or out-of-state) after January 1, 1998, your county of residence for tax purposes will not change until next year.

- If, on January 1, 1998, you lived in an Indiana county having a tax, then you will owe county tax on all of your Indiana adjusted gross income.
- If, on January 1, 1998, you lived in an Indiana county having no tax, then county tax will be figured on your income from your principal employment if the county where you worked on January 1, 1998, has a tax (see definition below).

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 January 1, 1998. If you began working in another county after January 1, 1998, the county where you worked for tax purposes *will not change until next year*. If you had more than one job on January 1, 1998, your principal place of employment is the job where you worked the most hours and earned the most income.

Example 1 - Jessie worked in Marion County, Indiana on January 1, 1998. She quit that job and began a new one in another state on February 10, 1998. She will enter the Marion County 2-digit code (49) as the county where she worked even though she changed jobs (and states) during the year.

If, on January 1, 1998, your county of principal employment was not in Indiana, write county code "00" (out-of-state)* in the *County Where You Worked* box.

*Exception: If you lived or worked in any of the following states on January 1, 1998, enter their 2-digit code number (instead of 00):

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

Principal Employment Income

You must figure your principal employment income only if, on January 1, 1998, you *lived* in a county not having a tax (or lived out-of-state), but *worked* in an Indiana county that *did* have a tax. Your principal employment income is income you earned from your Indiana main work activity (job) for the entire year. See instructions for Section 2, line 1 on page 18 for more information.

Military Personnel

If Indiana is your home of record and you were stationed in Indiana, your county of residence is the county where you lived on January

County Tax instructions cont'd...

1 of the year you entered the military service. If, on January 1, 1998, you were stationed *outside* of Indiana and you are single or your family was with you, write county code “00” (out-of-state) in all the county boxes (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 January 1, 1998, you are considered to be a resident of that county and subject to county tax.

Retired Persons

If you were retired by January 1, 1998, put your county of residence 2-digit code number in *both* the Indiana County of Residence and Indiana County Where You Worked boxes. **Do not write the word “Retired” over the boxes.**

Special Note to Married Taxpayers Filing a Joint Return:

- If you lived in different counties (or out-of-state) on January 1, 1998, both of you need to figure your county tax separately on Section 1.
- If both of you lived in a county (or out-of-state) on January 1, 1998 that had no tax, but worked in a county that did have a tax, 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 Form IT-40PNR, line 9, *except for your spouse’s*, to figure your tax.*

*Example - Jack and Sue show 3 exemptions (\$3,000) on line 4 on the front of the IT-40PNR. The line 8 amount is .40. Jack can use \$2,000 exemptions x .40 = \$800 to figure his county tax.

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

Complete Section 1 if, on January 1, 1998, you lived in a county that has a county tax. If you didn't, skip to Section 2 instructions.

Line 1

- If you are filing a single return or are married filing separately, enter in Column A the state taxable income from line 10 of Form IT-40PNR.
- If you are filing a joint return and you both lived in the same county on January 1, 1998, enter in Column A the state taxable income from line 10 of Form IT-40PNR. Leave Column B blank.

Example - On January 1, 1998, Jack and Diane lived in the same county that has a tax. They’ll enter their Form IT-40PNR, line 10 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 January 1, 1998, enter each person's share of state taxable income from Form IT-40PNR, line 10, in the appropriate columns.

Example - Simon and Jill married in 1998, and are filing a joint return. On January 1, 1998, Simon lived in Greene County and Jill lived in Clay County. They moved out of Indiana in July, 1998. Their federal adjusted gross income is \$ 55,400. Their Form IT-40PNR line 10 income of \$29,300 includes the following breakdown:

Indiana	Simon	Jill
Wage income	\$ 20,000	\$ 10,000
Interest income	+ 200	+ 200
Exemptions*	<u>- 737</u>	<u>- 363</u>
CT-40PNR Line 1 =	\$ 19,463	\$ 9,837
	Column A	Column B

*Exemptions: IT-40PNR line 9 is: \$2,000 x .55 = \$1,100. A total of .67 (67%) of the \$30,400 Indiana income is Simon's, and .33 (33%) is Jill's. Therefore, .67 x \$1,100 = \$737 exemption for Simon, and .33 x \$1,100 = \$363 is Jill's exemption.

Example - The circumstances are the same as the *Example* above except Jill lived in Sullivan County, Indiana, which doesn't have a county tax. Simon would still enter his \$19,463 share of the Form IT-40PNR line 10 amount on CT-40PNR, Section 1, line 1, Column A. However, Column B will be left blank since Jill won't owe a county tax.

Line 2

If you claimed a non-Indiana locality earnings deduction on Schedule D, line 7, enter that amount on this line in Column A. If you're completing Column B instead, and your spouse is the one taking this deduction, then enter it in Column B.

Line 4

Find your county on the County Income Tax Chart on page 19. Find the rate from the *Resident Rate* column and enter it here. For example, if your county is Elkhart, enter .0125.

Line 5

Multiply your line 3 adjusted income by the line 4 county tax rate.

Line 6

Add the amounts from line 5, Columns A and B. If you were a Perry county resident and worked in the Kentucky counties of Breckinridge, Hancock or Meade, complete lines 7 and 8. Otherwise, enter the total here and on line 9.

Line 7

Enter here the income that was taxed by any of the Kentucky counties listed on line 6.

Line 8

Multiply the amount on line 7 by .005 and enter the total here. If there is no amount on line 7, skip this line and go to line 9.

Line 9

Subtract the amount on line 8 from the amount on line 6. Enter that amount here or, if there were no entries on those lines, enter the amount from line 6. Also enter this amount on IT-40PNR, line 12.

County Tax Schedule CT-40PNR Section 2: Line-by-line Instructions

Complete Section 2 if, on January 1, 1998:

- you were a resident of a county that doesn't have a county tax (or resided out-of-state), but
- you worked in an Indiana county that does have a county tax.

Line 1

Enter your principal employment income that's included on Indiana Schedule A, Section 1, Column B. This includes income from wages, tips, salaries and commissions; net self-employment income from federal Schedule C/C-EZ; and/or net farm income from federal Schedule F. **Do not** include passive income like interest, dividends, pensions, capital gains, farm rental, etc. Also, do not include income from a part-time job.

Example - During 1998 Jake received income from the following sources (included on Indiana Schedule A, Section 1, Column B):

- \$15,000 from his full-time job;
- \$1,850 from his part-time job;
- \$50 interest income; and
- \$800 pension income.

The principal employment income he will enter on line 1 is \$15,000.

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 - During 1998 Sarah earned \$7,000 from her Indiana job, which she worked from January 1 through April 30. She began her new job on May 14, earning \$11,000 until she moved out-of-state in October. She should enter the \$18,000 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 the amount he earned from Job #1 as his principal employment income.

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 D, and must have a direct relationship to the income being taxed on line 1.**

Example - Ann's Indiana income was \$21,000 in wage income, which she reported on line 1. She claimed a \$2,000 IRA deduction on Indiana Schedule A, Section 2, line 26B. She should claim the \$2000 IRA deduction on this line.

Example 9 - Morgan lived and worked in an enterprise zone and is entering her \$17,000 wage income from that zone on line 1. She claimed a \$7,500 enterprise zone deduction on Indiana Schedule D, line 14. She should claim that \$7,500 deduction on line 2.

These deductions are limited to the following, which must be reported on Indiana Schedule A, Section 1, Column B: payments made to IRA accounts or self-employed retirement plans; medical savings account deduction; moving expense deduction*; self employment tax deduction; Keogh, self-employed SEP and SIMPLE plans; active military pay deduction and enterprise zone deduction.

* The moving expense deduction will be allowed only to the extent the income earned from that move is being taxed by Indiana on Section 2, line 1.

Example 10 - Tim and Jane file a joint tax return and live in a county that doesn't have a tax. Jane does not owe county tax, but Tim does because his business is in a county having a tax. She has a \$21,000 wage income and a \$1,400 moving expense. Tim has \$23,000 net income from his photography shop and claimed a \$700 self employed SEP deduction. He'll enter his \$23,000 income on line 1 of Section 2 and the \$700 SEP deduction on line 2 of Section 2. He's not eligible to take the moving expense deduction because the wage income that it is in relation to is not being taxed for county tax purposes.

Line 4

If you are filing a single or married filing separately tax return enter your total exemptions from Form IT-40PNR, line 9. If you are filing a joint tax return, enter your exemption(s) (personal, over 65 and/or blind) included on Form IT-40PNR, line 9. Note: You cannot claim your spouse's exemption. Exemptions for dependents can be claimed by either spouse, as long as the total of Line 4, Columns A and B is not greater than line 9 on the Form IT-40PNR.

Example - On January 1, 1998, Jack and Sue lived in an Indiana county that doesn't have a tax. Jack worked in a county that did have a tax. Jack and Sue show three exemptions (\$3,000) on line 4 on the front of the IT-40PNR. The line 8 amount is .40. Jack can use \$2,000 exemptions x .40 = \$800 on this line.

Line 6

Find your county on the *County Income Tax Chart* on page 19. Find the rate from the *Nonresident Rate* column (the second column of rates over) and enter it here. For example, if your county is Elkhart, enter .005.

Line 7

Multiply line 5 by the line 6 county tax rate.

1998 Indiana County Income Tax Rates and County Codes

County Code	County Name	Resident Rate	Nonresident Rate
01	Adams	.008	.0035
02	Allen	.009	.0045
03	Bartholomew	.01	.0025
04	Benton	.0125	.005
05	Blackford	.0125	.005
06	Boone	.01	.0025
07	Brown	.0125	.005
08	Carroll	.011	.0035
09	Cass	.0125	.005
10	Clark	NA	NA
11	Clay	.01	.0025
12	Clinton	.0125	.005
13	Crawford	.01	.005
14	Daviess	.01	.0025
15	Dearborn	.006	.0015
16	Decatur	.0125	.005
17	DeKalb	.0125	.005
18	Delaware	.008	.0035
19	Dubois	.01	.0055
20	Elkhart	.0125	.005
21	Fayette	.01	.0025
22	Floyd	.003	.003
23	Fountain	.01	.0025
24	Franklin	.0125	.005
25	Fulton	.01175	.00425
26	Gibson	.005	.005
27	Grant	.01	.0025
28	Greene	.01	.0025
29	Hamilton	.01	.0025
30	Hancock	.01	.0025
31	Harrison	.01	.005
32	Hendricks	.0125	.005
33	Henry	.01	.0025
34	Howard	.009	.00375
35	Huntington	.01	.0025
36	Jackson	.01175	.00375
37	Jasper	.01	.0025
38	Jay	.0125	.005
39	Jefferson	NA	NA
40	Jennings	.0125	.005
41	Johnson	.01	.0025
42	Knox	.0075	.00375
43	Kosciusko	.006	.0015
44	LaGrange	.0125	.005
45	Lake	NA	NA
46	LaPorte	.0095	.007
47	Lawrence	.01	.0025
48	Madison	.0075	.001875
49	Marion	.007	.00175
50	Marshall	.01	.0025
51	Martin	.01	.004

County Code	County Name	Resident Rate	Nonresident Rate
52	Miami	.0085	.004
53	Monroe	.01	.0025
54	Montgomery	.01	.0025
55	Morgan	.01	.0025
56	Newton	.01	.0025
57	Noble	.01	.0025
58	Ohio	.01	.0025
59	Orange	.0125	.005
60	Owen	.01125	.00375
61	Parke	.0125	.005
62	Perry	.01	.00625
63	Pike	.004	.004
64	Porter	NA	NA
65	Posey	NA	NA
66	Pulaski	.014	.005
67	Putnam	.0125	.005
68	Randolph	.0125	.005
69	Ripley	.0125	.005
70	Rush	.0125	.005
71	St. Joseph	.0045	.002625
72	Scott	.01	.0025
73	Shelby	.0125	.005
74	Spencer	.005	.005
75	Starke	.00675	.00425
76	Steuben	.01	.0025
77	Sullivan	NA	NA
78	Switzerland	.0075	.001875
79	Tippecanoe	.01125	.00675
80	Tipton	.0125	.005
81	Union	.0125	.005
82	Vanderburgh	.01	.0025
83	Vermillion	.001	.001
84	Vigo	NA	NA
85	Wabash	.0125	.005
86	Warren	.0125	.005
87	Warrick	.0035	.0035
88	Washington	.0125	.005
89	Wayne	.0125	.005
90	Wells	.0125	.005
91	White	.0125	.005
92	Whitley	.012	.0045

00 All Other States
except the following:
94* Illinois
95* Kentucky
96* Michigan
97* Ohio
98* Pennsylvania
99* Wisconsin

County Tax instructions cont'd...

