

Indiana Department of Revenue

2008

IT-40PNR

(Index found on pages 52 and 53.)

**Indiana Income Tax Return
for Part-Year Residents or
Full-Year Indiana Nonresidents**

Find the following forms and schedules beginning after page 54:

- Form IT-40PNR
- Schedule A
- Schedules D & E
- Schedule CT-40PNR
- Schedule IN-EIC
- Form ES-40
- Form IT-9

STATE of INDIANA

DEPARTMENT OF REVENUE

INDIANA GOVERNMENT CENTER NORTH
100 N. SENATE AVE



INDIANAPOLIS, IN 46204-2253

Dear Taxpayer:

Over the past three years, more and more taxpayers have begun using electronic means to file their annual individual income-tax returns. In fact, since 2005, Indiana has seen electronic filing increase by 35 percent. Today, 61 percent of all Indiana individual income-tax returns are filed electronically, either through the federal e-File program, or through I-File – Indiana's fast, friendly and free online filing program.

So what makes electronic filing such an appealing option to so many people? Through surveys and general conversations with taxpayers, we have learned there are a number of reasons. For example, up to 20 percent of paper returns are filed with errors, such as incorrect math calculations. However, on average, 98 percent of electronic returns are accurate when filed. Online filing programs like e-File and I-File check all the math calculations for you, and ensure your return is completed in accordance with the latest tax laws. These advantages alone can help taxpayers avoid penalties and interest from unintentional errors.

But filing electronically can also speed up the return time on your state tax refund. In 2008, taxpayers who filed their tax returns electronically and had their refunds direct deposited into their bank accounts received their refunds within an average of 4 to 7 *days*. But refunds from paper returns can take up to 12 *weeks* to be issued. Why the dramatic difference? When a tax return is filed electronically, it goes straight into our system, is checked automatically, and is processed instantaneously. However, a paper return is a very different process. A paper return must be opened, reviewed by hand, refigured to ensure the calculations are correct, and then sent for additional processing to be input into the state's computer system. The refund process can't even begin until the paper return has been through these additional steps.

The cost to process each type of return is dramatically different as well. It costs the state only 4 cents to process an electronic return, whereas a paper return can cost from \$1 to \$3 per return to process, depending on the type of return filed.

If you're considering electronic filing for the first time, be sure to take a look at I-File, the state's fast, friendly and free online filing system. More than 100,000 taxpayers used I-File during the 2008 filing season, and they gave it high praise. Survey responses from more than 2,500 I-File users in 2008 revealed that:

- 95 percent were satisfied or very satisfied with their I-File experience;
- 96.6 percent said they would likely or very likely use I-File again in the future; and
- 97 percent would recommend I-File to a friend or family member.

With I-File, most taxpayers find they can complete their state tax return in less than 30 minutes, and can file as late as 11:30 p.m. on April 15. So, it's great for those last-minute filers, too.

If you've been considering electronic filing, make this the year to switch. Put aside your pencil and paper, reach for your computer mouse and visit www.ifile.in.gov. After all, I-File has been tested and approved by more than 100,000 Hoosiers just like you.

Sincerely,

John Eckart
Commissioner
Indiana Department of Revenue

Which Indiana tax form should I file? 2008 Changes

Indiana has four different individual income tax returns. Read the following to find the right one for you.

Indiana full-year residents

Use Form IT-40EZ:

If you (and your spouse, if filing jointly) were a full-year Indiana resident and all of the following are true:

- You filed a federal Form 1040EZ,
- You are claiming only the renter's deduction and/or unemployment compensation deduction, and
- You have only Indiana state and county tax withholding credits and/or an Indiana earned income credit.

Use Form IT-40:

If you (and your spouse, if filing jointly) were a full-year Indiana resident and you do not qualify to file Form IT-40EZ.

All other individuals

Use Form IT-40RNR:

If you (and your spouse, if filing jointly) were:

- A full-year resident of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin, and
- Your only type of income from Indiana was from wage, tip, salary or other compensation.*

*If you have any other kind of Indiana-source income, you are required to file Form IT-40PNR (see below).

Note: If you have income that is being taxed by both Indiana and another state, you may have to file a tax return with the other state. A listing of other states' tax forms can be found at www.taxadmin.org/fta/link/forms.html

Use Form IT-40PNR:

If you (and/or your spouse, if filing jointly) were an Indiana resident for less than a full year (or not at all) and you do not qualify to file Form IT-40RNR.

Military personnel

See the instructions on page 8 to determine which form to file. Military personnel stationed in a combat zone should see the instructions on page 8 for extensions of time to file procedures.

Important county tax rate information

This year Indiana counties were allowed to adopt or increase their local income tax rates through Dec. 31, 2008. This publication was printed before that date. This means your county tax rate on page 49 may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing. To get the updated list you may

- Log on to the Department's Web site at www.in.gov/dor/3980.htm
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Visit or call a district office. See page 48 for these locations.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

Tax returns filed using the wrong rates will be adjusted. This may result in a reduced refund, or an increase in the amount you owe.

Composite filer credit

Nonresidents who are members of partnerships and S corporations may be eligible for a credit. See line 27 instructions on page 14 for more information.

Lake County and county tax

When this publication was printed, Lake County had not adopted a county income tax. However, if Lake County did adopt a county income tax before the end of the year, you may owe tax to Lake County if you lived or worked there on Jan. 1, 2008. See the instructions on page 36 for more information.

Renter's deduction

The maximum amount of renter's deduction you can claim has been raised from \$2,500 to \$3,000. See instructions on page 25 for more information.

Homeowner's property tax deduction

Some Indiana property tax statements due in 2007 did not get issued until sometime in 2008. If this happened to you, see the instructions beginning on page 26 to see if you are eligible for an extra deduction.

Military service deduction

The maximum amount of active, reserve or retirement pay (if at least 60 years old) one may deduct has been increased to \$5,000 per qualified person. See page 28 for more information.

National Guard and reserve component members deduction

Certain members of the Indiana National Guard or a reserve component of the armed forces may be eligible for a deduction. See instructions on page 32 for more information.

Qualified patents income exemption (deduction)

Income received from a utility or plant patent may be eligible for a deduction. See page 32 for more information.

Estimated tax and any carryover credit

- You may carryover some or part of your overpayment (refund) to next year's estimated tax account. Beginning in 2008 you may no longer increase that amount by enclosing a payment. See line 37 instructions on page 16 for more information.
- Use line 35 to give the breakdown of how you want your carryover applied. See page 15 for more information.

Media production expenditure credit

A credit may be allowed for the production of movies, TV series, videos, etc. in Indiana. See page 14 for more information.

Returned checks and other types of payments penalty

If you make a tax payment with a check, credit card, debit card, or electronic funds transfer, and the department is unable to obtain payment for its full amount when it is presented for payment, a penalty is due. See page 18 for more information.

Federal economic stimulus payment

The federal economic stimulus payment you may have received is not taxable by Indiana. See Schedule A, line 20 instructions on page 23 for more information.

Enclosures

Do not staple or paper clip enclosures. See page 6 for more information.

Schedules F, F1

You are no longer required to complete or enclose Schedules F, F1: Partnership and S Corporation Disclosure.

1-D barcode

This year we've added a 1-D barcode to the bottom of our forms and schedules. This is done so we can automatically identify information about the form/schedule.

Need tax forms or information bulletins?

Use your personal computer

Visit our Web site and download the forms you need. Our address is www.in.gov/dor

Use your telephone

Call the Forms Order Request Line (317) 615-2581 to have forms mailed to you. Have the following information ready to leave on the voice mail system:

- Name of form or form number needed
- Number of copies needed
- Contact person's name
- Daytime phone number
- A complete mailing address (including city, state and zip code)

Need help with your return?

Local help

For help, visit any of the district offices listed on page 48 or take advantage of the IRS Volunteer Return Preparation Program (VRPP). This program offers free tax return help to low income, elderly and special needs individuals. Volunteers will fill out federal and state forms for those who qualify. Call the IRS at 1-800-829-1040 to find the nearest VRPP location. Be sure to take your W-2s and 1099s with you. If you are going to a district office, also take a copy of your completed federal tax return.

Automated information line

Call the automated information line at (317) 233-4018 to get the status of your refund, billing information and prerecorded tax topics. These topics include collection procedures, business registration requirements, payment-plan procedures, estimated tax procedures, underpayment of estimated tax penalty, use tax, county tax, and 2008 tax-year highlights. If you wish to check billing information, be sure to have a copy of your tax notice. The system will ask you to enter the tax identification number shown on the notice.

If you have a rotary phone, please call (317) 232-2240, 8 a.m. to 4:30 p.m., Monday - Friday, and a representative will help you.

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 www.in.gov/dor

Telephone

Call us at (317) 232-2240 Monday - Friday, 8 a.m. to 4:30 p.m., for help with basic tax questions.

Ready to file your return?

Use an electronic filing program

More than 1.7 million Hoosier taxpayers used an electronic filing program to file their 2007 state and federal individual income tax returns. Electronic filing provides Indiana taxpayers the opportunity to file their federal and state tax returns immediately, and receive their Indiana refunds in about half the time it takes to process a paper return. It takes even less time if you use direct deposit, which deposits your refund directly into your bank account. Even if there is an amount due on either return, Indiana taxpayers can still file electronically and feel comfortable knowing that the returns were received by the IRS and the Indiana Department of Revenue. Contact your tax preparer to see if he or she provides this service.

I-File

This fast, friendly and free online program allows taxpayers to prepare and file state tax returns using the Internet. I-File features a question-and-answer format and help links to guide users through filing. For more information, and to take advantage of this free service, please visit our Web site at www.ifile.in.gov

Our Web site

Our Web site offers tax filing options, downloadable blank forms and instructions, information bulletins, commissioner's directives, an online helpdesk, helpful e-mail links and a calendar with filing due dates. Visit the Department's Web site at www.in.gov/dor

Where's your refund?

There are several ways to check the status of your refund. You will need to know the exact whole-dollar amount of your refund, and a Social Security number entered on your tax return. Then, do one of the following:

- Call (317) 233-4018 for automated refund information.
- Go to www.in.gov/dor/3336.htm and click on the words "Look up the status of your refund online."
- Call (317) 232-2240 from 8 a.m. to 4:30 p.m. Monday - Friday, and a representative will help you.

A refund **directly deposited** to your bank account may be listed on your bank statement as a credit, deposit, etc. If you have received information from the Department that your refund has been issued, and you are not sure if it has been deposited in your bank account, call the ACH Section of your bank or financial institution for clarification.

Note: A refund deposited directly to your Hoosier MasterCard Account will appear on your account monthly statement.

Moving?

You need to contact the Department if you move to a new address after filing your tax return, and you do not have a forwarding address on file with the post office.

Change your address with us by doing one of the following:

- Go to www.in.gov/dor/3336.htm and click on the words "Change your mailing address."
- Call the Department at 317-232-2240.
- Call or visit a district office near you (see list on page 48).

Public hearing - June 2, 2009

The Department will hold a public hearing on June 2, 2009. 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 a.m. in Conference Room 32 of the Conference Center, Indiana Government Center South, 402 West Washington Street, Indianapolis, Indiana. You may also submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 North Senate Avenue, Indpls., IN, 46204.

Before you begin

Important: Complete your federal tax return first.