Line 8

Add the amounts from line 7, columns A and B. Enter the total here and on line 12 of the IT-40PNR.

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 12.

IT-40PNR line-by-line instructions continued ...

Line 13 - Use Tax Due on Out-of-State Purchases

If, while a resident of Indiana, you made purchases outside Indiana by mail order, through radio or television advertising, or directly from an out-of-state company, those 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 by multiplying 5% (.05) times the total purchases.

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.

To figure your tax you should complete the worksheet at the bottom of this page. If you did pay sales tax to the state where the item was originally purchased you are allowed a credit against your Indiana use tax for an amount up to 5%.

Note: Do not include the following items on the worksheet: automobiles, watercraft, aircraft, and trailers. A credit for taxes previously paid is not allowed for these items that are required to be titled, registered or licensed in Indiana. For more information regarding use tax call (317) 233-4015.

Line 14 - Household Employment Taxes

If, while you lived in Indiana, you paid cash wages during 1998 to an individual who is *not*: a) your spouse; b) your child under age 21; c) your parent; or d) an employee under age 18; *and* e) they

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 they *may* be your employee.

For more information on *Who Is A Household Employee?*, it is recommended that you get Federal Publication 926, *Household Employer's Tax Guide*, by calling the IRS at 1-800-829-1040.

If you paid cash wages over \$1,000 to a household worker who is your employee, you may have needed to have withheld state and county income taxes. If you want to pay these taxes on your Indiana income tax return, contact the Department for Schedule IN-H.

Indiana Credits

Lines 16 and 17 - Indiana State and County Tax Withheld

The amount of Indiana state tax withheld is usually shown on box 18 and the amount of Indiana county tax withheld is usually shown on box 21 of the W-2s.

You **must** attach your W-2s, WH-18s and/or Form 1099s to your tax return to verify the amount 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.

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

If you are filing a joint return, be sure to include your spouse's W-2s, WH-18s and/or Form 1099s if they show Indiana state and/or county withholding amounts.

Use of substitute W-2s might delay the processing of your return and/or refund.

Don't claim credit for taxes withheld for states other than Indiana or for localities outside Indiana.

Line 18 - 1998 Estimated Tax Paid

If you made estimated tax payments for state and/or county tax, enter the total paid for 1998 on this line. Also include any

Sales/Use Tax Worksheet			
List all purchases of property from out-of-state sources.			
Description of Personal Property Purchased	Date of Purchase	Purchase Price of Property	
1. Total purchase price of property subject to the sales/use tax	1		
2. Sales/use tax: Multiply line 1 by .05 (5%)	2		
3. Sales tax previously paid on the above items (up to 5% per item)	3		
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-40PNR, line 13. If the amount is negative, enter zero and put no entry on line 13 of the IT-40PNR	4		

Indiana Credits cont'd...

payments made with Form IT-9 "Extension of Time to File" for tax year 1998.

Note: Do not include on this line any estimated tax paid for 1999.

Line 19 - Unified Tax Credit for the Elderly

You may be able to claim a credit if you or your spouse meet **all** the following requirements:

- You must have been age 65 or older by December 31, 1998;
- The amount on Indiana Schedule A, Section 3, line 36A (plus any net operating loss from federal Form 1040, line 21) must be *less than \$10,000*;
- You must have been a resident of Indiana for 6 months or more during 1998; and
- You must not have been in prison for 180 days or more in 1998.

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

Important:

- If a spouse dies after January 1, 1998, the surviving spouse can claim this credit by filing a joint return. A copy of the death certificate must be attached to the tax return to verify the date of death.
- If a taxpayer dies and does not have a surviving spouse, then an estate executor or an administrator of the estate *cannot* claim the credit on behalf of the deceased taxpayer.

If you meet the requirements for claiming the Unified Tax Credit for the Elderly, but don't have any income to report on Indiana Schedule A, Section 1, you have the option to file Form SC-40 Unified Tax Credit for the Elderly. If you do file Form SC-40 then **do not** file the Form IT-40PNR.

Contact the Department to get Form SC-40. You can claim the credit on either Form IT-40PNR or Form SC-40, but *file only one of these forms, and only file once.*

The deadline for claiming this credit is June 30, 1999. The only exception to this rule is if you have a valid extension to file your tax return. In this case, your due date is either your extension date or June 30, whichever is later.

To figure your Unified Tax Credit for the Elderly:

Use Table A if:

You meet all the requirements noted above, **and**

- you are filing a joint return, lived with your spouse during all of 1998 and both of you were age 65 or older by December 31, 1998; **or**
- both you and your spouse met all the requirements, and your spouse died after January 1, 1998.

Table A

Joint Filers Both Age 65 or Older If the income on Line 36A of Indiana Schedule A, Section 3* is:	Your Allowable Credit is:
less than \$1,000.....	\$140
between \$1,000 and \$2,999.....	\$90
between \$3,000 and \$9,999.....	\$80

*Plus any net operating loss from federal Form 1040, line 21.

Use Table B if:

You meet all the requirements noted above, **and**

- you are age 65 or older and are single or widowed;
- you are filing a joint return and only one of you is age 65 or older; **or**
- you are married but did not live with your spouse during 1998, are age 65 or older and are married filing separately.

Table B

Only One Person Age 65 or Older If the income on Line 36A of Indiana Schedule A, Section 3* is:	Your Allowable Credit is:
less than \$1,000.....	\$100
between \$1,000 and \$2,999.....	\$50
between \$3,000 and \$9,999.....	\$40

*Plus any net operating loss from federal Form 1040, line 21.

Once you have located the allowable credit in Table A or B, enter that amount on line 19 on Form IT-40PNR.

Indiana Credits: Form IT-40PNR, Schedule E

Note: The following credits cannot be refunded; their purpose is to help reduce your Indiana state and/or county tax liabilities. See the limitation areas after the line 2 and line 11 instructions.

Line 1 - Credit for Local Taxes Paid Outside of Indiana

If you figured county tax on Form IT-40PNR, line 12, **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 paid outside Indiana was to another city, county, town, or other local government, and they did not refund the tax or give you a credit for Indiana county tax.

The credit can be used against the Indiana county tax figured if the tax is the County Adjusted Gross Income Tax (CAGIT) or County Option Income Tax (COIT). This credit **cannot** be claimed against the County Economic Development Income Tax (CEDIT).

The *County Income Tax Chart* found on page 19 of this booklet lists the counties with their combined tax rates, if applicable. For instance, the Martin County resident tax rate of .01 is made up of

COIT (.008) plus CEDIT (.002) for a .01 combined county tax rate. If the county you paid tax to assesses CEDIT, the *Rate Conversion Chart* below will help you to determine the correct rate to use to figure this credit.

Step 1: Figuring your rate: If your January 1, 1998 county of residence is on the chart below, use the rate in Column A to figure your credit. If that county isn't on the chart, use the resident rate you entered on Schedule CT-40PNR, Section 1, line 4.

If your January 1, 1998, county of residence doesn't have a county tax but the January 1, 1998 county where you worked is on the chart below, use the rate in Column B to figure your credit. If that county isn't on the chart, use the nonresident rate that you entered on Schedule CT-40PNR, Section 2, line 6.

Step 2: Figuring your credit: Complete lines A, B and C.

- 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 Step 1 above B _____
- C. Enter the amount of Indiana county income tax shown on Form IT-40PNR, line 12 ... C _____

The amount of the Credit for Local Taxes Paid Outside of Indiana is the *lesser* of the amounts on A, B or C.

Important: You **must** attach a copy of your W-2s showing the non-Indiana locality amount withheld or a copy of the non-Indiana locality tax return.

County	A Resident	B Nonresident
Adams	.006	.0015
Allen	.006	.0015
Benton	.01	.0025
Blackford	.01	.0025
Brown	.01	.0025
Carroll	.01	.0025
Cass	.01	.0025
Clinton	.01	.0025
Crawford	.0075	.0025
Decatur	.01	.0025
DeKalb	.01	.0025
Delaware	.006	.0015
Dubois	.006	.0015
Elkhart	.01	.0025
Floyd	(Cannot take credit)*	
Franklin	.01	.0025
Fulton	.01	.0025
Gibson	(Cannot take credit)*	
Harrison	.0075	.0025
Hendricks	.01	.0025
Howard	.007	.00175

Jackson	.0105	.0025
Jay	.01	.0025
Jennings	.01	.0025
Knox	.005	.00125
LaGrange	.01	.0025
LaPorte	.005	.0025
Martin	.008	.002
Miami	.006	.0015
Orange	.01	.0025
Owen	.01	.0025
Parke	.01	.0025
Perry	.005	.00125
Pike	(Cannot take credit)*	
Pulaski	.0115	.0025
Putnam	.01	.0025
Randolph	.01	.0025
Ripley	.01	.0025
Rush	.01	.0025
St. Joseph	.0025	.000625
Shelby	.01	.0025
Spencer	(Cannot take credit)*	
Starke	.005	.0025
Tippecanoe	.006	.0015
Tipton	.01	.0025
Union	.01	.0025
Vermillion	(Cannot take credit)*	
Wabash	.01	.0025
Warren	.01	.0025
Warrick	(Cannot take credit)*	
Washington	.01	.0025
Wayne	.01	.0025
Wells	.01	.0025
White	.01	.0025
Whitley	.01	.0025

*Floyd, Gibson, Pike, Spencer, Vermillion and Warrick counties have adopted CEDIT only, not CAGIT or COIT.

Line 2 - County Credit for the Elderly (Age 65 or Older) or Permanently Disabled

If you take the federal credit on federal Schedule R and you owe county tax, you may be allowed a credit.

Use the following steps to figure your credit.

- A. Enter the Elderly Credit from federal Schedule R A _____
- B. Enter the factor from the *County Credit for the Elderly Chart* on the next page that corresponds to your county tax rate B _____
- C. Multiply A times B and enter result here.. C _____
- D. Enter the amount of Indiana county tax shown on Form IT-40PNR, line 12 D _____

The amount of the County Credit for the Elderly is the *lesser* of the amounts on C or D. You must attach a copy of federal Schedule R.