Name and address

The first IT-40PNR in this booklet may have your name(s) and address already filled in. If this information is accurate, the Department encourages you to use it. However, if any information is incorrect, don't use that form; instead, print the corrected information on the second IT-40PNR in the booklet and file it. If you didn't receive a preaddressed booklet please print your letters and numbers neatly in ink.

Filling in the boxes

If you are filling out the form by hand, please use black or blue ink and print your letters and numbers neatly. If you do not have an entry for a particular line, leave it blank. Do not use dashes, zeros or other symbols to indicate that you have no entry for that line.

Social Security number

Be sure to enter your Social Security number in the boxes at the top of the form. If filing a joint return, enter your Social Security number in the first set of boxes and your spouse's Social Security number in the second set of boxes. An incorrect or missing Social Security number can increase your tax due, reduce your refund or delay timely processing of your filing.

Individual Taxpayer Identification Number (ITIN)

If you already have an ITIN, enter it wherever your Social Security number is requested on your tax return. If you are in the process of applying for an ITIN, check the box located directly beneath the Social Security number area at the top of the form. For information on how to get an ITIN, contact the IRS at 1-800-829-3676 and request federal Form W-7, or find it online at:

www.irs.ustreas.gov/formspubs

Married filing separately

If you file your federal income tax return as married, filing separately, you must also file married, filing separately with Indiana. Enter both of your Social Security numbers in the boxes on the top of the form **and check the box directly to the right of those boxes**. Enter the name of the person filing the return on the top line, but do not enter the spouse's name on the second name line.

Married persons who live apart filing status

If you were not divorced or legally separated in 2008, you may have qualified for and filed as 'head of household' on your federal income tax return. If you did, don't check the married filing separately box. Also, do not enter either your spouse's name or Social Security number.

P.O. Box

Enter your P.O. Box number instead of your street address only if your post office does not deliver mail to your home.

School corporation number

Enter the four-digit school corporation number (found on pages 50 and 51) for where the primary taxpayer lived on Jan. 1, 2008. The primary taxpayer is the first name listed at the top of the tax return. If the primary taxpayer did not live in Indiana on Jan. 1, 2008, enter the code number "9999". Contact a local school or your county auditor's office if you're not sure which school corporation you live in.

It is important that you enter the correct school corporation number. This information is used for statistical tracking purposes to determine possible school funding needs and changes.

Note: If the school corporation number is not entered, the processing of your return will be delayed.

Foreign or military addresses

The U.S. Post Office requires that the full foreign-country name appear in all addresses. Standard two-character abbreviations for Canadian provinces and territories should be entered in the "State" area on the tax return.

Overseas military addresses must contain the APO, FPO designation in the "city field" along with a two-character "state" abbreviation of AE, AP or AA and the zip code. Place these two- and three-letter designations in the city name area.

County information

Enter the two-digit code numbers for the county(s) where you and your spouse, if filing joint, lived and worked on Jan. 1, 2008. You can find these code numbers on the chart on page 49 in the column titled *County Code #*. See the instructions beginning on page 33 for more information, including the definitions of the county where you live and work, details for military personnel, retired individuals, homemakers, unemployed individuals, out-of-state filers, etc.

Please round your amounts to the nearest whole dollar.

To do this, drop amounts of less than \$0.50.

- *Example.* \$432.49 rounds down to \$432.00.

Increase amounts of \$0.50 or more to the next higher dollar.

- *Example.* \$432.50 rounds up to \$433.00.

Losses or negative entries

Put brackets around any losses or negative entries. *Example.* (1.00).

Enclosing schedules, W-2s, etc.

You will find an enclosure sequence number in the upper right-hand corner of each schedule. Make sure to put your completed schedules in sequential order behind the Form IT-40PNR when assembling your tax return. Also, enclose all your W-2s, WH-18s and 1099s and check, if applicable. Do not staple or paper clip your enclosures.

If you have a schedule on which you've made no entry, do not enclose it unless you have completed information on the back of it.

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 with Indiana. If you and your spouse file separate federal returns, you must file separate returns with Indiana.

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

Part-year residents and full-year nonresidents

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

If you were a legal resident of another state (exception: see next paragraph) and had income from Indiana (except certain interest, dividends, or retirement income), you must file Form IT-40PNR.

Full-year residents of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin

If you were a full-year resident of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin, and your only income from Indiana was from wages, salaries, tips or commissions, then you need to file Form IT-40RNR, Indiana Reciprocal Nonresident Individual Income Tax Return.

Full-year residents

Full-year residents must file Form IT-40, Indiana Full-Year Resident Individual Income Tax Return or Form IT-40EZ for Full-Year Indiana Resident Filers with No Dependents. If you filed a 2008 federal Form 1040EZ, were a full-year resident of Indiana, claim only the renter's deduction and/or unemployment compensation deduction, and have only Indiana state and county tax withholding credits or an earned income credit, then you should file the simplified Form IT-40EZ. If you are not eligible to file Form IT-40EZ, or have any other deductions or credits, you must file Form IT-40.

You are a full-year Indiana resident if you maintain your legal residence in Indiana from Jan. 1 – Dec. 31 of the tax year. You do not have to be physically present in Indiana the entire year to be considered a full-year resident. Residents, including military personnel, who leave Indiana for a temporary stay, are considered residents during their absence.

Retired persons spending the winter months in another state may still be full-year residents if:

- They maintain their legal residence in Indiana and intend to return to Indiana during part of the taxable year,
- They retain their Indiana driver's license,
- They retain their Indiana voting rights, and/or
- They claim a homestead deduction on their Indiana home for property tax purposes.

Indiana allows \$1,000 for each exemption claimed on your federal return, plus an additional \$1,500 for certain dependent children (see instructions on page 10 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 eligible 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 total exemptions, you must file Indiana Form IT-40 or IT-40EZ.

If your gross income is less than your total exemptions, you are not required to file. However, you may want to file a return to get a refund of any state and/or county tax withheld by your employer, or other refundable credits, such as an earned income credit.

Deceased taxpayers

If an individual died during 2008, or died after Dec. 31, 2008, but before filing his/her tax return, the executor, administrator or surviving spouse must file a tax return for the individual if:

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

Be sure to enter the month and day of death for the taxpayer or spouse in the appropriate box located on the back of the IT-40PNR. For example, a date of death of Jan. 9, 2008, would be entered as 01/09/2008. **Note:** The date of death should not be entered here if the individual died after Dec. 31, 2008, but before filing the tax return. The date of death information will be shown on the individual's 2008 tax return.

Signing the deceased individual's tax return

If a joint return is filed by the surviving spouse, the surviving spouse should sign his or her own name and after the signature write: **"Filing as Surviving Spouse."**

An executor or administrator appointed to the deceased's estate must file and sign the return (even if this isn't the final return), indicating their relationship after their signature (e.g. administrator).

If there is no executor, or if an administrator has not been appointed, the person filing the return should sign and give their relationship to the deceased (e.g. "John Doe, nephew"). Only one tax return should be filed on behalf of the deceased.

Note: The Department may ask for a copy of the death certificate, so make sure to keep a copy with your records.

Refund check for a deceased individual

If you (the surviving spouse, administrator, executor or other) have received a refund check and cannot cash it, contact the Department to get a widow's affidavit (POA-30) or a distributee's affidavit (POA-20) at www.in.gov/dor/3508.htm. Send the completed affidavit, the refund check and a copy of the death certificate to the State Auditor's Office so a refund check can be issued to you.

Military personnel - residency

If you were an Indiana resident when you enlisted, you remain an Indiana resident no matter where you are stationed. You must report all your income to Indiana on Form IT-40.

If you changed your legal residence (military home of record) during 2008, you are a part-year resident and should file Form IT-40PNR. You must also attach a copy of Military Form DD-2058 to the tax return. As an Indiana part-year resident you will be taxed on the income you earned while you were a resident of Indiana, plus any income from Indiana sources.

If you are stationed in Indiana and you are a resident of another state, you won't need to file with Indiana unless you have non-military income from Indiana sources.

Example. Annie, who is a Kansas resident, is stationed in Indiana. She earned \$1,300 from her Indiana part-time job. She'll need to report that income to Indiana on Form IT-40PNR.

If you are a full-year Indiana resident in the military, your spouse is a legal resident of another state and you filed a joint federal return, you will need to file Form IT-40PNR.

Important: Refer to the instructions on page 33 for an explanation of county of residence for military personnel.

When should you file?

Your tax return is due April 15, 2009. If you file after this date, you may have to pay interest and penalty. See page 17 for more information.

Fiscal year tax returns are due by the fifteenth (15) day of the fourth (4th) month after the close of the fiscal year. You must complete the fiscal year filing period information at the top of the form.

Penalty for late payment

If you do not 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 page 17 for instructions on penalty and interest.

What if you can't file on time?

If you can't file by the due date and you don't think you will need to make a payment when you file your 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 page 12 for instructions on the unified tax credit for the elderly.

If you can't file on time, and expect to owe when you file, you may need to apply for an extension of time to file. 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 will need to estimate 90 percent of your expected tax, subtract the credits you expect to have, and pay any remaining amount due by April 15, 2009.

Get Indiana's extension Form IT-9, and mail it (including your payment) by April 15, 2009. This extends the filing date to June 16, 2009. Form IT-9 is located with the forms in the middle of the booklet. You may also file for an extension and make an extension payment online at www.in.gov/dor/epay

Indiana also recognizes valid federal extension dates plus 30 days. If you have a federal extension, attach a copy of Form 4868 to your Indiana return when filing. Make sure you file no later than Nov. 16, 2009. **Note:** Remember that 90 percent of the tax due to Indiana must still be paid by April 15, 2009, to avoid a penalty charge. Interest will be due on any tax that remains unpaid during the extension period.

Military personnel on duty outside of the United States and Puerto Rico on the filing due date are allowed an automatic 60 day extension of time to file. A statement must be attached to the return verifying that you were outside of the United States or Puerto Rico on April 15, 2009.

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

Note: Valid extensions are only for filing purposes. Interest will be due on any tax that remains 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 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:

Winnings from Indiana riverboats and lotteries;

- Labor or services performed in Indiana, including salaries, wages, commissions, tips etc.;
- A farm, business, trade or profession doing business in Indiana;
- Any personal property located in Indiana;
- A partnership or an S corporation doing business in Indiana;
- Stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other property where earnings are a part of an Indiana business;
- Trusts and estates given to nonresident heirs; and
- 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 filing and income reporting instructions

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

- You received wages, salaries, tips, or commissions from Indiana, you will not owe Indiana adjusted gross income tax on that income. However, you may owe a county tax. If this is the only type of income you received from Indiana, you should file Form IT-40RNR, reciprocal nonresident Indiana individual income tax return. See the “Need tax forms...?” section on page 4 for options; or
- You received other types of Indiana-source income besides wages tips, salaries or commissions (see items 1 through 8 above), you must file Form IT-40PNR instead of Form IT40RNR; or
- You received both Indiana-source income (see items 1 through 8 above) and wage income from Indiana, you must file form IT-40PNR. The wage income will not be subject to Indiana adjusted gross income tax. However, see the county tax instructions for **Reciprocal state residents** on page 35 if these wages were earned in an Indiana county that has a county tax.

Example. Fred and Deanna are full-year residents of Michigan, and file a 2008 joint federal income tax return. During 2008 Fred received \$10,000 winnings from an Indiana riverboat, and Deanna earned \$25,000 wage income from an Elkhart, Indiana employer.