Example: Jane is 67 years old. She is entitled to a credit of \$550 on federal Schedule R. She lives in a county that has a county tax rate of .01. Her county tax due is \$60. Jane's County Credit for the Elderly is \$37 (\$550 X .06667 = \$36.66 (rounded to \$37)).

If you were an Indiana resident during part or all of 1998 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.

County Credit for the Elderly Chart			
If your County Tax Rate is:	Then your Factor is:	If your County Tax Rate is:	Then your Factor is:
0.001	0.00667	0.00625	0.04167
0.0015	0.01	0.00675	0.045
0.00175	0.01167	0.007	0.04667
0.001875	0.0125	0.0075	0.05
0.0025	0.01667	0.008	0.05333
0.002625	0.0175	0.0085	0.05667
0.003	0.02	0.009	0.06
0.0035	0.02333	0.0095	0.06333
0.00375	0.025	0.01	0.06667
0.004	0.02667	0.011	0.07333
0.00425	0.02833	0.01125	0.075
0.0045	0.03	0.01175	0.07833
0.005	0.03333	0.012	0.08
0.0055	0.03667	0.0125	0.08333
0.006	0.04	0.014	0.09333

Group A		
No Agreement (Credit taken on resident return)		
Alabama	Maine	New York
Arkansas	Maryland	North Carolina
Colorado	Massachusetts	North Dakota
Connecticut	Minnesota	Oklahoma
Delaware	Mississippi	Rhode Island
Georgia	Missouri	South Carolina
Hawaii	Montana	Tennessee*
Idaho	Nebraska	Utah
Illinois	New Hampshire*	Vermont
Iowa	New Jersey	Virginia
Kansas	New Mexico	West Virginia
Louisiana		
Any foreign countries or U.S. possessions		
*(Capital gain, interest, and dividends only)		

Limitation: There is one final limitation if you have entries on both lines 1 and 2 of Schedule E. These two credits, *when combined*, cannot be greater than the county tax shown on Form IT-40PNR line 12; if they are, adjust the amounts before you enter them. See the following example.

Example:

- The line 1 credit for local taxes paid outside of Indiana of \$100 plus the line 2 county credit for the elderly of \$20 equals \$120.
- Your IT-40PNR line 12 county tax due is \$115.
- Since your combined credits are \$5 more than your county tax due, reduce your last entry (the \$20 county credit for the elderly) by \$5 to \$15.
- Enter \$15 on line 2, and attach an explanation showing your calculations.

Group A Worksheet

- 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 _____
- Multiply the amount of income from the other state (that is subject to Indiana tax) by 3.4% (.034) B _____
- Enter the amount of Indiana state income tax shown on Form IT-40PNR, line 11 C _____

The *lesser* of the amounts on A, B or C is your allowable credit for taxes paid to other states. You **must** attach 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 attached, the credit will be disallowed. Likewise, if you have foreign earned income and you are claiming a credit, complete Group A Worksheet and attach federal Form 1116.

Line 3 - College Credit

If you donated money or property to an Indiana college or university, you may be able to take a credit. To claim this credit you must complete and attach Schedule CC-40. Contact the Department to get more information and Schedule CC-40.

You must maintain documentation of your contributions as the Department can require you to provide this information. **Note:** Tuition paid to a college or university is not a contribution, and does not qualify for this credit.

Line 4 - Credit for Taxes Paid to Other States

If you received income from another state while you were an Indiana resident, that income must be reported 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.

Group B		
Reciprocal Agreement (Wages, Salaries, Tips, and Commissions Only)		
Kentucky	Michigan	Ohio
Pennsylvania	Wisconsin	

If you were an Indiana resident 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. **Note:** As of January 1, 1998 Illinois cancelled its reciprocal agreement with Indiana.

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.

Schedule E Credits cont'd...

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 the other state's taxes back by filing a refund claim with them.

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'll need to file Form IT-40PNR.

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona	Oregon
California	Washington D.C.

If you were an Indiana resident 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 tax return to substantiate the credit.

Note: For taxpayers residing in Washington, D.C., please contact the Department for Income Tax Information Bulletin 28. There is a special exception for this credit for Washington, D.C. residents that you must be aware of when calculating this credit.

Group D

No State Income Tax (No credit allowed)

Alaska	Florida	Nevada	South Dakota
Texas	Washington	Wyoming	

If you were an Indiana resident 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.

Line 5 - Research Expense Credit

Indiana has a research expense credit that is very similar to the federal credit for research and experimental expenses paid in carrying on your trade or business in Indiana.

S corporations and partnerships may take this credit and pass through the unused portion to their shareholders and partners.

Form IT-20 REC must be completed and a copy attached to claim this credit.

Line 6 - Neighborhood Assistance Credit

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. This credit is administered by the Department of Commerce. Form NC-20 must be attached to claim this credit.

For more information about this credit, contact the Department and request Form NC-20 and Income Tax Information Bulletin #22.

Line 7 - Personal Computer Tax Credit

This credit is available to taxpayers donating new or used personal computers to the Buddy-Up With Education Program administered by the Central Indiana Educational Service Centers. The program requirements are currently a 486 IBM (or compatible system) processor or a 68303 MacIntosh processor or better. The credit is equal to \$100 for each personal computer approved for use by the Central Indiana Educational Service Center.

For more information regarding the types of personal computers that will be approved for credit and a location of an Educational Service Center near you, call (317) 387-7100.

Line 8 - Enterprise Zone Credits/Airport Development 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. Enterprise zones have been established in certain portions of the following cities:

Anderson	Fort Wayne	Marion
Bedford	Gary	Michigan City
Bloomington	Hammond	Muncie
Connersville	Indianapolis	Richmond
East Chicago	Kokomo	South Bend
Evansville	Lafayette	Terre Haute

Currently, an airport development zone is established within the City of Gary. Areas within the City of Terre Haute and areas within Allen County are also eligible to designate airport development zones.

Sole Proprietors who operate and/or invest in a business located in a zone may be eligible for the following credits: Enterprise Zone/Airport Development Zone Loan Interest Credit (Schedule LIC); Employment Expense Credit (Schedule EZ, Parts 1, 2, and 3) and Enterprise Zone/Airport Development Zone Investment Cost Credit. (**Note:** These forms are also used for the airport development zone credits even though the title on the forms indicates only enterprise zones.) *Sole proprietors must maintain good standing with the Enterprise Zone Authority to maintain eligibility for any enterprise zone credits.*

Generally, businesses organized as partnerships or S corporations are not eligible to pass-through enterprise zone credits to their partners or shareholders. Exception: A partnership, a limited liability partnership, a limited liability company and an S corporation are entitled to the enterprise zone investment cost credit for a qualified investment made in a designated zone located in Vigo County, Indiana. If the entity has no adjusted gross income tax liability, then the partners and/or shareholders are entitled to claim their share of the credit on their individual income tax return.

Schedule E Credits cont'd...

Income Tax Information Bulletin #66, EZ Schedules, and Schedule LIC will provide additional information about these credits. You can get the information bulletin and forms by contacting the Department of Revenue. The Department of Commerce can provide additional information about the Enterprise Zone Investment Cost Credit. You may contact the Department of Commerce at: Indiana Department of Commerce, One North Capitol, Suite 700, Indianapolis, IN 46204-2248, phone number (317) 232-8911.

Line 9 - Teacher Summer Employment Credit

If you hire math or science teachers during the summer vacation, you may be able to take a credit. The qualified positions must be certified by the Department of Education, and the certificate must be attached to your tax return before the credit can be approved.

Contact the Department of Education at (317) 232-6676 for more information about this credit.

Line 10 - Twenty-First Century Scholars Program Credit

A tax credit is allowed for contributions made to the Twenty-First Century Scholars Program Support Fund. The credit is equal to 50% of the contributions made during the tax year up to a maximum limit of \$100 for a single return and \$200 for a joint return.

Detailed information about the scholarship program, registration, and administration may be obtained by calling the State Student Assistance Commission at (317) 232-2350.

Note: This credit is not the same as the College Credit.

Line 11 - Other Credits

Following is a list of the credits available to be taken on the Indiana individual income tax return.

Maternity Home Credit

An income tax credit is allowed for maternity home owners providing a temporary residence to at least one pregnant woman for at least 60 consecutive days during her pregnancy. The maternity home owner must annually file an application with the State Department of Health to be eligible to claim this credit. A copy of the approved application must be attached to your tax return before the credit can be taken. Contact the State Department of Health at (317) 233-5600 to obtain an application and more information about this credit.

Historic Rehabilitation Tax Credit

A Historic Rehabilitation Tax Credit is available for the rehabilitation or preservation of a historic building that is listed on the Indiana Register of Historic Sites and Structures, is at least 50 years old and is income-producing. The cost of rehabilitation or preservation must also exceed \$10,000. A credit of 20% of the cost of the qualified rehabilitation or preservation expenses may be taken against your state income tax liability. Any unused balance of the credit may be carried forward for up to 15 years.

Those eligible to claim this credit include an individual, corporation, S corporation, partnership, limited liability company, limited liability partnership, nonprofit organization or joint venture.

To qualify for the credit, you must obtain certification from the Division of Historic Preservation and Archaeology, Indiana Department of Natural Resources. For additional information, you may call the Department of Natural Resources at (317) 232-1646.

Riverboat Building Credit

A tax credit has been established for any individual or company that builds or refurbishes a riverboat, which is licensed to conduct legal gambling in Indiana. This credit is equal to 15% of the qualified investment and can be carried forward to subsequent tax years. The Department of Commerce must approve the costs of the qualified investment **before** the costs are incurred. Contact the Department of Commerce at (317) 232-8782 for more information about this credit.

Industrial Recovery Tax Credit

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the enterprise zone board approves the application and the plan for rehabilitation, you are entitled to a credit based on the "qualified investment." Request additional information regarding the procedures for obtaining the credit from the Indiana Department of Commerce, Enterprise Zone Board, One North Capitol, Suite 700, Indianapolis, IN 46204, telephone number (317) 232-8905.

Military Base Recovery Tax Credit

A taxpayer that is an owner or developer of a military base recovery site may be eligible for a credit if investing in the rehabilitation of real property located in a military base recovery site according to a plan approved by the Enterprise Zone Board. For more information about this contact the Department of Commerce at: Indiana Department of Commerce, One North Capitol, Suite 700, Indianapolis, IN 46204-2248, phone number (317) 232-8911.

Limitation: There is one final limitation if you have more than one entry on Schedule E, lines 3 through 11. These credits, *when combined*, cannot be greater than the state adjusted gross income tax shown on Form IT-40PNR, line 11; if they are, adjust the amounts before you enter them. See the following example.

Example:

- The line 3 college credit of \$200 plus the line 4 credit for taxes paid to other states of \$300 equals a \$500 total credit.
- Your IT-40PNR line 11 state adjusted gross income tax due is \$360.
- Since your combined credits are \$140 more than your state tax due, reduce your last entry (the \$300 credit for taxes paid to other states) by the \$140 difference to \$160.
- Enter \$160 on line 4, and attach an explanation showing your calculations.

Line 12 - Total Credits

Add the credits on lines 1 through 11 (keeping in mind the limitations) and enter the total here. Carry this amount to Form IT-40PNR, line 20.

IT-40PNR Back Page Instructions

Line 24

If the line 23 total credits are more than the line 22 total tax, you have an overpayment. Enter the difference between those two amounts here.

Line 25 - Contribution To Indiana Nongame And Endangered Wildlife Fund

The Indiana Endangered Wildlife Fund offers you the opportunity to play an active role in the conservation of Indiana's wildlife. The money donated to the fund goes directly to the protection and management of more than 550 wildlife species in Indiana - from songbirds and spotted turtles to bald eagles and river otters. Just enter the amount of your refund you want to give to the Endangered Wildlife Fund in the box on line 25. Donations must be a minimum of \$1.00.

If you are not receiving a refund, but want to support the Endangered Wildlife Program, do not change your tax return. You can send a donation directly to the Endangered Wildlife Fund by completing the form on the back of this booklet.

The Department may examine your return and find that your actual overpayment or refund is less than you calculated. If you entered a donation to the Indiana Nongame and Endangered Wildlife Fund or applied a payment to your 1999 estimated tax account, the overpayment will be applied first to the estimated tax payment and then to the wildlife fund. Any amount left will be refunded to you.

A note about refund offsets

Indiana law requires that money you owe to the state, its agencies, and certain federal agencies be deducted from your refund or credit before a refund is issued. This includes money owed for past due taxes, student loans, child support, food stamps or an IRS levy. If the Department applies your refund to any of these debts, you will receive a letter explaining the situation.

Please wait twelve (12) weeks before you contact the Department about your refund.

Line 27 - Amount to be Applied as a 1999 Estimated Tax Installment Payment

If you expect to have income during 1999 that won't have Indiana income taxes withheld, and if the Indiana state and county tax due will be \$400 or more, then you should pay the Department estimated tax every installment period.

There are several ways you can make estimated tax payments. First, use the worksheet on page 33 to see how much you will owe.

Then, if you want to make an estimated tax installment payment on this tax return, carry the amount from line "T" of the worksheet to line 27 of Form IT-40PNR.

You may use some or all of your line 26 overpayment as an installment payment. You may also send a payment with your tax return to make or to increase an installment payment. For instance, if you want to make a \$100 installment payment with your tax return, and the line 26 overpayment is \$80, make a \$20 payment on line 33.

Important: Any installment payment amount entered on line 27 will be considered to be paid on the day your tax return is filed (postmarked). For instance, an installment payment shown on a return filed on: April 15, 1999 will be considered to be a 1999 first installment payment; June 1, 1999 will be considered to be a 1999 second installment payment; and July 20, 1999 will be considered to be a 1999 third installment payment. **Note:** If you are filing this return *after* January 17, 2000, you will not be able to make an installment payment on this line.

If you do not want to make an estimated payment on this tax return, you may use Form ES-40 on page 33 of this booklet to make the payment. Also, you may already have received a coupon booklet if you made estimated tax payments to the Department last year.

Regardless of which payment option you choose, please use only one method to make an installment payment (i.e. don't put an entry on line 27 and, at the same time, enclose an ES-40.)

Note: An entry on this line will reduce your refund or increase your amount due.

Additional information about estimated taxes is available by requesting Income Tax Information Bulletin #3 from the Department.

Line 28 - Penalty for Underpayment of Estimated Tax

You might owe a penalty for underpayment of estimated tax if you didn't have taxes withheld from your income and/or you didn't pay enough estimated tax throughout the year. Generally, if you owe \$400 or more in Indiana 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 estimated tax payments (plus all other credits) is not at least 90% of this year's tax due or 100% of your tax due last year; **or**
- you underpaid the minimum amount due for one or more of the installment periods.

If either of these cases applies to you, you must complete Schedule IT-2210 (or IT-2210A if your income was seasonal) to see if you owe a penalty or meet an exception. If you owe this penalty, attach Schedules IT-2210 or IT-2210A to your tax return and write the penalty amount on Form IT-40PNR, line 28.

Contact the Department to get Schedules IT-2210 or IT-2210A.

IT-40PNR Back Page instructions cont'd...

Line 29 - You have a refund if line 26 is greater than the combined amounts entered on lines 27 and 28. However, if the combination of line 27 plus line 28 is *greater* than the line 26 overpayment, no refund is due. Instead, you will have an amount due. Enter the amount on line 30 and leave this line blank.

Note: There is a statute of limitations on filing refund claims. When filing your 1998 tax return, a claim for refund of excess withholding credits must be made no later than April 16, 2001. A claim for refund of all other excess payments and refundable credits must be made by April 15, 2002. (The postmark date of the filing of your return is when the claim for refund is considered to be made.)

Line 30 -

- If line 29 is less than zero, you have an amount due. Enter here as a positive number and skip to line 31.
- OR**
- If line 22 is greater than line 23, complete the following steps:
 - A. Subtract line 23 from line 22 and enter the total here A _____
 - B. Enter any amount from line 27 B _____
 - C. Enter any amount from line 28 C _____
 - D. Add lines A + B + C. Enter total here and on line 30 D _____

Line 31 - Penalty

If your tax return is filed after the April 15, 1999 due date and you have an amount due, you will probably owe a penalty. Penalty is 10% of the amount due (line 30 minus lines 27 and 28) or \$5.00, whichever is greater. Exception: If you have an extension of time to file, are filing by the extended filing due date, and have prepaid at least 90% of the amount due, then no penalty is due.

Line 32 - Interest

If your tax return is filed after the April 15, 1999 due date and you have an amount due, you will owe interest (even if you have an extension of time to file.) Interest should be figured on the sum of line 30 minus lines 27 and 28. Contact the Department for the current interest rate by calling (317) 232-2240.

You should make your check or money order payable to the Indiana Department of Revenue. Please write clearly and include your social security number on your check or money order. *Do Not Send Cash.*

Note: No payment is due if you owe less than \$1.00.

Discover® Card Payment

The *Amount You Owe* on Form IT-40PNR, line 33, may be paid by using the Discover® Card. If you choose to use this form of payment, fill out the Discover® Card Coupon at the bottom of this page. Cut out the completed coupon and staple it to the top left-hand side of Form IT-40PNR, directly over the name and address area. Make sure to keep a copy of the completed coupon for your records.

Note that a handling fee based on the following chart will be charged by the Discover® Card Company on your monthly bill from

Cut Along The Dotted Line

Discover® Card Payment Coupon

Your first name and last name

Spouse's first name and last name (if filing a joint return)

Your Social Security Number

Spouse's Social Security Number

Discover® Card Payment Authorization

For Taxpayer's Information:

- Discover® will charge a handling fee based upon the amount of your payment, and you will be responsible for payment of this fee. See above for a chart of the fees.
- If your tax payment charge is denied, you will receive a notice from the Department of Revenue for the tax you owe. Penalty and interest may be included if applicable.

Instructions:

1. Complete all the information for the Discover® Card Authorization.
2. Enter the amount you owe from line 33 in "Tax Payment". Do not include the handling fee.

Discover® Card Number

6 0 1 1 - - -

Expiration Date

/ Tax Payment \$, .

Month Year

I understand that in addition to the tax payment amount indicated, there will be a handling fee based upon the amount of tax payment charged to my Discover® Card account.

▶ Staple the completed coupon to the top left-hand side of Form IT-40PNR over the name and address area.

Signature of authorized Discover® Card Member

them. **Do not** add this to the *Amount You Owe* when completing the credit card information.

<u>Amount of Tax Due</u>	<u>Discover® Card Handling Fee</u>
\$1.00 - \$500.00	\$4.00
\$500.01 - \$1,000.00	\$9.00
\$1,000.01 - \$2,000.00	\$16.00
\$2,000.01 - \$3,000.00	\$25.00
\$3,000.01 - and up	\$35.00

Also, motor vehicles leased for more than thirty (30) days should be included in this section. A leased motor vehicle should be registered in the state where you reside.

If you do not complete this section, there could be a delay in processing your return.

Authorization Section

If someone other than you completed this tax return, you can give the Department permission to discuss your tax return with that person. Place a checkmark in the appropriate box on the back of the tax return. Also, you must enter that person's identification number in the boxes provided at the end of this section. Enter the person's social security number or federal identification number if completed by a professional preparer. If someone other than you completed this return, and you do not want the Department to discuss your return with that person, check the "No" box.

Signature Section

If this is a joint return, both you and your spouse must sign and date the tax return. Also, give us your daytime telephone number so we can call you if we have any questions about your tax return.

If a paid preparer completed this tax return for you, he/she must complete the paid preparer's signature section. The paid preparer must provide the name and address of the firm that he/she represents. Also, the preparer must sign and date the back of the tax return and provide his/her identification number (in the area below your signature). We also ask for the daytime telephone number of the preparer if you authorize us to discuss your tax return with the preparer.

Make sure you keep a complete copy of your return. Mail your tax return with all attachments to:

Indiana Department of Revenue
P.O. Box 40
Indianapolis, IN 46206-0040

Returned Checks

If your check is returned unpaid by your banking institution, you will be charged a ten percent (10%) penalty on the amount due or \$5.00, whichever is greater, plus interest. The assessed amount will be due immediately upon receipt of the tax due notice and must be paid by certified check, bank draft or money order. If payment is not received timely, the penalty will be increased to the face value of the check or one hundred percent (100%) of the unpaid tax, whichever is smaller. Also, any permits and/or licenses issued by the Department may be revoked if the assessed amount is not paid immediately.

Additional Information

Sole Proprietor

If you or your spouse filed Federal Schedule C or C-EZ (profit or loss from business), mark the appropriate box(es).

Deceased Individual Information

If the taxpayer and/or spouse died during 1998, and this return is being filed with their name on it, make sure to enter the month and day of death in the appropriate box located on the back of the IT-40PNR. For example, a date of death of January 9, 1998, would be entered as 01/09. See instructions on page 6 for more information.

Note: If the taxpayer and/or spouse died before 1998, do not enter their date of death in this box.

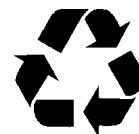
Farmers and Fishermen

If two-thirds (2/3) of your gross income is from farming or fishing, mark the box provided on the back of the tax return. This will make sure that a penalty for the underpayment of estimated tax is not assessed provided your tax return is filed and *all* taxes are paid by March 1, 1999.

Motor Vehicle Information

Indiana law requires you to give certain information about all motor vehicles you owned or leased on December 31, 1998, when you file your income tax return.

For purposes of this section, a motor vehicle is a car, van, motorcycle or truck having a declared gross weight of 11,000 pounds or less. These vehicles are subject to the motor vehicle excise tax.



Special Services

Revenue on the Internet

<http://www.ai.org/dor/>

The Department has been on the Internet since July 1996. Our site contains forms, publications, general information, the Virtual Help Desk and e-mail capabilities. Regular web browsers will be happy to know we have limited the number of graphics for increased speed. Downloadable blank forms are available in .pdf format and a free reader is available through the site.

Automated Taxpayer Information System

(317) 233-4018

This automated telephone system was established to answer commonly asked questions for taxpayers. The system is available Monday through Saturday; it updates information on Sunday.

By calling from a touch-tone telephone, you may access the three parts of the system.

Where's My Refund?

To check on the status of an individual income tax refund check, have your social security number and the expected refund amount available when you call.

Information About Outstanding Liabilities for Individuals or Businesses

By entering the 8-digit warrant (or cause) number of the liability, you will be given the outstanding balance (if any) as of that day, plus the daily interest amount.

Pre-Recorded Tax Topics

Eight commonly asked about areas are featured.