Fred’s riverboat winnings will be taxed by Indiana. Enter Fred’s \$10,000 winnings on Indiana Schedule A, line 20, Columns A and B.

Deanna’s wage income is not subject to Indiana adjusted gross income tax. Therefore, enter Deanna’s wage income in Column A only.

Note: See county tax instructions for **Reciprocal state residents** on page 35 to determine if county tax is due on her wage income.

When not to fill in a line

If you do not have an entry for a particular line, leave it blank. Do not use dashes, zeros or other symbols to indicate that you have no entry for that line.

Completing Form IT-40PNR

Line 1 – Income taxed by Indiana

Complete Indiana Schedule A. Instructions for Schedule A begin on page 20. Carry the line 42B amount to line 1 on the front of Form IT-40PNR.

Line 2 – Indiana deductions

Use Schedule D to figure your Indiana deductions. Instructions for Schedule D begin on page 25. Carry the line 12 amount to line 2 on the front of the IT-40PNR.

Indiana exemptions: Lines 4 - 10

Important: Keep detailed information about the exemption(s) you are claiming, such as full name(s), age(s), Social Security number(s), etc. The Department can require you to provide this information at a later date.

Line 4 - Exemptions

You are allowed \$1,000 for each exemption claimed on your federal return. Enter in the box on line 4 the total number of exemptions claimed on your federal return. Multiply \$1,000 by that number, and enter the answer here.

Example. John and Lisa have a 12-year-old daughter. On John and Lisa’s joint federal return they claim themselves and their daughter as exemptions. 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 are allowed to claim.

Important: 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).

Line 5 - Additional exemption for dependent child

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

Dependent Child Definition: According to state statute, a dependent child must be a son, stepson, daughter, stepdaughter and/or foster child (and/or your spouse’s child, if filing a joint return). He/she must be either under the age of 19 by Dec. 31, 2008, or be a full-time student who is under the age of 24 by Dec. 31, 2008.

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

Example. John and Lisa claimed their 12-year-old daughter as an exemption on their federal return. Since their daughter is under the age of 19, John and Lisa will claim one exemption on line 5 for a total of \$1,500.

Example. Jessie’s elderly father and her nine-year-old daughter lived with her the entire year. She claimed both as dependents on her federal return. Jessie will claim her daughter for the additional exemption on line 5. She is not allowed to claim the additional exemption for her father.

Note: Not all dependent children are eligible for this additional exemption. For instance, if you claimed a grandson or nephew as an exemption on your federal return, you should also claim an exemption for him on line 4. However, since he doesn’t qualify under the Dependent Child Definition above, you will not be able to claim the additional exemption for him 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 and/or your spouse can take an additional \$1,000 exemption. If you and/or your spouse (if filing a joint return) are legally blind, you and/or your spouse can take an additional \$1,000 exemption. Mark the boxes that apply to you and/or your spouse. Enter the total number of boxes marked on this line and multiply by \$1,000.

Line 7 - Additional exemption for age 65 or older

An additional \$500 exemption is available for you and/or your spouse (if filing a joint return) if you are age 65 or older and the amount on Indiana Schedule A, line 41A (your federal adjusted gross income) is less than \$40,000. Mark the boxes that apply to you and/or your spouse. Enter the total number of boxes marked on this line and multiply by \$500.

Line 9 - Proration amount

At the bottom of Indiana Schedule A is the Proration Section. The number in Box 21D represents the percentage of your total income being taxed by Indiana. For example, .450 means that Indiana is taxing 45 percent (.45) of your total income. On line 8 on the front of the IT-40PNR you’ve figured the gross exemption amount available to you. On line 9 you’ll multiply that exemption total by the percent from Box 21D.

Example. If line 8 is \$1,000 and line 9 is .450 (45%), your line 10 total exemption will be \$450. Since Indiana is taxing 45 percent (.45) of your total income, you’re allowed to deduct 45 percent of your total exemptions.

Enter the amount from Box 21D located at the bottom of Indiana Schedule A, Section 1.

See instructions for the *Proration section* on page 23 for more information.

Note: Be sure this number is rounded to a decimal followed by three numbers. Example: $\$3,100 \div \$8,000 = .3875$, which rounds to .388.

Line 10 – Total exemptions

Multiply the exemption subtotal on line 8 by the amount on line 9. Enter the total here.

Line 13 – County tax

To figure your county tax, complete Schedule CT-40PNR. Instructions for Schedule CT-40PNR begin on page 33.

Line 14 – Use tax on out-of-state purchases

If, while a resident of Indiana, you made purchases while you were outside Indiana, through the mail (for instance, by catalog or offer through the mail), through radio or television advertising and/or over the Internet, these purchases may be subject to Indiana sales and use tax if sales tax was not paid at the time of purchase. This tax, called “use” tax, is figured at 6 percent for purchases made from Jan. 1, 2008 through March 31, 2008, and 7 percent for purchases made from April 1, 2008 through Dec. 31, 2008.

When you make purchases from a company in Indiana, that company is responsible for collecting the Indiana sales tax from you. When you make purchases from an out-of-state company, *you* are responsible for making sure the use tax is paid. Either the out-of-state company collects the tax from you or you must pay the tax directly to the State of Indiana.

Complete the worksheet on the next page to figure your tax. If you paid sales tax to the state where the item was originally purchased, you are allowed a credit against your Indiana use tax for an amount up to 6 percent for purchases made from Jan. 1, 2008 through March 31, 2008, and 7 percent for purchases made from April 1, 2008 through Dec. 31, 2008.

Line 15 – Household employment taxes

If, while you lived in Indiana, you paid cash wages during 2008 to an individual who is **not**

- Your spouse,
- Your child under age 21,
- Your parent, and/or
- An employee under age 18.

And the individual worked in and around your home as a baby-sitter, nanny, health aide, private nurse, maid, caretaker, yard worker or someone who does similar domestic duties, then that individual may be defined as your employee.

For more information on defining an employee, see federal Publication 926, Household Employer's Tax Guide, visit www.irs.gov/formspubs or call the IRS at 1-800-829-1040.

If you paid cash wages over \$1,600 to a household worker who is your employee, or total cash wages of \$1,000 or more in any calendar quarter of 2007 or 2008 to **all** household employees, you should have withheld state and county income taxes. To pay these taxes on your Indiana income tax return, contact the Department for Schedule IN-H, or download one from www.in.gov/dor/3910.htm

Line 16 - Indiana advance earned income credit payment (from W-2s)

Enter the total amount of Indiana advance earned income credit payments you received. This amount is shown on your W-2 form in the box directly beneath box 19 ('INADV' should be in the box directly beneath box 20).

Line 17 – Recapture of Indiana's CollegeChoice 529 Education Savings Plan credit

You may be eligible for a credit if you made a contribution(s) to Indiana's CollegeChoice 529 Education Savings Plan (see instructions on page 42 for credit details). However, if you made a non-qualified withdrawal(s) from this plan, you will probably have to repay some or all of any credits previously claimed.

Withdrawals made for higher education expenses tend to be qualified withdrawals. Other withdrawals may fall under the category of "non-qualified." For more information about withdrawals, contact the Department for Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm See Schedule IN-529R at www.in.gov/dor/3910.htm to figure any amount to be recaptured.

Sales/Use Tax Worksheet					
List all purchases made during 2008 from out-of-state retailers.					
Column A Description of personal property purchased from out-of-state retailer	Column B Date of purchase(s) made from 1/1/08 through 3/31/08	Column C Purchase Price of Property(s) from Column B	Column D Date of purchase(s) made from 4/1/08 through 12/31/08	Column E Purchase Price of Property(s) from Column D	
Magazine subscriptions:					
Mail order purchases:					
Internet purchases:					
Other purchases:					
1. Total purchase price of property subject to the sales/use tax: Enter total of Columns C and E	1C			1E	
2. Sales/use tax: Multiply line 1C by .06; multiply line 1E by .07	2C			2E	
3. Sales tax previously paid on the above items (up to 6% per item in Column C; up to 7% per item in Column E)	3C			3E	
4. Total amount due: Subtract line 3C from line 2C and line 3E from line 2E. Add lines 4C and 4E. Carry to Form IT-40PNR, line 14. If the amount is negative, enter zero and put no entry on line 14 of the IT-40PNR	4C			4E	

Indiana credits

Lines 19 and 20 - Indiana state and county tax withheld

The amount of Indiana state tax withheld is usually shown on box 17 and the amount of Indiana county tax withheld is usually shown on box 19 of the W-2s.

Note: Do not claim credit for taxes withheld for states other than Indiana or for localities outside Indiana.

You **must** attach your (and your spouse's, if married filing jointly) 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 form, such as a W-2G or 1099R, you must attach them to the tax return to get credit for the amount withheld.

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

Line 21 - 2008 Estimated tax paid

If you made estimated tax payments, enter the total paid for 2008 on this line. Also include any **extension payment** made with Form IT-9 "Extension of Time to File" for tax year 2009.

Note: Do not include on this line any estimated tax paid for tax year 2009.

Line 22 - 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 and/or your spouse must have been age 65 or older by Dec. 31, 2008,
- If married and living together at any time during the year, you must file a joint return,
- You must have been a resident of Indiana for six months or more during 2008,
- The amount on Indiana Schedule A, Section 3, line 41A must be less than \$10,000, and
- You must not have been in prison for 180 days or more in 2008.

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

Important:

- If your spouse died after Jan. 1, 2008, you can claim this credit by filing a joint return.
- If a person dies and does not have a surviving spouse, then no one can claim the credit on behalf of the deceased person.

The deadline for claiming this credit is June 30, 2009. The only exception to this rule is if you have a valid federal extension of time to file your tax return.

To figure your unified tax credit for the elderly:

Use Table A if:

You meet all the requirements listed above, **and:**

- You are filing a joint return, lived with your spouse during 2008, both were Indiana residents for at least six months and both of you were age 65 or older by Dec. 31, 2008, or
- Both you and your spouse met all the requirements, and your spouse died after Jan. 1, 2008.

Table A
Joint Filers Both Age 65 or Older

If the income on Line 41A 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

Use Table B if:

You meet all the requirements listed above, **and:**

- You are age 65 or older and are single or widowed,
 - You are filing a joint return and only one of you is age 65 or older,
 - You are filing a joint return, both are age 65 or older, but only one was an Indiana resident for six months or longer,
- or
- You are married but did not live with your spouse during 2008, are age 65 or older and are married filing separately.

Table B
Only One Person Age 65 or Older

If the income on Line 41A 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

*Once you have located your credit on Table A or Table B, enter that amount on line 22.

Line 23 - Indiana's earned income credit:
Schedule IN-EIC

Indiana's earned income credit is based on your federal earned income credit. If your federal earned income credit is \$9 or more, you may be eligible for Indiana's earned income credit. The earned income credit will lower the tax you owe and may give you a refund even if you don't owe any tax.

To claim the credit you must meet the following requirements:

- You must have claimed an earned income credit on your federal income tax return;
- You must have income (loss) reported on line 1 of the front page of the IT-40PNR; and
- You must complete and attach Indiana's Schedule IN-EIC.

See Income Tax Information Bulletin #92 at www.in.gov/dor/3650.htm for additional information.

Line 24 - Lake County (Indiana) residential income tax credit

You may be eligible to claim a Lake County (Indiana) residential income tax credit if you meet all three of the following requirements.

1. You paid property tax to Lake County (Indiana) during 2008 on your residence. Your "residence" is your principal dwelling. You must either own or be buying the residence under contract, and must pay property tax to Lake County (Indiana) on that residence.

2. Your earned income must be less than \$18,600. Earned income is the combination of your (and your spouse's, if filing a joint return) wages, salaries, tips and other compensation, plus net earnings from self-employment (income on which you are required to pay self-employment tax on federal Schedule SE). **Note:** Income from pensions, interest, dividends, Social Security, etc., are not classified as earned income.

Example. Sue has \$17,000 wage income, \$300 interest income and \$7,000 pension income. Even though her total income is \$24,300, Sue will qualify for the credit because her earned income is less than \$18,600 (it is \$17,000).

Important: You are not required to have earned income to be eligible for this credit.

Example. Dale receives \$17,000 pension income, \$3,000 Social Security income, and \$100 interest income. He meets the income eligibility requirement because his earned income is less than \$18,600 (it is zero).

3. You are not claiming the homeowner's residential property tax deduction on Indiana Schedule D, line 2, Box A.

How do I figure my credit?

Step 1 Did you pay property tax to Lake County (Indiana) on your residence for 2008? ☐ Yes ☐ No
If yes, continue to Step 2.
If no, **STOP.** You do not qualify for this credit.

Step 2 Enter your earned income. This will include your (and your spouses, if filing a joint return) wage, salary, tip and other compensation, plus net earnings from self-employment. \$ _____

Step 3 If the amount in Step 2 is greater than \$18,600, **STOP.** You do not qualify for this credit.
If the Step 2 amount is **less than** \$18,000, skip to Worksheet A.
If the Step 2 amount is between \$18,000 and \$18,600, skip to Worksheet B.

Worksheet A:
Complete if your earned income is **less than** \$18,000.

A1 Enter the amount of Indiana property tax you paid on your Lake County residence..... **A1 \$** _____

A2 Maximum credit **A2 \$** 300.00

A3 Enter the **smaller** of A1 or A2.
This is your credit. Enter here and on IT-40PNR, line 24 **A3 \$** _____

Worksheet B: Earned income phaseout
Complete if your earned income is between \$18,000 and \$18,600.

B1 Allowable maximum earned income **B1 \$** 18,600.00

B2 Enter your earned income from Step 2 above **B2 \$** _____

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

B4 Multiply the amount on B3 by .5 **B4 \$** _____

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

B6 Enter the **smaller** of B4 or B5.
This is your credit. Enter here and on IT-40PNR, line 24 **B6 \$** _____

Important: Remember, you can claim either this credit OR the homeowner's residential property tax deduction on Schedule D, line 2, Box A, but not both.

Line 25 – Economic development for a growing economy credit (EDGE credit)

If you have business income (including partnership or S corporation income) you may be eligible for the EDGE credit. This credit is available to businesses who conduct certain activities that are designed to foster job creation or job retention in Indiana.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

Contact the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indpls., IN 46204, for eligibility requirements, visit www.in.gov/iedc/ for additional information.

Note: The approved credit agreement letter from the IEDC must be attached, or this credit will not be allowed.

Line 26 – Media production expenditure credit

This credit is for qualified media production expenditures. The minimum qualified production expenditure for a feature length film, including a short feature; an independent or studio production; a documentary; and a television series, program, or feature, must be at least \$100,000 to qualify for the credit. The minimum qualified production expenditure for a digital media production, an audio recording, a music video, an advertising message broadcast on radio or television, or a media production concerning training or external marketing or communications is \$50,000.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204 for additional information about this credit. The approved credit agreement letter from the IEDC and a computation of the credit must be enclosed with the return. Otherwise, this credit will not be allowed.

Get Commissioner’s Directive #36 at www.in.gov/dor/3617.htm for additional information.

Line 27 – Composite filer credit

S corporations and partnerships are required to include all Indiana nonresident individual partners/shareholders on a composite tax return (on Schedule IT-65 COMP or Schedule IT-20COMP) filed at the entity level (attached to Form IT-65 or IT-20S).

Generally, these entities are required to withhold Indiana state/county income tax on behalf of their nonresident partners/shareholders (a WH-18 should be issued reflecting these amounts withheld). The entity then uses some or all of the amounts withheld to help offset the nonresident’s (your) tax due. In the event the entity did not withhold enough to pay your tax liability due on the composite return, you may be eligible to claim a composite filer credit on your personal tax return.

If you have Indiana-source income (loss) which has not been taxed on an Indiana partnership/S corporation composite return, then you must file Form IT-40PNR and complete Indiana Schedule A. When you do, include in Column A all partnership/S corporation income (loss) that

is reported on Form 1040, line 17. Report all Indiana-source income (loss) (after apportionment, if applicable), in Column B, including any income taxed at the entity level. Then, see if you are eligible for a credit by completing the *Composite Credit Worksheet* below.

Important: You must complete a separate *Composite Credit Worksheet* for each WH-18 received, with one exception: multiple WH-18s issued *by the same entity* should be added together when completing the worksheet.

Composite Credit Worksheet

A.	Enter your modified tax liability as computed on the composite return, Schedule IT-65COMP/IT-20COMP*, (Columns D + E – F)	A \$
B.	Enter the amount of withholding credit reported on your behalf on Schedule IT-65COMP/IT-20COMP*, Column G	B \$
C.	If line A is greater than line B, subtract line B from line A and enter the result here and on Form IT-40PNR, line 27. If line B is equal to or greater than line A, enter zero. You are not eligible for a credit	C \$

* You will need to get this information from the entity (partnership/S corporation) who issued the WH-18(s).

Example. Ray is a full-year nonresident of Indiana, and is a member of an Indiana partnership. The partnership included him on their composite tax return (Schedule IT-65COMP). Ray’s tax liability (Columns D + E – F) from that schedule is \$250. The amount of withholding reported on his behalf in Column G is \$180.

Composite Credit Worksheet

A.	Enter your modified tax liability as computed on the composite return, Schedule IT-65COMP/IT-20COMP*, (Columns D + E – F)	A \$ 250
B.	Enter the amount of withholding credit reported on your behalf on Schedule IT-65COMP/IT-20COMP*, Column G	B \$ 180
C.	If line A is greater than line B, subtract line B from line A and enter the result here and on Form IT-40PNR, line 27. If line B is equal to or greater than line A, enter zero. You are not eligible for a credit	C \$ 70

Ray will claim a \$70 credit on his IT-40PNR, line 27.

You must enclose all Schedule IN-K1s when claiming this credit.

Line 28 – Indiana credits

To figure your Indiana credits, complete Schedule E. Instructions for Schedule E begin on page 37.

Line 32 – If the line 31 total credits are more than the line 30 total tax, you have an overpayment. Enter the difference between those two amounts here.

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.

Line 33 - Contribution to Indiana nongame wildlife fund

The Indiana Wildlife Diversity Section offers you the opportunity to play an active role in conserving Indiana's nongame and endangered wildlife. This program is funded through public donations to Indiana's nongame fund. The money you donate goes directly to the protection and management of more than 750 wildlife species in Indiana - from songbirds and salamanders to state-endangered Trumpeter swans and spotted turtles.

Enter the amount of your refund you wish to donate to the nongame wildlife fund on line 33. You can donate all or a part of your refund. Donations must be a minimum of \$1.

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

Read more about Indiana's Wildlife Diversity Section and learn how donations have helped Indiana's endangered wildlife at www.in.gov/dnr/fishwild

Note: 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 wildlife fund and wish to apply a payment to your 2009 estimated tax account, the overpayment will be applied first to the wildlife fund and then to the estimated tax payment. Any amount left will be refunded to you.

Line 35 - Amount to be applied as a 2009 estimated tax installment payment

If you expect to have income during the 2009 tax year that:

- Will not have Indiana income taxes withheld, or
- If you think the amount withheld will not be enough to pay your tax liability, and
- You expect to owe more than \$1,000 when you file your tax return, then you should pay estimated tax.

There are several ways you can make estimated tax payments. First, use the worksheet on Form ES-40 (located with the forms in the middle of the booklet) to see how much you will owe. Then, if you have an overpayment showing on line 34 of your tax return, you can have some or all of the overpayment applied to next year's estimated tax account. To do so, enter any portion of the overpayment:

- On line a, if you want to apply an amount to offset estimated county tax due (from Form ES-40, line K). Also, enter the 2-digit county code from line K; and/or
- On line b, if your spouse lived in a different county than you did on January 1, 2009, and you want to apply an amount to offset your spouse's estimated county tax due (from Form ES-40, line L). Also, enter the 2-digit county code from line L; and/or
- On line c, if you want to apply an amount to offset your estimated state tax due (from Form ES-40, line J).

Example. Chris and Megan have a \$420 overpayment, and want to apply some of it to their 2009 estimated tax account. Their worksheet from Form ES-40 has the following breakdown:

- Line I (each installment payment) is \$300;
- Line J (portion that represents state tax due) is \$270
- Line K (portion that represents county tax due) is \$30

They will enter \$30 on line 35a (along with their 2-digit county code), \$270 on line 35c, and the \$300 total amount to be applied will be entered on line 35d. They will get a \$120 refund (\$420 overpayment - \$300 applied to their 2009 estimated tax account).

Example. Stu wants to pay \$500 in estimated tax for each installment period. He has a \$30 overpayment on his tax return. He chooses to enter the full \$30 overpayment on line 35c (Indiana adjusted gross income tax amount), and carries it over to line 35d. (He will pay the \$470 additional amount by filing the Form ES-40.)

Important: Estimated tax installment payments made for the 2009 tax year are due by April 15, 2009, June 15, 2009, Sept. 15, 2009 and Jan. 15, 2010. Any installment payment amount entered on line 35d 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, 2009, will be considered to be a 2009 first installment payment; June 3, 2009, will be considered to be a 2009 second installment payment; and July 22, 2009, will be considered to be a 2009 third installment payment. If you are filing this return *after* Jan. 15, 2010, you will not be able to make an installment payment on this line.

Note: You may use Form ES-40 to make a payment by check or money order. Estimated tax payments may also be made online, via credit card or check, at www.in.gov/dor/epay See line 42 instructions on page 17 for details about payment options.

For additional information about estimated taxes see Income Tax Information Bulletin #3 at www.in.gov/dor/3650.htm

Note: An entry on this line will reduce or eliminate your refund.

Line 36 - Penalty for underpayment of estimated tax

You might owe a penalty for underpayment of estimated tax if you did not have taxes withheld from your income and/or you did not pay enough estimated tax throughout the year.

In fact, not properly paying estimated tax is one of the most common errors made in filing Indiana tax returns.

Generally, if you owe \$1,000 or more in state and county tax for the year that's not covered by withholding taxes, you need to be making estimated tax payments.

You might owe this penalty if:

- The total of your credits, including timely estimated tax payments, is less than 90 percent of this year's tax due or 100 percent* of last year's tax due, ** or
- You underpaid the minimum amount due for one or more of the installment periods.

If either of these cases apply to you, you must complete Schedule IT-2210 or IT-2210A to see if you owe a penalty or if you meet an exception. If you owe this penalty, attach Schedule IT-2210 or IT-2210A to your tax return and write the penalty amount on Form IT-40PNR, line 36.

*You must have timely paid 100 percent of lines 12 and 13 of your 2007 IT-40PNR. **Note:** If last year's Indiana **adjusted gross income** was more than \$150,000 (\$75,000 for married filing separately), you must pay 110 percent of last year's tax (instead of 100 percent).