- Estimated Tax / IT-2210 Penalty
- Use Tax Information
- County Tax
- Payment Plan Procedures
- Business Requirements and How to Register
- Collection Procedures
- 1998 Tax Highlights

The eighth topic changes periodically to highlight any new program being offered by the Department.

Computer-Generated Substitute Forms

Yes, we do accept them! There are several software companies who produce Indiana individual income tax preparation software. If you would like to know if your software package's forms have been pre-approved by the Department, call (317) 232-2198.

Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the Department will conduct an annual public hearing on Monday, June 21, 1999. Please come and share your ideas on how the Department of Revenue can better administer Indiana tax laws. The hearing will be held at 9:00 a.m. in Room A of the Conference Center, Indiana Government Center South, 402 West Washington Street, Indianapolis, Indiana. If you can't attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 North Senate Avenue, Indianapolis, Indiana 46204.

Indiana School Districts

The list below gives the school districts within each county in Indiana. If you are unable to determine your correct school district, you should contact your county auditor for assistance. Please enter your 4-digit number in the appropriate space on the front of your Indiana return.

County	Dearborn	Grant	Jasper
District Number and Name	1560 Sunman-Dearborn Comm.	2815 Eastbrook Community	3785 Kankakee Valley
	1600 South Dearborn Comm.	2825 Madison-Grant United	3815 Rensselaer Central
Adams	1620 Lawrenceburg Comm.	2855 Mississinewa Community	6630 West Central
0015 Adams Central Comm.		2865 Marion Community	8535 TriCounty
0025 North Adams Community	Decatur	5625 Oak Hill United	
0035 South Adams	1655 Decatur Co. Community		Jay
	1730 Greensburg Community		3945 Jay
Allen		Greene	
0125 M.S.D. Southwest Allen Co.	DeKalb	2920 Bloomfield School District	Jefferson
0225 Northwest Allen County	1805 DeKalb County Eastern	2940 Eastern School District	3995 Madison Consolidated
0235 Fort Wayne Community	Community	2950 Linton-Stockton	4000 Southwestern Jefferson
0255 East Allen County	1820 Garrett-Keyser-Butler	2960 M.S.D. Shakamak	Consolidated
	Community	2980 White River Valley School	
	1835 DeKalb County Central	District	
Bartholomew	United		Jennings
0365 Bartholomew Consolidated	7610 Hamilton Community	Hamilton	4015 Jennings County
0370 Flatrock-Hawcreek		3005 Hamilton Southeastern	
4215 Edinburg Community	Delaware	3025 Hamilton Heights	Johnson
	1875 Delaware Community	3030 Westfield-Washington	4145 Clark-Pleasant Comm.
Benton	1885 Harrison-Washington	3055 Marion-Adams	4205 Center Grove Community
0395 Benton Community	Community	3060 Carmel-Clay	4215 Edinburg Community
5995 South Newton	1895 Liberty-Perry Community	3070 Noblesville	4225 Franklin Community
8535 TriCounty	1900 Cowan Community		4245 Greenwood Community
	1910 Mt. Pleasant Township	Hancock	4255 Nineveh-Hensley-Jackson
Blackford	Community	3115 Southern Hancock Co.	United
0515 Blackford Community	1940 Daleville Community	Community	Knox
	1970 Muncie Community	3125 Greenfield Central Comm.	4315 North Knox
Boone		3135 Mt. Vernon Community	4325 South Knox
0615 Western Boone County	Dubois	3145 Eastern Hancock County	4335 Vincennes Community
0630 Eagle-Union Community	2040 Northeast Dubois County	Community	
0665 Lebanon Community	2100 Southeast Dubois County	Harrison	Kosciusko
3055 Marion-Adams	2110 Southwest Dubois County	3160 Lanesville Community	4345 Wawasee Community
	2120 Greater Jasper Consolidated	3180 North Harrison Comm.	4415 Warsaw Community
Brown		3190 South Harrison Comm.	4445 Tippecanoe Valley
0670 Brown County	Elkhart	1300 Crawford Co. Community	4455 Whitko Community
	2155 Fairfield Community		2285 Wa-Nee Community
Carroll	2260 Baugo Community	Hendricks	5495 Triton
0750 Carroll Consolidated	2270 Concord Community	3295 Northwest Hendricks	
0755 Delphi Community	2275 Middlebury Community	3305 Brownsburg Community	LaGrange
1180 Rossville Consolidated	2285 Wa-Nee Community	3315 Avon Community	4515 Prairie Heights Comm.
8565 TwinLakes	2305 Elkhart Community	3325 Danville Community	4525 Westview
	2315 Goshen Community	3330 Plainfield Community	4535 Lakeland
Cass		3335 Mill Creek Community	
0775 Pioneer Regional	Fayette		Lake
0815 Southeastern	2395 Fayette County	Henry	4580 Hanover Community
0875 Logansport Community		3405 Blue River Valley	4590 River Forest Community
0775 Pioneer Regional Sch.	Floyd	3415 South Henry	4600 Merrillville
2650 Caston	2400 New Albany-Floyd	3435 Shenandoah School Corp.	4615 Lake Central
	County Consolidated	3445 New Castle Community	4645 Tri Creek
Clark		3455 Charles A. Beard Memorial	4650 Lake Ridge
0940 West Clark Community	Fountain	6795 Union	4660 Crown Point Community
1000 Clarksville Community	2435 Attica Consolidated	8305 Nettle Creek	4670 School City of East Chicago
1010 Greater Clark County	2440 Covington Community		4680 Lake Station Community
	2455 Southeast Fountain	Howard	4690 Gary Community
Clay		3460 Taylor Community	4700 Griffith Public
1125 Clay Community Schools	Franklin	3470 Northwestern	4710 Hammond City
2960 M.S.D. Shakamak	2475 Franklin Co. Community	3480 Eastern Howard Comm.	4720 School Town of Highland
	6895 Batesville Community	3490 Western	4730 School City of Hobart
Clinton	7950 Union County	3500 Kokomo-Center Township	4740 School Town of Munster
1150 Clinton Central		Consolidated	4760 Whiting City
1160 Clinton Prairie	Fulton		
1170 Frankfort Community	2640 Union Township	Huntington	LaPorte
1180 Rossville Consolidated	2645 Rochester Community	3625 Huntington Co. Comm.	4770 Cass Township
	2650 Caston		4790 Dewey Township
Crawford	4445 Tippecanoe Valley	Jackson	4805 New Prairie United
1300 Crawford Co. Community	5455 Culver Community	3640 Medora Community	4860 M.S.D. New Durham
		3675 Seymour Community	4880 Prairie Township
Daviess	Gibson	3695 Brownstown Central Comm.	4925 Michigan City Area
1315 Barr-Reeve Community	2725 East Gibson	3710 Crothersville Community	4940 South Central Community
1375 North Daviess County	2735 North Gibson		4945 LaPorte Community
1405 Washington Community	2765 South Gibson		7150 John Glenn

Indiana School Districts Contd...

County	Noble	Ripley	Vermillion
District Number and Name	6055 Central Noble Community	6865 South Ripley Community	8010 North Vermillion Comm.
	6060 East Noble	6895 Batesville Community	8020 South Vermillion Comm.
	6065 West Noble	6900 Jac-Cen-Del Community	
Lawrence	4535 Lakeland	6910 Milan Community	Vigo
5075 North Lawrence Comm.	8625 Smith-Green	1560 Sunman-Dearborn Comm.	8030 Vigo County
5085 Mitchell Community			
	Ohio	Rush	Wabash
Madison	6080 Rising Sun-Ohio County Community	6995 Rush County	8045 Manchester Community
5245 Frankton-Lapel Comm.		3455 Charles A. Beard Memorial	8050 M.S.D. Wabash County
5255 South Madison Comm.			8060 Wabash City
5265 Alexandria Community	Orange	St. Joseph	
5275 Anderson Community	6145 Orleans Community	7150 John Glenn	Warren
5280 Elwood Community	6155 Paoli Community	7175 Penn-Harris-Madison	8115 M.S.D. of Warren County
2825 Madison-Grant United	6160 Springs Valley Comm.	7200 Mishawaka City	0395 Benton Community
		7205 South Bend Community	2440 Covington Community
		7215 Union-North United	
Marion	Owen	4805 New Prairie United	Warrick
5300 M.S.D. Decatur Township	6195 Spencer-Owen Comm.		8130 Warrick County
5310 Franklin Township Comm.	6750 Cloverdale Community	Scott	
5330 M.S.D. Lawrence Township		7230 Scott Co. District No. 1	Washington
5340 M.S.D. Perry Township	Parke	7255 Scott Co. District No. 2	8205 Salem Community
5350 M.S.D. Pike Township	6260 Southwest Parke Comm.		8215 East Washington
5360 M.S.D. Warren Township	6300 Rockville Community	Shelby	8220 West Washington
5370 M.S.D. Washington Township	6310 Turkey Run Community	7285 Shelby Eastern	
5375 M.S.D. Wayne Township	1125 Clay Community Schools	7350 Northwestern Consolidated	Wayne
5380 Beech Grove	Perry	7360 Southwestern Consolidated	8305 Nettle Creek
5385 Indianapolis Public	6325 Perry Central Community	7365 Shelbyville Central	8355 Western Wayne
5400 Speedway City	6340 Cannelton City	1655 Decatur Co. Community	8360 Centerville-Abington Community
	6350 Tell City-Troy Township	Spencer	8375 Northeastern Wayne
Marshall		7385 North Spencer County	8385 Richmond Community
5455 Culver Community	Pike	7445 South Spencer County	
5470 Argos Community	6445 Pike County		Wells
5480 Bremen Public		Starke	8425 Southern Wells Comm.
5485 Plymouth Community	Porter	7495 Oregon-Davis	8435 Northern Wells Comm.
5495 Triton	6460 M.S.D. Boone Township	7515 North Judson-San Pierre	8445 M.S.D. Bluffton-Harrison
7150 John Glenn	6470 Duneland	7525 Knox Community	
7215 Union-North United	6510 East Porter County	5455 Culver Community	White
	6520 Porter Township		8515 North White
Martin	6530 Union Township	Steuben	8525 Frontier
5520 Shoals Community	6550 Portage Township	7605 Fremont Community	8535 Tri County
5525 Loogootee Community	6560 Valparaiso Community	7610 Hamilton Community	8565 Twin Lakes
	4925 Michigan City Area	7615 M.S.D. Steuben County	0775 Pioneer Regional Sch.
Miami	Posey	1835 DeKalb County Central United	
5615 Maconoquah	6590 M.S.D. Mount Vernon	4515 Prairie Heights Comm.	Whitley
5620 North Miami Consolidated	6600 M.S.D. North Posey Co.		8625 Smith-Green
5625 Oak Hill United	6610 New Harmony Town and Township	Sullivan	8665 Whitley Co. Consolidated
5635 Peru Community		7645 Northeast	4455 Whitko Community
	Pulaski	7715 Southwest	
Monroe	6620 Eastern Pulaski Comm.	Switzerland	
5705 Richland-Bean Blossom Community	6630 West Central	7775 Switzerland County	
5740 Monroe Co. Community	5455 Culver Community		Tippecanoe
	7515 North Judson-San Pierre		7855 Lafayette
Montgomery	Putnam		7865 Tippecanoe
5835 North Montgomery Comm.	6705 South Putnam Community		7875 West Lafayette Comm.
5845 South Montgomery Comm.	6715 North Putnam Community		0395 Benton Community
5855 Crawfordsville Comm.	6750 Cloverdale Community	Tipton	
	6755 Greencastle Community	7935 Northern Community Schools	
Morgan	Randolph	7945 Tipton Community	
5900 Monroe-Gregg	6795 Union		Union
5910 Eminence Consolidated	6805 Randolph Southern		7950 Union County
5925 M.S.D. Martinsville	6820 Monroe Central	Vanderburgh	
5930 Mooresville Consolidated	6825 Randolph Central	7995 Evansville-Vanderburgh	
4255 Nineveh-Hensley-Jackson United	6835 Randolph Eastern		
Newton			
5945 North Newton			
5995 South Newton			



Form IT-9
Revised 9/98
SF 21006

**1998 Application for Automatic Extension
of Time to File Indiana Form IT-40 or Form IT-40PNR**

Note: Form IT-9 is an automatic extension of time to file until June 15, 1999.
This IS NOT an extension of time to pay any state and/or county taxes due.