**Farmers and fishermen should see the special instructions on page 18.

Important. If it looks like you owe a penalty for the underpayment of estimated tax, and

- You didn't report a penalty amount on line 36, and
 - You didn't attach Schedule IT-2210 or Schedule IT-2210A showing you meet an exception to owing a penalty,
- Then the Department will automatically figure a penalty for you.

Should I use Schedule IT-2210 or IT-2210A?

Schedule IT-2210 should be used by individuals who receive income (not subject to withholding tax) on a fairly even basis throughout the year. This schedule will help determine whether a penalty is due, or whether an exception to the penalty has been met.

Example. Jim and Sarah together received \$1,000 pension income each month. Since their income is received on a fairly even basis, they'll use Schedule IT-2210 to figure their penalty or exception to the penalty.

Schedule IT-2210A should be used by individuals who receive income (not subject to withholding tax) unevenly during the year. This schedule will help determine whether a penalty is due, or whether an exception to the penalty has been met.

Example. Bill's income is from selling fireworks in June and July. He will want to figure any penalty due on Schedule IT-2210A, which may exempt him from having had to pay estimated tax on the April 15, 2008, first installment due date.

Example. Rachael received a sizeable lump sum distribution in December of 2008. She figured how much estimated tax was due, and paid it by the Jan. 15, 2009, fourth period installment due date. By completing Schedule IT-2210A, she shows she owes no penalty for the first three installment periods, and that a proper payment was made for the fourth installment period. She will owe no penalty.

Visit our Web site at www.in.gov/dor/3910.htm to get Schedule IT-2210 or IT-2210A.

Line 37 - Your refund

You have a refund if line 34 is greater than the combined amounts entered on lines 35d and 36. No refund will be issued if the overpayment is less than one dollar.

Note: If the combination of line 35d plus line 36 is *greater* than the line 34 amount, you must make an adjustment. The estimated tax carryover amount on line 35d is limited; it cannot be greater than the remainder of line 34 minus line 36. See the second example in the right-hand column on page 15 for clarification.

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

Note: There is a **statute of limitations** on filing refund claims. When filing your 2008 tax return, a claim for refund of excess withholding credits must be made no later than April 15, 2011. A claim for refund of all other excess payments and refundable credits must be made by April 16, 2012. (The claim is considered to be made on the day your return is postmarked.) If you file your 2008 tax return after the statute of limitations has expired, no refund will be issued.

Line 38 - Direct deposit

You may choose to have your refund deposited in your checking, savings or Hoosier Works Master Card account. See below for instructions on how to do this.

If you want your refund directed into your checking or savings account, complete lines 38a, b and c.

a) The routing number is nine digits, with the first two digits of the number beginning with 01 through 12 or 21 through 32. Do not use a deposit slip to verify the number because it may have internal codes as part of the actual routing number. The sample check below has the routing number identified.

b) The account number can be up to 17 digits. Omit any hyphens, accents and special symbols. Enter the number from left to right and leave any unused boxes blank. The account number is identified on the sample check below.

c) Check the appropriate box for the type of account you are making your deposit to: either a checking account or savings account.

Note: The routing and account numbers may appear in different places on your checks.

If you currently have a Hoosier Works MasterCard and wish to have your refund directly deposited in your account, enter your 12-digit account number on line 38b, where it says "Account Number" (do not write anything on line 38a "Routing Number"). You can find your 12-digit account number in the upper right-hand corner of your account monthly statement.

Note: DO NOT use your MasterCard 16-digit number.

Make sure to check the "Hoosier Works MC" box on line 38c. For more information on direct deposit, please see *Where's Your Refund* on page 5.

Line 39 -

- If line 37 is less than zero, you have an amount due. Enter here as a positive number and skip to line 40.

OR

- If line 30 is greater than line 31, complete the following steps:

A. Subtract line 31 from line 30
and enter the total here A _____

B. Enter any amount from line 36 B _____

C. Add lines A + B. Enter total here
and on line 39 D _____

Line 40 - Penalty

If your tax return is filed after the April 15, 2009, due date and you have an amount due, you will probably owe a penalty. Penalty is 10 percent of the amount due (line 39 minus line 36) or \$5, 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 percent of the amount due by April 15, 2009, then no penalty is due.

Line 41 - Interest

If your tax return is filed after the April 15, 2009, due date and you have an amount due, you will owe interest (even if you have a valid extension of time to file). Interest should be figured on the result of line 39 minus line 36. Contact the Department for the current interest rate by calling (317) 232-2240 or visit our Web site at www.in.gov/dor/3618.htm to get Departmental Notice #3.

Line 42 - Amount you owe - payment options

There are several ways to pay the amount you owe.

Make your check, money order or cashier's check payable to: Indiana Department of Revenue. Just include the payment loose in the envelope. **Do not staple** it to the return. **Do not send cash.**

You may also pay using the **eCheck** payment method. This service uses a paperless check and may be used to pay the tax due with your Indiana individual income tax return, as well as any billings issued by the Indiana Department of Revenue for any tax type. To pay, go to www.in.gov/dor/epay and follow the step-by-step instructions. You will receive a confirmation number and should keep this with your tax filing records. The fee for using this service is \$1.

Note: All payments made to the Indiana Department of Revenue must be made with U.S. funds.

You may also pay by using your American Express® Card, Discover® Card, MasterCard® or VISA® by calling 1-800- 2-PAY TAX (1-800-272-9829). Or, log on to www.in.gov/dor/epay and use your Discover® Card, MasterCard® or VISA® to make a payment.

A convenience fee will be charged *by the credit card processor* based on the amount you are paying. You will be told what the fee is and you will have the option to either cancel or continue the credit card transaction.

Note: No payment is due if you owe less than \$1.

Returned checks and other types of payments

If you make a tax payment with a check, credit card, debit card or electronic funds transfer, and the department is unable to obtain payment for its full amount when it is presented for payment, a 10 percent penalty of the unpaid tax or the face value of the check, credit card, debit card, or electronic funds transfer, whichever is smaller, is due.

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 immediately, the penalty will be increased to the face value of the intended payment or 100 percent 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

Your (and spouse's) information

Tell us where you were a resident during 2008 by completing this area. Enter the 2-letter name for the other state(s) where you lived. Also, complete the area asking for the time period you lived in Indiana and/or other state(s). If you lived in more than one state other than Indiana, let us know where and when on an attachment.

Note: If you were a resident of a foreign country during all or a part of 2008, enter the 2-letter code "OC" for other country.

Farmers and fishermen

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

- Paying all your estimated tax on or by Jan. 15, 2009, and filing your Form IT-40PNR by April 15, 2009, **or**
- Filing your Form IT-40PNR by March 2, 2009, and paying all the tax due at that time.

You are not required to make an estimated tax payment if you use this option. If you pay all the tax due, you will not be penalized for failure to pay estimated tax.

Important: If you have checked the box, you **must** enclose the completed Schedule IT-2210 or IT-2210A to support your claim.

See page 16 for more information about these schedules.

Are you filing a federal income tax return?

You must check the "yes" or "no" box to answer the question: "Are you filing a federal income tax return for 2008?"

Deceased individual information

If the taxpayer and/or spouse died during 2008, and this return is being filed with his/her name on it, make sure to enter the month and day of death in the appropriate box located on the back of the IT-40PNR. For example, a date of death of Jan. 9, 2008, would be entered as 01/08/2008. See instructions on page 6 for more information.

Note: If the taxpayer and/or spouse died before 2008, or after Dec. 31, 2008, but before filing their tax return, do not enter his/her date of death in this box.

Signature section

If this is a joint return, both you and your spouse must sign and date the tax return. Please enter your daytime telephone number so we can call you if we have any questions about your tax return. Also, enter your e-mail address if you would like us to be able to contact you by e-mail.

Signing a tax return for a deceased individual

If a joint return is filed by the surviving spouse, the surviving spouse should sign his/her name and after the signature write: "Filing as Surviving Spouse".

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), indicating their relationship after their signature (e.g. administrator).

If an executor or administrator has not been appointed, the person filing the return should sign and give their relationship to the deceased (e.g. "John Doe, nephew").

Personal representative information

Typically, the Department will contact you (and your spouse, if filing jointly) if there are any questions or concerns about your tax return. If you wish to allow the Department to discuss your tax return with someone else (e.g. the person who prepared it, a relative or friend, etc.), you will need to complete this area.

First, you must check the "Yes" box which follows the sentence "I authorize the Department to discuss my tax return with my personal representative."

Next, enter:

- The name of the individual you are designating as your personal representative,
- That person's telephone number, and
- That person's complete address.

If you complete this area, you are authorizing the Department to be in contact with someone other than you concerning information about this tax return. After your return is filed, the Department will communicate primarily with your designated personal representative.

Note: If you are due a refund, it will be paid to you (and your spouse, if filing jointly) even if you designate a personal representative.

You may decide at any time to **revoke** the authorization for the Department to speak with your personal representative. You will need to provide a signed statement indicating you revoke this authorization. Include your name, Social Security number and the year of your tax return. Mail your statement to Indiana Department of Revenue, P.O. Box 40, Indpls., IN 46206-0040.

Paid preparer information

Fill out this area if a paid preparer completed this tax return.

Note: This area needs to be completed even if the paid preparer is the same individual designated as your personal representative.

The paid preparer must provide:

- The name and address of the firm that he/she represents.
- His/her identification number.
- His/her telephone number.
- Complete address.
- Signature with date.

Opt-Out designation

There are many benefits to electronic filing, which include:

- Elimination of math errors.
- Faster refunds.
- Fast and free filing (with the state's I-File program).

A new law regarding electronic filing went into effect Jan. 1, 2008. This new law requires paid preparers to electronically file all Indiana individual income-tax returns if they prepare more than 100 tax returns annually. If you use a paid preparer and do not want your tax return to be filed electronically, you must complete a state Form IN-OPT. This form requires your signature (and your spouse's, if filing jointly), and must be maintained by your paid preparer with his or her records.

Get Form IN-OPT at www.in.gov/dor/3910.htm for more information.

Make sure you keep a copy of your completed tax return, including all required enclosures, such as W-2s and schedules.

Unresolved problems?

Use the taxpayer advocate

As prescribed by the Taxpayer Bill of Rights, the Department has an appointed taxpayer advocate whose purpose is to facilitate the resolution of taxpayer complaints and complex tax issues. If you have a complex tax issue, you must first pursue resolution through normal channels, such as contacting the tax administration division (317-232-2240). If you are still unable to resolve your tax issue, or a tax assessment places an undue hardship on you, you may receive assistance from the Office of the Taxpayer Advocate.

For more information, and to get required schedules if filing for an offer in compromise or a hardship case, visit our Web site at www.in.gov/dor/files/fs-oic.pdf You may also contact the Office of the Taxpayer Advocate directly at taxpayeradvocate@dor.in.gov, or by telephone at (317) 232-4692. Submit supporting information and documents to: Indiana Department of Revenue, Office of the Taxpayer Advocate, P.O. Box 6155, Indpls., IN 46206-6155.

Where to mail your tax return – labels for envelope

You will find mailing labels next to the envelope enclosed in this booklet. Returns with payments enclosed have a different post office box number for mailing purposes.

If you are enclosing a payment, please mail your tax return with all attachments to:

Indiana Department of Revenue
P.O. Box 7224
Indianapolis, IN 46207-7224

For all other filings, please mail your tax return with all attachments to:

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

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.