The purpose of Form IT-9: The IT-9 will allow you an automatic 60 day extension for filing your IT-40, Indiana Individual Income Tax Return, or the IT-40PNR, Indiana Part-Year Nonresident Individual Income Tax Return.

Who should file Form IT-9: You should file this form and pay your tax if you can't file your income tax return (IT-40 or IT-40PNR) by the due date of April 15, 1999 and you expect to owe additional tax. Form IT-9 does not allow you an extension of time to pay your taxes.

The IT-9 does not extend the time for paying your income tax. The filing extension is automatic if you pay at least 90% of your state and county taxes by April 15, 1999.

Penalty and Interest: Indiana will accept the federal extension date, plus allow an additional 30 days. However, you must still pay 90% of your Indiana taxes by April 15, 1999. If you don't, the extension is not valid and penalty and interest will be charged on the balance due.

How to File: You can complete the worksheet below to figure 90% of your estimated income. Complete all information regarding your name(s), address and social security number(s). You must also be aware of your (and your spouse's) county of principal residence and county of principal work activity as of January 1, 1998.

Tax Computation Worksheet (see instructions below)	
1. 1998 Income - Enter the total estimated or actual 1998 income	1. _____
2. Total of regular exemptions x \$1000 (see IT-40 PNR instructions on page 15 for possible additional exemptions)	2. _____
3. State taxable income - line 1 minus line 2	3. _____
4. State adjusted gross income tax - line 3 x .034	4. _____
5. County income tax - line 3 x county income tax rate from the chart on page 19	5. _____
6. Total tax - Add lines 4 and 5	6. _____
7. State and county income tax withheld (see instructions)	7. _____
8. 1998 estimated income tax payments (see instructions)	8. _____
9. Other credits (see instructions)	9. _____
10. Total credits - Add lines 7 through 9	10. _____
11. Total tax - line 6 minus line 10.....	11. _____
12. Amount you should pay - line 11 x .90	12. _____

Line 1: 1998 Income - Enter your total actual or estimated income for 1998. If filing a joint return, include your spouse's income.

Line 2: Exemptions - Use the total exemptions from your federal income tax return. If you did not complete a federal return, you are allowed an exemption for yourself. Multiply this number by \$1,000. You also may be eligible to claim certain children as additional exemptions. See page 15 of the Form IT-40PNR booklet for more information.

Line 5: County Income Tax - Multiply line 3 by your county income tax rate from page 19.


Line 7: State and County Income Tax Withheld - Enter the amount of Indiana state tax and county income tax withheld and shown on your W-2s.

Line 8: 1998 Estimated Tax Payments - Enter your total 1998 estimated income tax payments paid to the Department for 1998.

Line 9: Other Credits - Enter any credits which you expect to claim on your IT-40 or IT-40PNR. These credits might include the College Credit, the Unified Tax Credit for the Elderly, etc.

Line 12: Amount You Should Pay - Multiply line 11 by .90 (90%) and enter here. Pay this amount with your IT-9, Extension of Time to File, on or before April 15, 1999.

- If line 12 shows no balance due, you don't need to file this form, unless you are claiming the Unified Tax Credit For The Elderly after June 30, 1999.
- Enclose your check or money order made out to the *Indiana Department of Revenue*. Write your social security number on the check or money order.
- Your extension payment must be claimed as a credit on line 18 of the IT-40PNR.
- If you need additional help you may call the Department at (317) 232-2240 or visit your nearest District Office.

		Indiana Department of Revenue Extension Payment for Tax Year 1998	
Form IT-9 Revised 9/98 SF21006		Due Date: April 15, 1999 Mail this voucher and payment to: Indiana Department of Revenue P.O. Box 6117 Indianapolis, IN 46206-6117	
Your First Name and Middle Initial		Last Name	Do Not Write Above
If filing a joint return, Spouse's First Name and Middle Initial		Last Name	Your Social Security Number
Street Address			
City	State	Zip Code	
Your Daytime Telephone Number ()	Enter here amount you should pay from line 12 of Tax Computation Worksheet; this is your extension payment..... \$		



Indiana Department Of Revenue
1999 Estimated Tax Payment Return

Print your name (first, middle and last)		Your Social Security Number	
If a joint return, print spouse's name (first, middle and last)		[][][]-[][]-[][][][]	
Home address (Number and street, or P. O. Box)		Spouse's Social Security Number	
City and State		[][][]-[][]-[][][][]	
Zip Code + 4			
Check the box to show which payment you are making:	Enter the amount of your payment here \$		

<input type="checkbox"/>	1st Installment Payment Due April 15, 1999
<input type="checkbox"/>	2nd Installment Payment Due June 15, 1999
<input type="checkbox"/>	3rd Installment Payment Due September 15, 1999
<input type="checkbox"/>	4th Installment Payment Due January 17, 2000

Mail this return and payment to:
Indiana Department of Revenue
P.O. Box 6102
Indianapolis, IN 46206-6102

Cut Along The Dotted Line

Estimated Income Tax Payments

If you expect to have income that won't have Indiana taxes withheld for 1999, and the state and county tax due will be \$400 or more, then you should pay estimated income tax. Use the worksheet below to see how much you'll owe.

If you don't want to make your first installment estimated payment for 1999 on your IT-40 or IT-40PNR income tax return, you can use the form at the top of this page to make the payment. The due dates are shown on the form. We suggest that first time estimated income taxpayers make a copy of the blank form. This is in case the vouchers that are automatically issued (after we receive your first payment) don't get to you by the next payment's due date.

Estimated Income Tax Worksheet		
A. Total estimated income for 1999.....	A	
B. Total exemptions: see page 15 of instruction booklet	B	
C. Amount subject to Indiana income tax (line A minus line B)	C	
D. Amount of state income tax due (line C x .034)	D	
E. Amount of county income tax due (line C x your county tax rate from page 19) ..	E	
F. Total estimated income tax for 1999 (line D + line E)	F	
G. a) Estimated State and County income tax withheld _____		
b) Total of other credits _____ a + b	G	
H. Amount of Declaration (line F minus line G)	H	
I. Each installment amount for 1999 (line H divided by 4)	I	

For more information about estimated income tax, contact the Department to get Income Tax Information Bulletin #3.

Indiana Department of Revenue District Offices

★ Indianapolis (Main Office)

Indiana Government Center North, Rm N105
100 N. Senate Avenue
Indianapolis, IN 46204
(317) 232-2240

1 Bloomington District Office

410 Landmark Ave.
Bloomington, IN 47403
(812) 339-1119

2 Clarksville District Office

1446 Horn Street
Clarksville, IN 47129
(812) 282-7729

3 Columbus District Office*

430 Second Street, Suite A
Columbus, IN 47201
(812) 376-3049

4 Evansville District Office

500 S. Green River Road
Suite 202, Goodwill Building
Evansville, IN 47715
(812) 479-9261

5 Fort Wayne District Office

5800 Fairfield Ave., Ste. 200
Fort Wayne, IN 46807
(219) 456-3476

6 Kokomo District Office

117 East Superior Street
Kokomo, IN 46901
(765) 457-0525

7 Lafayette District Office

100 Executive Drive, Suite B
Lafayette, IN 47905
(765) 448-6626

8 Merrillville District Office

8368 Louisiana Ave., Suite A
Merrillville, IN 46410
(219) 769-4267

9 Muncie District Office

3640 N. Briarwood Lane, Suite 5
Muncie, IN 47304
(765) 289-6196



10 South Bend District Office

1025 Widener Lane, Suite B
South Bend, IN 46614
(219) 291-8270

11 Terre Haute District Office

30 N. 8th Street, 3rd Floor
Terre Haute, IN 47807
(812) 235-6046

*Address and/or telephone numbers are subject to change. Check your local listings.

Access Indiana Information Network

Comprehensive information about your Indiana State Government, including advice on what to do in emergencies, can be found on the state's official website, the Access Indiana Information Network, at:

<http://www.state.in.us>

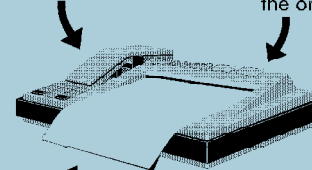
Indiana TaxFax

(317)233-2FAX

*It's as easy as 1-2-3 to get tax forms
...24 hours a day!*

1. Call from the telephone portion of your fax machine.

2. Listen to the voice prompts and complete the ordering process.



3. Your forms will begin printing within moments.

Topical Index

Topic	Page	Topic	Page
1998 Changes	3	Elderly Taxpayers, cont'd...	
Federal Adjustments	10,11	County Income Tax - Retired Persons	17
Authorization Section	28	Exemptions - Age 65 or Older	16
County Income Tax		Human Services Deduction	14
Code Numbers (2-digit)	6	Social Security/Railroad Retirement Benefits	12
County Credit for the Elderly	22	Unified Tax Credit for the Elderly	21
County Where You Worked	16	Exemptions	
County Where You Lived	16	Age 65 or Older	16
Military Personnel	16	Blind	16
Retired Persons	17	Dependents	15
Credits		Personal	15
Airport Development Zone Credit	24	Estimated Tax	
County Credit for the Elderly or		Claiming Estimated Taxes already paid	20
Permanently Disabled	22	How to figure the Estimated Payment	33
College Credit	23	Amount to be applied as Installment Payment	26
Credit for Local Taxes Paid Outside of Indiana	21	Extensions	32
Credit for Taxes Paid to Other States	23	Farmers and Fishermen	28
Enterprise Zone Credits	24	Forms: Where to get them	
Historic Rehabilitation Credit	25	District Offices	34
Industrial Recovery Credit	25	Internet Address	2, 3
Maternity Home Credit	25	Post Offices and Libraries	3
Military Base Recovery Credit	25	Tax Fax System	3
Neighborhood Assistance Credit	24	Full-Year Nonresidents	5
Personal Computer Credit	24	Full-Year Residents	6
Research Expense Credit	24	Interest for Late Payment	27
Riverboat Building Credit	25	Internet Address	2, 3
Teacher Summer Employment Credit	25	Lump Sum Distribution	10
Twenty-First Century Scholars Program Credit	25	Military Personnel	
Unified Tax Credit for the Elderly	21	County of Residence	16
Deceased Taxpayers	6, 28	State of Residence	6
Discover Card Tax Due Payment	27	Military Service Deduction	12
District Offices	34	Motor Vehicles Information	28
Deductions		Nongame and Endangered Wildlife Fund	26
Airport Development Zone Deduction	14	Part-Year Residents	5
Civil Service Deduction	13	Penalties	
Disability Retirement Deduction	13	Penalty for Late Payment	27
Earned Income Tax Deduction	14,15	Penalty for the Underpayment of Estimated Tax	26
Enterprise Zone Employees Deduction	14	Returned Checks	28
Human Services Deduction	14	Preparation Assistance	3
Indiana Medical Savings Account Deduction	14	Public Hearing	4
Insulation Deduction	12	Principal Place of Employment	16
Interest on U.S. Government Obligations	12	Refunds	
Law Enforcement Reward Deduction	14	Deceased Taxpayers	6,28
Lottery Winnings	13	Offsets of Money Owed	26
Military Service Deduction	12	Residency	5,6
Net Operating Loss Deduction	14	School District Numbers	30,31
Non-Indiana Locality Earnings Deduction	12	Tax Add Back	10
Railroad Retirement/Social Security Benefits	12	Tax Computations	
Recovery of Deductions	14	County Tax	16-20
Renter's Deduction	11	Household Employment Tax	20
Social Security/Railroad Retirement Benefits ...	12	Use Tax	20
State Tax Refund Reported on Federal Return .	12	Tax Forms	3
Unemployment Compensation Deduction	13	Taxpayer Advocate	4
Elderly Taxpayers		Unemployment Compensation	13
County Credit for the Elderly		When to File	7
or Permanently Disabled	22	Where to Mail Your Return	28
		Who Should File	5-7

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



1998 IT-40PNR

This booklet contains:

- Form IT-40PNR and Instructions
- Schedule A, Sections 1, 2 and 3
- Schedules D and E, Deductions and Credits
- Schedule CT-40PNR, County Tax
- Form IT-9, Extension of Time to File
- Form ES-40, Estimated Tax Payment Voucher
- Envelope for IT-40PNR

Contributions to the Indiana Nongame and Endangered Wildlife Fund



Donations to the Nongame and Endangered Wildlife Fund assist the Department of Natural Resources in managing and protecting over 550 species of Indiana wildlife. Your contributions to the Fund have brought back bald eagles and peregrine falcons to our skies and river otters to our waters.

These reintroduction programs and the many other projects implemented by the Nongame and Endangered Wildlife Program are funded almost exclusively by donations to the Indiana State income tax check-off.

If you would like to make a donation to the Fund, you may donate all or a portion of your tax refund on line 25 of the IT-40PNR. You can also complete the form below and mail it and your check or money order made payable to the Fund to: Department of Natural Resources, Division of Fish and Wildlife, W-273 Indiana Government Center South, 402 West Washington, Indianapolis, IN 46204.



I (We) wish to donate \$ _____ to the Indiana Nongame and Endangered Wildlife Fund.

Name(s)

Address

City

State

Zip Code

Send to: Department of Natural Resources, Division of Fish and Wildlife, W-273 Indiana Government Center South,
402 West Washington, Indianapolis, IN 46204.



Form
IT-40 PNR
Revised 9/98
SF# 273

1998

Indiana Part-Year or Full-Year Nonresident Individual Income Tax Return

Due April 15, 1999

If you are not filing for the calendar year January 1 through December 31, 1998, enter period from: _____ to: _____

Your Social Security Number <input type="text"/>		Spouse's Social Security Number <input type="text"/>		Check the box if you are married filing separately. <input type="checkbox"/>	
Your First Name		Initial	Last Name		
If filing a joint return, Spouse's First Name		Initial	Last Name		
Present Address (Number and Street or Rural Route)				School District Number (see page 30) <input type="text"/>	
City		State	Zip Code + 4		Foreign Country (if applicable)

Enter the **2-digit county code** numbers (found on page 6 in the instruction booklet) for the county where you lived and worked on January 1, 1998.

Taxpayer		Spouse	
County where you lived <input type="text"/>	County where you worked <input type="text"/>	County where you lived <input type="text"/>	County where you worked <input type="text"/>

If you have a loss (or negative entry), fill in the oval directly to the left of lines 1 and/or 3. Example:


Please round all entries to nearest whole dollar (see instructions, pg 5)

	Dollars	Cents
1. Complete Indiana Schedule A first. Enter here the amount from line 35B of Section 3 from that schedule (you <u>must</u> attach Indiana Schedule A)	<input type="text"/>	<input type="text"/>
2. Indiana Deductions: Enter the amount from line 18, Schedule D (attach schedule)....	<input type="text"/>	<input type="text"/>
3. Indiana Adjusted Gross Income: Line 1 minus line 2	<input type="text"/>	<input type="text"/>
4. Number of exemptions claimed on your federal return <input type="text"/> x \$1,000	<input type="text"/>	<input type="text"/>
5. Additional exemption for certain dependent children (see instructions on page 15.) Enter number claimed in box <input type="text"/> x \$500	<input type="text"/>	<input type="text"/>
6. Check box(es) below for additional exemptions if, by December 31, 1998: You were: 65 or older <input type="checkbox"/> or blind <input type="checkbox"/> . Spouse was: 65 or older <input type="checkbox"/> or blind <input type="checkbox"/> . Number of boxes checked <input type="text"/> x \$1,000	<input type="text"/>	<input type="text"/>
7. Exemption Subtotal: Add Lines 4, 5 and 6	<input type="text"/>	<input type="text"/>
8. Enter amount from Box 8C of the Proration Section located at the bottom of Indiana Schedule A, Section 1 (you must attach this schedule) ..	<input type="text"/>	<input type="text"/>
9. Total Exemptions: Multiply line 7 by the number on line 8	<input type="text"/>	<input type="text"/>
10. State Taxable Income: Line 3 minus line 9 (if less than zero, leave blank)	<input type="text"/>	<input type="text"/>
11. State Adjusted Gross Income Tax: Multiply line 10 by 3.4% (.034)	<input type="text"/>	<input type="text"/>
12. County Income Tax: See if you need to complete Schedule CT-40 PNR	<input type="text"/>	<input type="text"/>
13. Use Tax due on out-of-state purchases	<input type="text"/>	<input type="text"/>
14. Household Employment Taxes: Attach Schedule IN-H	<input type="text"/>	<input type="text"/>
15. Total Tax: Add lines 11 through 14. Enter here and on line 22 on the back	<input type="text"/>	<input type="text"/>
16. Indiana State Tax Withheld: Don't include any withholding amounts for other state taxes. Attach W-2s, WH-18s, or 1099s	<input type="text"/>	<input type="text"/>
17. Indiana County Tax Withheld: Don't include other local taxes. Attach W-2s, WH-18s, or 1099s	<input type="text"/>	<input type="text"/>
18. 1998 Estimated Tax Paid: Include any extension payments made on Form IT-9 ...	<input type="text"/>	<input type="text"/>
19. Unified Tax Credit for the Elderly (You must be age 65 or older and an Indiana resident for at least 6 months to qualify. See instructions on page 21.)	<input type="text"/>	<input type="text"/>
20. Indiana Credits: Enter the amount from Schedule E, line 12 (attach schedule)	<input type="text"/>	<input type="text"/>
21. Total Credits: Add lines 16 through 20. Enter here and on line 23 on the back	<input type="text"/>	<input type="text"/>

Attach W-2 Forms Here

AA <input type="text"/>	BB <input type="text"/>	CC <input type="text"/>	DD <input type="text"/>
-------------------------	-------------------------	-------------------------	-------------------------

Turn the page

22. Enter the Total Tax from line 15 on the front of this form	▶ 22	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
23. Enter the Total Credits from line 21 on the front of this form	▶ 23	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
24. If line 23 is more than line 22, subtract line 22 from line 23 (if smaller, skip to line 30)	24	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
25.  Amount of line 24 to be donated to the Indiana Nongame and Endangered Wildlife Fund	25	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
26. Subtract line 25 from line 24	SUBTOTAL 26	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
27. Amount to be applied to your 1999 estimated tax account (see instructions)	27	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
28. Penalty for Underpayment of Estimated Tax for 1998. Attach Sch. IT-2210 or IT-2210A	28	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
29. Refund: Line 26 minus lines 27 and 28	Your Refund ▶ 29	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
30. If line 22 is more than line 23, subtract line 23 from line 22. Add this to any amounts from lines 27 and 28, and enter total here (see instructions)	SUBTOTAL 30	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
31. Penalty (if filed after the due date, see instructions on page 27)	31	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
32. Interest (if filed after the due date, see instructions on page 27)	32	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
33. Amount Due: Add lines 30, 31 and 32	Amount You Owe ▶ 33	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

No payment is due if you owe less than \$1.00. **Do Not Send Cash.** Make your check or money order payable to: **Indiana Department of Revenue.**
▶ Discover® Card payers must see page 27 for details.

Taxpayer Information

- Were you a **full-year** resident of another state?
If so, enter the 2 letter name for that state.
- Were you a **part-year** resident of another state?
If so, enter the 2 letter name for that state.
- Enter the time period you lived in Indiana.
From: **19** To: **19**
- Enter the time period you lived in the other state.
From: **19** To: **19**

Spouse's Information



- Were you a **full-year** resident of another state?
If so, enter the 2 letter name for that state.
- Were you a **part-year** resident of another state?
If so, enter the 2 letter name for that state.
- Enter the time period you lived in Indiana.
From: **19** To: **19**
- Enter the time period you lived in the other state.
From: **19** To: **19**

Additional Information **Taxpayer** - Check box if you filed federal Schedule C or C-EZ for 1998.
Spouse - Check box if you filed federal Schedule C or C-EZ for 1998.


- If two-thirds of your gross income was made from farming or fishing, please check here.
- If you do not need tax forms and instructions mailed to you next year, please check here.
- Enter the number of motor vehicles you and your spouse own or lease.
- Are all these vehicles registered with the Indiana Bureau of Motor Vehicles? Yes No If No, attach an explanation.

Authorization
Under penalty of perjury, I have examined this return and all attachments and to the best of my knowledge and belief, it is true, complete and correct. I also understand that if this is a joint return, any refund will be made payable to us jointly and each of us is liable for all taxes due under this return. I also give the Indiana Department of Revenue permission to confirm information that I have placed on this form or any attachments with the Social Security Administration. This consent includes my authorization for the Social Security Administration to release my social security number, name, and date of birth. I understand that information obtained under this section will remain confidential and will be used solely for Department of Revenue official purposes. This consent is in effect until such time as I withdraw my authorization.

I authorize the Department to discuss my return with my tax preparer. Yes No

Your Signature <input type="text"/> Date <input type="text"/> 	Your Daytime Telephone Number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Spouse's Signature <input type="text"/> Date <input type="text"/> 	Spouse's Daytime Telephone Number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Preparer's name
Address
City
State Zip Code + 4

Federal I.D. Number **OR** Social Security Number
Preparer's Daytime Telephone Number
Preparer's Signature Date


Mail to: Indiana Department of Revenue, P.O. Box 40, Indianapolis, IN 46206-0040. Keep a copy for your records.