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.

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 trade or business.

Example. Dividends received from an S corporation doing business in Indiana would be reported by nonresidents as income taxable in Indiana.

Example. Interest income received by an Illinois resident from a personal Indiana savings account is not income taxable to Indiana. When reporting a loss or negative entry, put brackets around the number. *Example.* (1.00)

Read the following line-by-line instructions for more information. Also, see Income Tax Information Bulletin #28 at www.in.gov/dor/3650.htm for more information.

Section 1: Income or loss line-by-line instructions

You must complete your federal income tax return first. The instructions for lines 1, 2, 3 and 4 do not reference a particular federal form: these amounts will be taken from the federal Form 1040, 1040A or 1040EZ. The remaining Indiana Schedule A instructions generally reference certain federal forms and specific line numbers. For example, the line 7 “Business Income or Loss” instruction references the line on federal Form 1040, line 12.

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 filing and income reporting instructions* on page 9).

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 4.

Note: 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:

- Tax add-back on Section 1, line 23, on page 23;
- Apportionment on line 19 if this income is from a business doing business both within and outside Indiana; and
- Other income on line 20.

Line 8 — Capital gain or loss from sale or exchange of property

Enter in Column A the capital gain or loss from federal Schedule D that is reported on federal Form 1040, line 13 or Form 1040A, line 10. Enter in Column B that portion received while you were an Indiana resident and/or from the sale or exchange of property located in Indiana.

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

Example. Jessica had a \$4,000 long term capital loss while living in Indiana from Jan. 1, 2008, through Sep. 30, 2008. She moved to Utah on Oct. 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. She will report a \$3,000 loss to Indiana. The remaining \$1,000 loss will be available to offset income on Indiana tax return(s) for other years.

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 taxable portion of the IRA distribution reported on your federal Form 1040, line 15b, or Form 1040A, line 11b. Enter in Column B that portion received while you were an Indiana resident.

Line 11 — Pensions and annuities

Enter in Column A the taxable portion of all pensions, annuities and other retirement income as reported on your federal Form 1040, line 16b, or Form 1040A, line 12b. 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 included in the total on 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 for Section 1, line 23, on page 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, that is included in the total on federal Form 1040, line 17.

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

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

Partnership and S Corporation. If you are a nonresident, the Indiana partnership and S corporation should provide to you an apportioned amount to be taxed by Indiana on Form IN-K1. 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.

Important. Indiana partnerships and S corporations are required to:

- file an annual return, Form IT-65/Form IT-20S;
- withhold Indiana state and county income tax on behalf of their nonresident partners and shareholders*; and,
- figure and pay (with the filing of their annual return) Indiana state and county income tax due on their nonresident partners and shareholders.

*This withholding requirement does not apply to the residents of Arizona, Oregon and Washington D.C. who are subject to and pay income taxes at rates of 3.4 percent or higher to their resident state.

If Indiana state and county tax was paid on your behalf by the reporting partnership/S corporation, and you are reporting income from that entity in Column B, then see Line 27 instructions on page 14 to see if you qualify for a credit.

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

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 for Section 1, line 23, on page 23.

Line 17 — Unemployment compensation

Enter in Column A the unemployment income from federal Forms 1040, line 19, 1040A, line 13, or 1040EZ, line 3. 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 Forms 1040 or 1040A. Enter in Column B the portion received while you were an Indiana resident.

Note: Indiana will not tax Social Security benefits or railroad retirement benefits which are issued by the U.S. Railroad Retirement Board. Therefore, look at Indiana Schedule D, lines 5 and 6. 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.

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. 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 riverboat winnings, prizes, awards, amounts recovered from bad debts, gross lottery and other 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 source(s) of the income or loss reported on this line.

Bonus depreciation

Bonus depreciation is the additional first-year special depreciation deduction allowed under Section 168(k) of the Internal Revenue Code for property placed in service after Sept. 11, 2001. If this depreciation method affects any income (loss) reported in Column B, an adjustment is necessary.

Figure the net income (or loss) which would have been included in the Column B portion of federal adjusted gross income had the bonus depreciation method not been used. Then, enter the difference, which may be a positive or negative amount, on line 20B.

Example. Mack used the bonus depreciation method for federal income tax purposes. After refiguring the depreciation without using the bonus method, he has to add back \$1,500 on his Indiana tax return.

Note: After making an initial adjustment for bonus depreciation you will need to refigure the amount of depreciation available for state purposes for subsequent years.

Example. Ann made an initial adjustment for bonus depreciation on last year's Indiana tax return. This year she figures she is entitled to a \$150 additional depreciation amount for state tax purposes. She should enter that amount as a negative entry, or (\$150), on line 20B.

For additional information, see Commissioner's Directive #19 at www.in.gov/dor/3617.htm

Section 179 expense

You must make an exception (when figuring Indiana adjusted gross income) for the IRC Section 179 expenses claimed for federal tax purposes that exceeds the amount allowed for state tax purposes. Indiana adopted the former expensing limit provided by the Jobs Creation and Workers Assistance Act of 2002, which allows a deduction up to \$25,000. The increase to \$100,000 allowed by 2003 federal legislation is not allowed for purposes of figuring Indiana adjusted gross income.

If any income (or loss) reported in Column B reflects a Section 179 expense (excluding any entry on line 19B), add-back on line 20B your share of the expense claimed for federal tax purposes that exceeds the amount allowed for state tax purposes.

Federal net operating loss (NOL)

Report any NOL from your federal Form 1040, line 21 as a negative amount in Column A only.

You will show the Indiana portion of your Indiana net operating loss deduction on Schedule D under line 11. See instructions for *Indiana Net Operating Loss Deduction* on page 31 for more information.

Federal economic stimulus payment

If you received an economic stimulus payment, do not include it here. Indiana will not tax it.

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 amount on line 21B by the amount on line 21A. Please round your answer to a decimal followed by three numbers.

Example. \$3,100 ÷ \$8,000 = .3875, which rounds to .388. Enter the result here and on line 9 on the front of Form IT-40PNR.

Note: If line 21B is a loss, enter zero (0) in Box 21D and on line 9 on the IT-40PNR. If line 21A (or Box 21C) is a loss, and line 21B is a positive amount, enter 1.00 (100 percent) in Box 21D and on line 9 on the IT-40PNR.

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

Step 1 Enter the amount from Schedule A, line 21A 1 _____

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

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

Step 4 Enter the amount from Schedule A, line 21B 4 _____

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

Line 23 - Tax add-back

If you did not complete Federal Schedules C, C-EZ, E, or F, which includes sole proprietorship income, farm income, rental, partnership, S corporation, and trust and estate income (or loss), then do not complete this line.

On those schedules you are allowed to claim a deduction for taxes paid which are:

- based on, or
- measured by income, and
- levied at a state level by any state in the United States.

If you claimed this kind of deduction on any of these schedules, then you must add it back to your Indiana income.

Do not add back property taxes on this line.

Note: Income, losses and/or expenses from other schedules and forms may flow through to federal Schedules C, E and F.

For example, partnership income from federal Schedule K-1 (Form 1065) may be included on federal Schedule E, while expenses from federal Form 8829 may be included on federal Schedule C.

Make sure to check the other forms and schedules to see if they also include deductions for any taxes based on or measured by income and levied at any state level from which your pro rata share 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 — Archer MSA deduction

Enter in Column A the Archer MSA deduction reported on your federal Form 1040, line 23.* Enter in Column B the portion of the deduction that is directly related to the reported Income in Section 1, Column B.

Note: Federal Form 1040 was not finalized at the time this instruction booklet was printed. If you were allowed to claim an Archer MSA deduction on your federal return, but claimed it on a different line, include it as a deduction on this line.

Line 27 — Certain business expenses of reservists, performing artists, etc.

Enter in Column A the adjustment claimed for certain business expenses of reservists, performing artists and fee-based government officials claimed on your federal Form 1040, line 24. Enter in Column B that portion of the deduction that is directly related to the reported income (in Section 1, Column B) produced in conjunction with those expenses.

Line 28 — Health savings account deduction

If you are eligible to take this adjustment on your federal Form 1040, line 25, you are also allowed the adjustment on your Indiana tax return. Enter the amount of the federal deduction in Column A. If some or all of the income on which this deduction was based is taxed by Indiana, then you will be able to take a deduction in Column B.

Line 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.

Line 30 — One-half of self-employment tax deduction

Enter in Column A the amount claimed on federal Form 1040, line 27. 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 deduction for Column B use the formula below.

Indiana self-employment income

Federal self-employment income

X

Federal Adjustment

(Column A)

=

Indiana Deduction

(Column B)

Line 31 — Payments to self-employed, SEP, SIMPLE and qualified retirement plans

Enter in Column A the deduction reported on your federal Form 1040, line 28. You are allowed a deduction in Column B (based on Indiana self-employment income reported in Column B of Section 1) for contributions to qualified self-employment retirement plans to the extent allowed in arriving at your federal adjusted gross income.

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

Use the formula below to figure your deduction.

Indiana self-employment income

Federal self-employment income

X

Federal Adjustment

(Column A)

=

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 32 — Self-employed health insurance deduction

Enter in Column A the deduction claimed on your federal Form 1040, line 29. If some or all of the income on which this deduction is based is taxed by Indiana, then you will be able to take a deduction in Column B. The income on which this deduction is based is from self-employment income and certain income from partnerships and/or S corporations.

Use the formula below to figure your deduction for Column B.

Indiana source: self-employment income/certain income from partnerships and/or S corporations

Federal self-employment income/certain income from partnerships and/or S corporations

X

Federal Adjustment

(Column A)

=

Indiana Deduction

(Column B)

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.

Line 35 — Individual retirement account deduction

Enter in Column A the Individual Retirement Account (IRA) deduction reported on your federal 1040, line 32, or 1040A, line 17. Enter in Column B an adjustment (based on your Indiana compensation) for the amount you paid into the IRA (provided you qualify for the deduction for federal tax purposes). Compensation includes wages, salaries, commissions, tips, professional fees, bonuses and other amounts you received for providing personal services.

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

Use the formula below to figure your deduction.

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

Line 36 — Student loan interest deduction

Enter in Column A the student loan interest deduction reported on your federal Forms 1040, line 33 or 1040A, line 18. Enter in Column B the portion of the deductible interest paid while you were an Indiana resident.

Line 37 — Jury duty pay you gave to your employer

Enter in Column A the jury duty pay deducted on your federal Form 1040, line 34 or from Form 1040 A, line 19, if applicable.* Enter in Column B the jury duty pay turned over to your employer that is in direct relation to the salary being taxed by Indiana (included in the line 21, Column B total).

Note: Federal Form 1040 was not finalized at the time this instruction booklet was printed. If you were allowed to claim on your federal return a deduction for jury duty pay you gave to your employer, but claimed it on a different line, include it as a deduction on this line.

Line 38 — Domestic production activities deduction

Enter in Column A the domestic production activities deduction reported on your federal Form 1040, line 35. **Do not** report any of the domestic production activities deduction in Column B as Indiana does not allow this deduction.

Line 39 — Other adjustments (do not include itemized deductions)

Use this line to report certain deductions claimed on your federal income tax return for which no specific line was otherwise provided when arriving at federal adjusted gross income (1040, line 37, or 1040A, line 21). If you have written in allowable deductions on your federal Form 1040, line 36, or Form 1040A, line 20, then enter those amounts here.

Here is a list of the most common allowable deductions. You must attach a copy of your federal income tax return to support any deductions claimed on this line. **Note:** Federal Form 1040 was not finalized at the time this instruction booklet was printed. If you were allowed to claim an educator expense deduction and/or tuition and fees deduction, but claimed either on a different line, include it as a deduction on this line.

- Enter in Column A any **educator expense deduction** claimed on your federal Form 1040. Enter in Column B the portion of the expense that was spent while you were an Indiana resident.
- Enter in Column A any **tuition and fees deduction** reported on your federal 1040. Enter in Column B the portion that was paid while you were an Indiana resident.
- Enter in Column A any adjustment claimed for **scholarship and fellowship grants** excluded on federal Form 1040NR, line 30. Enter in Column B the portion excluded while residing in Indiana, or while being an Indiana resident, and attach a copy of your 1040NR.

Do not claim itemized deductions on this line.

Section 3: Totals

Line 41A — Column A total

Subtract line 40A from line 25A and enter total here.

Line 42B — Column B total

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

Indiana deductions: Schedule D – line-by-line instructions

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 manufactured home in Indiana or paid rent for your manufactured home lot, you may claim the renter's deduction if the above requirements are met.

Rent paid for summer homes or vacation homes is *not* deductible.

You cannot claim the renter's deduction if the rental property was not subject to Indiana property tax. Examples of this type of property are:

- Government owned housing,
- Property owned by a nonprofit organization,
- Student housing,
- Property owned by a cooperative association, and
- Property located outside of Indiana.

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

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

If you moved during the year or had more than one landlord, you must list the same information for each place that you rented. Attach additional pages if necessary.

How much rent can I deduct? You can deduct up to \$3,000 or the amount of rent paid, whichever is less.

Example. Emily paid \$4,800 in rent on her principal place of residence, which was located in Indiana. She will claim a \$3,000 renter's deduction.

Example. Bill paid \$400 rent for his first apartment, which was located in Indiana. He moved to another Indiana location during the year and paid \$2,800 rent for the rest of the year. His deduction will be limited to \$3,000, even though he paid \$3,200 altogether.

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

For more information about this deduction, see Income Tax Information Bulletin #38 at www.in.gov/dor/3650.htm

Line 2 - Homeowner's residential property tax deduction

You may be able to take a deduction of up to \$2,500 of the Indiana property taxes (residential real estate taxes) paid on your principal place of residence.

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

Note about last year's property tax: Most Indiana property tax statements for the 2006 tax year were issued and payable in 2007. However, some of those statements were not issued (and payable) until sometime in 2008. If you received and paid one of these catch-up bills in 2008, you may be eligible for an additional deduction. See *Catch-up deduction* on page 27 for details.

Note: Property tax paid for summer homes or vacation homes is not deductible.

Important: You cannot claim this deduction for property tax paid in 2008 if you are claiming the Lake County residential income tax credit on line 24.

How do I claim my deduction?

First, complete the information area on Schedule D, line 2.

- Enter the address of your principal residence where the Indiana property tax was paid if it's different from the address on the front of the return. If you had more than one principal residence during the year, and you paid Indiana property tax on both residences, list the additional residence on a separate piece of paper.

Example. Sue and Mack married in 2008. They sold both of their Indiana homes during the year and began renting. They are eligible to claim a property tax deduction on the combined property taxes paid on both homes if they are filing a joint return (limited to \$2,500 altogether).

- Enter the number of months you lived there. If you claim more than one residence, enter the number of months lived at the other residence(s) on a separate sheet of paper.
- Enter the amount of Indiana property tax paid.* If you lived in more than one residence during the year, enter the combined amount of Indiana property tax paid on all principal residences.
- Enter in **Box A** the smaller of \$2,500 or the amount of Indiana property tax paid.

***Property tax rebate.** If you received a property tax rebate (refund) from the Indiana county during 2008, make sure to claim the reduced amount of property tax paid accordingly.

Example: Billy's property tax statement showed he owed \$2,400 in property tax on his home. He got a \$200 property tax rebate from the county, and wound up paying \$2,200 altogether. He should enter \$2,200 as his property tax deduction (\$2,400 amount due minus the \$200 rebate) in Box A.

Example: Alex owed \$3,200 in property tax on his home; he got a \$150 rebate, so he paid \$3,050 altogether. Since the deduction is limited to the lesser of \$2,500 or the amount paid, he should enter the maximum of \$2,500 in Box A.

Important: Do not reduce the amount reported in Box A by any property tax rebate if you received both a property tax rebate in 2008 and a property tax statement in 2008 for taxes assessed in 2006 which were normally payable in 2007. See *Catch-up deduction* on page 27 for details.

No double benefit allowed. If any portion of property taxes paid on your principal residence was deducted as an expense on federal Schedule C, C-EZ, E or F, then do not deduct that amount on this line.

Example. Jean paid \$1,200 in Indiana property tax on her home. She used one room of her home for her business, and deducted \$200 Indiana property tax as an expense on her federal Schedule C. Jean is allowed a deduction of \$1,000 (\$1,200 minus the \$200 deduction already taken on federal Schedule C).

How do I find out how much I paid in Indiana property tax on my principal residence? Indiana counties annually send statements to homeowners showing how much property tax is due on their property. Add together the 2008 spring and fall installments, if you paid both of them.

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

If you can't locate the information, contact your local county treasurer's office or your mortgage company.

Important. You must maintain copies of proof that you paid your Indiana property tax as the Department can require you to provide this information. This could include the Form 1098, the property tax statement from your local assessor's office, cancelled checks, etc.

Catch-up deduction. Most Indiana property tax statements for the 2006 tax year were issued and payable in 2007. However, some of those statements were not issued (and payable) until sometime in 2008. If you received and paid one of these catch-up bills in 2008, you may be eligible for a deduction.

You cannot take a catch-up deduction:

- For any property taxes already claimed on your 2007 tax return, or
- If you claimed the Lake County residential income tax credit on your 2007 tax return.

Complete the *Property tax deduction worksheet* below to see if you are eligible to claim a 2007 property tax deduction on this year's tax return, and to figure your deduction.

Important: If you claimed the **Lake County** credit on line 28 of your 2007 state tax return (or on line 24 of Form IT-40PNR), do not complete the worksheet. *You are not eligible for this deduction.*

Property tax deduction worksheet

Step 1	Maximum deduction	\$ 2,500
Step 2a	Enter any property tax deduction claimed on your 2007 tax return, Schedule 1 line 2 (or Schedule D, line 2 if you filed Form IT-40PNR)	\$ _____
Step 2b	Subtract Step 2a from Step 1 (if zero or less, STOP. You are not eligible for this deduction)	\$ _____
Step 3	Enter the amount of 2006 property tax due for 2007 but not paid until 2008	\$ _____
Step 4a	Enter any property tax rebate received from the county during 2008	\$ _____
Step 4b	Subtract Step 4a from Step 3 (if zero or less, STOP. You are not eligible for this deduction)	\$ _____
Step 5	Enter the smaller of Step 2b or Step 4b here and on Schedule D, line 2, Box B	\$ _____

Example. Spencer paid \$2,100 in property taxes on his Indiana home in 2007, and claimed a \$2,100 homeowner's property tax deduction on Schedule 1, line 2 (or Schedule D, line 2 if he filed Form IT-40PNR). He got a follow-up bill in 2008, and had to pay an additional \$514 in 2007 property tax. He also received a \$220 property tax rebate from the county in 2008. Here's his completed *Property tax deduction worksheet*:

Example

Step 1	Maximum deduction	\$ 2,500
Step 2a	Enter any property tax deduction claimed on your 2007 tax return, Schedule 1 line 2 (or Schedule D, line 2 if you filed Form IT-40PNR)	\$ 2,100
Step 2b	Subtract Step 2a from Step 1 (if zero or less, STOP. You are not eligible for this deduction)	\$ 400
Step 3	Enter the amount of 2006 property tax due for 2007 but not paid until 2008	\$ 514
Step 4a	Enter any property tax rebate received from the county during 2008	\$ 220
Step 4b	Subtract Step 4a from Step 3 (if zero or less, STOP. You are not eligible for this deduction)	\$ 294
Step 5	Enter the smaller of Step 2b or Step 4b here and on Schedule D, line 2, Box B ...	\$ 294

Spencer is eligible to claim \$294 as a deduction on Schedule D, line 2, Box B.

Line 3 - State tax refund reported on federal return

If you entered a state tax refund amount on line 10 of your federal Form 1040, and you reported it on Indiana Schedule A, Section 1, lines 5A and 5B, then deduct here the amount from line 5B.

Line 4 - Interest on U.S. government obligations deduction

If you reported interest income on Indiana Schedule A, Section 1, line 3B, you may be able to take a deduction. If any part of this interest income is from a direct obligation of the U.S. government, you can deduct it.

Examples of U.S. government obligations include U.S. savings bonds, U.S. Treasury bills and U.S. government certificates. This interest is usually reported on federal Schedule B.

Interest income reported from a trust, estate, partnership or S corporation that is from U.S. government obligations is also deducted on this line.

Note: When certain U.S. savings bonds are redeemed to pay expenses for higher education, the interest may be excluded from federal adjusted gross income. Therefore, do not enter any interest from U.S. savings bonds that is shown on your federal Schedule B, line 3 (because it has already been excluded from income).

For more information about this deduction see Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm

Lines 5 and 6 - 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 Social Security income.

If you have included railroad retirement benefits that are issued by the Railroad Retirement Board on Indiana Schedule A, Section 1, line 11B, deduct them on this line. Indiana does not tax this type of income.

Note: Do not enter any other types of pension or retirement income on these lines.

Line 7 - Military service deduction

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

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

- You were at least 60 years of age by Dec. 31, 2008,
- You were receiving military retirement or survivor's benefits in 2008, and
- The benefits received as retirement income were reported on your federal return.

Your deduction will be the actual amount of military income received (i.e. military pay, retirement pay and/or survivor's benefits) or \$5,000, whichever is less. If both you and your spouse received military income, you may each claim the deduction for a maximum of \$10,000.

Important. If you served in the Indiana National Guard or the reserve component of the armed forces during 2008, see the new National guard and reserve component members deduction on page 32.

Note: Military income earned while in a **combat zone** is not taxable on your federal or state income tax returns. Since Indiana is not taxing this income, your combat zone income is not eligible for a deduction.

Example. Jim was on active duty the first month of the year. He was stationed in a combat zone the rest of the year. His military W-2 form shows regular military wage income of \$950, and \$19,000 income earned while being stationed in a combat zone. Only \$950 of his income is taxed on his federal return; likewise, Indiana will only tax \$950. Jim should claim a \$950 military deduction (the lesser of the income being taxed [\$950] or \$2,000).

Note: If you received a combination of military pay, retirement pay and/or survivor's benefits during the tax year, the total deduction cannot be greater than \$5,000 per qualifying person. For example, if you earned \$3,000 in military pay and \$1,500 in retirement pay, you can deduct only \$5,000 of your military income.

Important. You enclose your military W-2 form, retirement pay statement and/or survivor's benefit statement to the tax return if you are claiming this deduction.

For more information about this deduction see Income Tax Information Bulletins #6 and #27 at www.in.gov/dor/3650.htm

Line 8 – Non-Indiana locality earnings deduction

If you received income subject to both Indiana state income tax and a local tax in another state, and this income is reported on Indiana Schedule A (lines 1B and/or 2B), you may be allowed to deduct up to \$2,000.