Indiana Schedule A


Section 1: Income or Loss, Proration Section (Complete Section 2 Adjustments and Section 3 totals on back)

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

Your Social
Security Number

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Section 1: Income or (Loss)

Enter in column A, lines 1 through 20, the same income or loss you reported on your 1998 federal income tax return, Form 1040, 1040A or 1040EZ (except for line 19 and/or a net operating loss carry forward; see instructions). If you have a loss or negative entry, fill in the oval directly to the left of the appropriate lines. Example: 

Line-by-line instructions begin on page 8

Column A
Income from Federal Return

Column B
Income Taxed by Indiana

1. Your wages, salaries, tips, commissions, etc	1A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	1B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. Spouse's wages, salaries, tips, commissions, etc	2A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	2B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Taxable interest income	3A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	3B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. Dividend income	4A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	4B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. Taxable refunds, credits, or off sets of state and local taxes from your federal return	5A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	5B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. Alimony received	6A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	6B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. Business income or loss from federal Schedule C or C-EZ	7A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	7B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. Capital gain or loss from sale or exchange of property from your federal return	8A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	8B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
9. Other gains or (losses) from Form 4797	9A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	9B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. Total IRA distribution	10A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	10B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. Total pensions and annuities	11A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	11B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. Net rent or royalty income or loss reported on federal Schedule E	12A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	12B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
13. Income or loss from partnerships	13A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	13B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
14. Income or loss from trusts and estates	14A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	14B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. Income or loss from S corporations	15A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	15B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
16. Farm income or loss from federal Schedule F	16A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	16B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
17. Unemployment compensation	17A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	17B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. Taxable social security benefits	18A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	18B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. Indiana apportioned income from attached Schedule IT-40PNRA	19A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	19B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. Other income reported on your federal return	20A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	20B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

List source(s). (Do not include federal net operating loss.) See instructions on pg. 10.

21. Subtotal: add lines 1 through 20. Enter result here and on line 22 at the top of the back of this schedule

21A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	21B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
-----	----------------------	----------------------	----------------------	----------------------	-----	----------------------	----------------------	----------------------	----------------------

Note: Make sure to complete the 'Proration Section' below before continuing on to the back page.

Proration Section

Divide the amount on line 21B by the amount on line 21A (see instructions if either line 21A and/or 21B are less than zero). Please round your answer to a decimal followed by two numbers. Example: \$3,000 ÷ \$8,000 = .375, which rounds to .38 (do not enter a number greater than 1.00). Enter result here and on line 8 on the front page of Form IT-40PNR


BOX 8C

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------

Turn the page and complete Sections 2 and 3



Section 1: Income or (loss) cont'd from front page

If you have a loss or negative entry, fill in the oval directly to the left of the appropriate lines. Example: 

**Line-by-line instructions
begin on page 10.**

Column A
Income from Federal Return

Column B
Income Taxed by Indiana

22. Enter amounts from line 21 on the previous page	22A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	22B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
23. Tax add-back: if entries are on lines 7,12,13,14,15, &/or 16 see instructions on page 10	23A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	23B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
24. Lump sum distribution taxed on federal Form 4972	24A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	24B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Income or Loss -										
25. Add lines 22 through 24	25A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	25B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Section 2: Adjustments to Income

**Line-by-line instructions
begin on page 10.**

Note: Enter in Column A only those deductions claimed on your 1998 federal income tax return, Form 1040 or 1040A. (See instructions on page 10 for any other federal adjustments to income.)

Column A
Federal Adjustments

Column B
Indiana Adjustments

26. IRA deduction	26A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	26B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
27. Student loan interest deduction	27A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	27B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
28. Medical savings account deduction from federal Form 8853	28A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	28B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
29. Moving expenses (see instructions on page 10)	29A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	29B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
30. One-half of self-employment tax deduction	30A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	30B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
31. Self-employed health insurance deduction	31A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	31B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
32. Keogh and self-employed SEP and SIMPLE plans	32A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	32B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
33. Penalty on early withdrawal of savings	33A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	33B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
34. Alimony paid	34A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	34B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Adjustments -										
35. Add lines 26 through 34	35A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	35B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Section 3: Totals

Column A
Federal Adjusted Gross Income

Column B
Income Taxed by Indiana

36A Subtract line 35A from line 25A	36A	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
37B Subtract line 35B from line 25B. Enter total here and on Form IT-40PNR, line 1	37B	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Enter your first name, middle initial and last name and spouses full name if filing a joint return _____	Your Social Security Number <table border="1" style="display: inline-table; border-collapse: collapse; text-align: center; width: 100px; height: 20px;"> <tr> <td style="width: 25px; height: 20px;"> </td> <td style="width: 25px; height: 20px;"> </td> <td style="width: 25px; height: 20px;"> </td> <td style="width: 25px; height: 20px;"> </td> </tr> </table>				

1. Renter's Deduction: Indiana address where rented (if different from IT-40PNR address) _____ Your landlord's name and address _____

Instructions begin on page 11

Please round all entries to nearest whole dollar (see instructions, pg 5)

		Dollars	Cents
Number of months rented _____ Attach additional sheets if you paid rent at more than one Indiana location. Enter the lesser of the total amount of rent paid or \$1,500	1	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
2. State tax refund reported on federal return and on Indiana Sch. A, Section 1, line 5B	2	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
3. Interest on U.S. Government Obligations (see page 12)	3	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
4. Taxable Social Security benefits (see page 12)	4	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
5. Taxable Railroad Retirement benefits (see page 12)	5	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
6. Military Service deduction: \$2,000 maximum for qualifying individual (see page 12)	6	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
7. Non-Indiana Locality Earnings deduction: \$2,000 maximum per qualifying person	7	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
8. Insulation deduction: \$1,000 maximum. Attach verification (see page 12)	8	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
9. Disability Retirement deduction: \$5,200 maximum for qualifying person (see page 13) Attach Schedule IT-2440	9	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
10. Civil Service Annuity deduction: \$2,000 maximum per qualifying person (see page 13)	10	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
11. Nontaxable portion of Unemployment Compensation (see worksheet on page 13)	11	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
12. Indiana Lottery Winnings (see instructions on page 13)	12	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
13. Indiana Net Operating Loss deduction: Attach Schedule IT-40NOL (see page 14)	13	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
14. Enterprise Zone Employee deduction: Attach Schedule IT-40QEC (see page 14)	14	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
15. Recovery of deductions included on Indiana Sch. A, Section 1, line 20B (see page 14)	15	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
16. Earned Income Tax deduction: Enter the amount from the worksheet on page 15	16	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
17. Other deductions: List source(s) and amounts (see page 14) _____	17	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
18. Total Indiana Deductions: Add Lines 1 through 17, enter total on line 2 of Form IT-40PNR	18	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>

Schedule E: Indiana Credits

1. Credit for Local Taxes Paid Outside Indiana (see page 21)	1	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
2. County Credit for the Elderly: Attach federal Schedule R (see page 22)	2	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
Important: lines 1 plus 2 cannot be greater than the county tax due on IT-40PNR line 12			
3. College Credit: Attach Schedule CC-40 (see page 23)	3	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
4. Credit for Taxes Paid to Other States: Attach other state's return (see page 23)	4	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
5. Research Expense Credit: Attach Form IT-20REC (see page 24)	5	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
6. Neighborhood Assistance Credit: Attach Schedule NC-20 (see page 24)	6	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
7. Personal Computer Tax Credit: Attach Schedule PC-20 (see page 24)	7	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
8. Enterprise Zone Credits (attach appropriate schedule: see page 24)	8	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
9. Teacher Summer Employment Credit: Attach Schedule TSE (see page 25)	9	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
10. Twenty-First Century Scholars Program Credit (see page 25)	10	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
11. Other Credits: List source(s) and amounts: see page 25 _____	11	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>
Important: lines 3 through 11 added together cannot be greater than the state adjusted gross income tax due on IT-40PNR line 11 (see instructions on page 25)			
12. Total Credits: Add Lines 1 through 11 and enter total on Line 20 of Form IT-40PNR	12	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>	<table border="1" style="display: inline-table; border-collapse: collapse; width: 40px; height: 20px;"> </table>

Your first name and last name

Spouse's first name and last name (if filing a joint return)

Your Social Security Number

Spouse's Social Security Number

SECTION 1: To be completed if you were a resident of an Indiana county that had adopted a county income tax.

Your county of residence as of January 1, 1998. (Enter 2-digit county code # from the chart on page 19.) Spouse's county of residence as of January 1, 1998. (Enter 2-digit county code # from the chart on page 19.)

- | | Column A - Yours | Column B - Spouse's |
|--|-------------------------|-------------------------|
| 1. Enter the amount from IT-40PNR, line 10. Note: If both you and your spouse lived in the same county on January 1, enter the entire amount from Form IT-40PNR, line 10 on Line 1A only. See instructions on page 16 | 1A <input type="text"/> | 1B <input type="text"/> |
| 2. If you claimed a non-Indiana locality earnings deduction on Schedule D, line 7, enter the amount here. If not, leave blank ... | 2A <input type="text"/> | 2B <input type="text"/> |
| 3. Add lines 1 and 2 | 3A <input type="text"/> | 3B <input type="text"/> |
| 4. Enter the resident rate from the county tax chart on page 19 for the county code number shown above | 4A <input type="text"/> | 4B <input type="text"/> |
| 5. Multiply line 3 by the rate on line 4 | 5A <input type="text"/> | 5B <input type="text"/> |
| 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 17) | 6 <input type="text"/> | |
| 7. Enter the amount of income that was taxed by any of the Kentucky counties listed on line 6 above | 7 <input type="text"/> | |
| 8. Multiply line 7 by .005 and enter total here | 8 <input type="text"/> | |
| 9. Line 6 minus line 8. Enter the total here and on line 12 of Form IT-40PNR | 9 <input type="text"/> | |

SECTION 2: To be completed if, on January 1, 1998, you were an out-of-state resident or were a resident of a county that had not adopted a county income tax, but worked in an Indiana county that had adopted a county income tax.

Your Indiana county of principal employment as of January 1, 1998. (Enter 2-digit county code # from the chart on page 19.) Spouse's Indiana county of principal employment as of January 1, 1998. (Enter 2-digit county code # from the chart on page 19.)

- | | Column A - Yours | Column B - Spouse's |
|--|-------------------------|-------------------------|
| 1. Enter your principal employment income by entering the total income from your W-2s, net self-employment income (from Federal Schedule C or C-EZ) and/or farm income (from Federal Schedule F). If you worked two or more jobs at the same time, enter the portion you earned from your main job. See page 18 for further instructions | 1A <input type="text"/> | 1B <input type="text"/> |
| 2. Enter certain deductions to income. See page 18 for the complete list of allowable deductions and further instructions | 2A <input type="text"/> | 2B <input type="text"/> |
| 3. Subtract line 2 from line 1 | 3A <input type="text"/> | 3B <input type="text"/> |
| 4. Enter some or all of the exemptions from line 9 of Form IT-40PNR (see instructions on page 18) | 4A <input type="text"/> | 4B <input type="text"/> |
| 5. Subtract line 4 from line 3 | 5A <input type="text"/> | 5B <input type="text"/> |
| 6. Enter the nonresident rate from the county tax rate chart on page 19 for the county number shown above under the Section 2 heading | 6A <input type="text"/> | 6B <input type="text"/> |
| 7. Multiply the income on line 5 by the rate on line 6 | 7A <input type="text"/> | 7B <input type="text"/> |
| 8. Enter total of 7A plus 7B. Add to any Section 1, line 9 amount, and carry to line 12 of Form IT-40PNR. ▶ | 8 <input type="text"/> | |