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

The deduction is limited. You may deduct the amount of your income that was 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 that the tax was paid to a locality outside Indiana to be allowed this deduction. A W-2 form is proof as long as the W-2 form shows a withholding amount and the name of the non-Indiana locality where the tax was paid. The name of the locality is usually found in box 20, Locality Name, on 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.

For more information see Income Tax Information Bulletin #28 at www.in.gov/dor/3650.htm

Line 9 - Insulation deduction

You may be able to take this deduction if you installed new insulation in your Indiana home during 2008. Insulation includes weather stripping, double pane windows, storm doors and storm windows. To take this deduction the following requirements must be met:

- The insulating items must have been installed in your principal place of residence located in Indiana,
- The part of your home where the insulating items were installed must have been built *before* Jan. 1, 2004,
- 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
- The deduction must be taken in the year the insulating items were installed.

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

When claiming the deduction, attach a separate sheet with the following information:

- Item(s) purchased.
- Purchase price.
- Place of purchase.
- Date of purchase.
- Date of installation.
- Amount paid for labor.

For more information about this deduction see Income Tax Information Bulletin #43 at www.in.gov/dor/3650.htm

Line 10 - Nontaxable portion of unemployment compensation

You may be eligible for a deduction if you reported unemployment compensation on Indiana Schedule A, Section 1, line 17B. Complete the worksheet below to see if you are eligible.

Line 11 - Other deductions

Each of the following deductions has been assigned a three-digit code number. When claiming the deduction on Schedule D under line 11, write the name of the deduction, the three-digit code number and the amount claimed.

Example. Enter the following information on line 11a to claim a \$130 civil service annuity deduction and on 11b to claim a \$5,200 NOL deduction:

11a. Civil Service Annuity	6 0 1	11a	130
b. Indiana Net Operating Loss	6 0 7	11b	5,200

Airport development zone employee deduction 600

Certain areas within Indiana have been designated as airport development zones. Currently, Allen County is 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 Form IT-40QEC to you if you are 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. You must attach Form IT-40QEC to the Form IT-40PNR to support any claimed deduction.

Enter **6 0 0** under line 11 if claiming this deduction.

Civil service annuity deduction 601

If the income on Indiana Schedule A, Section 1, line 11B includes federal civil service annuity payments, you may be eligible to take a deduction if you were at least 62 years of age by Dec. 31, 2008.

To figure your deduction, begin with the amount of annuity payments received or \$2,000, whichever is less. Subtract from that amount any Social Security and railroad retirement benefits (issued by the Railroad Retirement Board) you received.

Example. Your civil service annuity is \$6,000. Your Social Security income is \$1,200. Here's how to figure your deduction:

Lesser of the amount of the annuity (\$6,000) or \$2,000		\$2,000
Social Security benefits		- 1,200
Allowable deduction		\$ 800

If you and your spouse both received civil service annuities, you may each take this deduction for a maximum of \$4,000 (no more than \$2,000 per qualifying person), provided you both meet the age requirement.

Unemployment Compensation Worksheet			
Note: If you were married but filing separately, and you lived with your spouse at any time during 2008, enter -0- on line 3 of the worksheet. However, if you were married but filing separately, and lived apart from your spouse the entire year, enter \$12,000 on line 3.			
1. Unemployment compensation included on Indiana Schedule A, Section 1, line 17B	1		
2. Federal adjusted gross income from Form 1040 (line 37), Form 1040A (line 21), 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 of the amount on line 4 (divide line 4 by the number 2)	5		
6. Taxable unemployment compensation for Indiana purposes: enter the amount from either line 1 or line 5, whichever is smaller	6		
7. Subtract line 6 from line 1. Carry this amount to Schedule D, line 10	7		

This deduction is available only to the annuitant and is not available to the annuitant's beneficiary. For more information about this deduction see Income Tax Information Bulletin #6 at www.in.gov/dor/3650.htm

Enter **601** under line 11 if claiming this deduction.

Disability retirement deduction 602

To take this deduction you must have:

- Been permanently and totally disabled at the time of retirement,
- Retired on disability before Dec. 31, 2008, and
- Received disability retirement income during 2008.

If you meet these qualifications, you must complete Schedule IT-2440 and have it signed by your doctor to claim this deduction. Schedule IT-2440 must be attached to your tax return when claiming this deduction.

For more information about this deduction see Income Tax Information Bulletin #70 at www.in.gov/dor/3650.htm and Schedule IT-2440 at www.in.gov/dor/3910.htm

This deduction is limited to a maximum of \$5,200 per qualifying individual.

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

Enter **602** under line 11 if claiming this deduction.

Enterprise zone employee deduction 603

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

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

Bedford	Grissom Aeroplex	Mitchell
Bloomington	Hammond	New Albany
Connersville	Indianapolis	Richmond
East Chicago	Jeffersonville	River Ridge Dev. Auth.
Elkhart	Kokomo	Salem
Evansville	Lafayette	South Bend
Fort Harrison	LaPorte	Vincennes
Fort Wayne	Marion	
Frankfort	Michigan City	

Your employer will provide Form IT-40QEC to you if you are eligible to claim this deduction.

The amount of the deduction is one-half (½) of the earned income shown on that form or \$7,500, whichever is less. You must attach Form IT-40QEC to the Form IT-40PNR to support any claimed deduction.

Enter **603** under line 11 if claiming this deduction.

Human services deduction 605

The human services deduction is intended to alleviate any individual income tax burden that might be imposed on Medicaid recipients who are living in a hospital, skilled nursing facility, intermediate care facility, licensed county home, licensed boarding or residential home or a certified Christian Science facility.* The goal of the human services deduction is to reduce the affected individual's adjusted gross income tax liability to zero.

*An eligible Christian Science facility must be listed with and certified by the Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc.

Generally, the deduction should not be used in conjunction with most tax credits in order to create a refund.

If you are a Medicaid recipient and live in one of the facilities listed above, to determine whether you are eligible for the deduction you must first prepare your tax return without claiming a human services deduction. Generally, if a refund is due, you are not eligible for a deduction. File your return without claiming the deduction and a refund will be issued. However, if an amount is due, you are eligible to use a deduction.

Enter **605** under line 11 if claiming this deduction.

Indiana lottery winnings deduction 606

If you win any prize money from the Indiana Hoosier Lottery Commission, either by winning an instant game, an online game such as Hoosier Lotto, Powerball, Lucky 5, Daily 3 & 4, Max 5, etc., you must report those winnings as income on your federal income tax return.

Most of these winnings are fully taxable by Indiana regardless of your residency. However, some of the winnings may be exempt from Indiana tax. Also, annuity payments received for drawings held before July 1, 2002, are exempt from Indiana tax.

Complete the worksheet on page 31 to see if you are eligible for a deduction.

Note:

- While you are an Indiana resident, winnings from other state lotteries, Indiana pari-mutuel horse races or out-of-state tracks, Indiana and out-of-state riverboats and other gambling winnings, are fully taxable in Indiana and should not be deducted from your taxable income.
- Indiana nonresidents must report winnings from Indiana pari-mutuel horse races and Indiana riverboats; these winnings should not be deducted from your taxable income.

Enter **606** under line 11 if claiming this deduction.

Indiana net operating loss deduction 607

You may take a deduction for the Indiana portion of the federal net operating loss deduction reported on federal Form 1040. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2008.) Write the amount you deduct as a positive figure.

Attach the following to your tax return:

- Schedule A from federal Form 1045, and
- A completed Indiana Schedule IT-40NOL.

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

Enter **607** under line 11 if claiming this deduction.

Indiana partnership long-term care policy premiums deduction 608

You may take a deduction for the amount of premiums paid for Indiana partnership long term-care insurance.

Important: The Indiana partnership policy will have the following box of information on the outline of coverage, the application or on the front page of the policy:

This policy qualifies under the Indiana long-term care program for Medicaid Asset Protection. This policy may provide benefits in excess of the asset protection provided in the Indiana long-term care program.

If the information shown in the box above is not located in a box on your policy, you do not have a qualifying policy, and are not eligible to take this deduction.

The deduction is the amount of premiums paid during the year on the policy for the taxpayer and/or spouse.

No double benefit allowed. Certain self-employed individuals will claim these premiums as a deduction on the front page of federal Form 1040 and on Indiana Schedule A under Section 2. The Indiana deduction will be the actual amount of these premiums paid, minus any amount of these already reported on federal Form 1040.

Example. Sam paid \$645 in Indiana partnership long-term care premiums. He deducted \$400 of those premiums on Indiana Schedule A under Section 2. He'll be able to deduct the \$245 difference (\$645 - \$400) on Indiana Schedule D under line 11.

More information about this program is available at the following Web site: www.in.gov/fssa/iltcp

Important: Keep a copy of the premium statements as the Department can require you to provide this information.

Enter **608** under line 11 if claiming this deduction.

Law enforcement reward deduction 611

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 a 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.

Enter **611** under line 11 if claiming this deduction.

Medical savings account deduction 612

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.

Lottery Winnings Worksheet

A. Enter the amount of winnings from the Hoosier Lottery Commission that you have reported on your federal Form 1040, line 21		A \$ _____
B. Locate those W-2Gs (issued by the Hoosier Lottery Commission) showing Indiana <u>state</u> withholding in Box 14. Add the amounts from Box 1 of each of those W-2G's; enter total here.....		B \$ _____
C. Exemption		C \$ <u>1,200</u>
D. How <u>many</u> W-2Gs did you locate in step B above (e.g. 1, 2, etc.)?..		D X _____
E. Multiply line C by line D; enter result here		E \$ - _____
F. Subtract line E from line B; enter result here		F \$ - _____
G. Subtract line F from line A. Enter here and on Schedule D under line 11		G \$ _____

Note: You are not eligible to claim this deduction if you also claimed a medical savings account deduction on Indiana Schedule A under Section 2.

Make sure you attach Form IN-MSA or your claimed deduction will be denied.

Enter **6 1 2** under line 11 if claiming this deduction.

National Guard and reserve component members deduction 621 (also see the Military service deduction on page 28)

There is a new deduction available for certain Indiana residents who are members of the reserve components of the armed forces and the Indiana National Guard.

Who is eligible?

You must be an Indiana resident who is member of the reserve components of:

- the Army;
- the Navy;
- the Air Force;
- the Coast Guard;
- the Marine Corps;
- the Merchant Marine.

Or, a member of:

- the Indiana Army National Guard; or
- the Indiana Air National Guard.

What is eligible to be deducted?

If you are eligible (based on the above requirements), your deduction is the qualified military income* received as a result of service on involuntary orders:

- During the period you were deployed or mobilized for full time service, or
- During the period your Indiana National Guard unit was federalized.

* Military income received due to service in a **combat zone** is not taxable on your federal or state income tax returns. Since Indiana is not taxing this income, your combat zone income is not eligible for this deduction.

What is qualified military income?

Qualified military income is military wages paid:

- to a member of a reserve component of the armed forces or the Indiana National Guard,
- for the period during the member's full-time service on involuntary orders in a reserve component of the armed forces or the period when Indiana National Guard unit was federalized.

Note: You cannot claim both this deduction and the *military service deduction* based on the same income. See the following example.

Example. Brandon is a member of the Indiana National Guard.

- From January through October 15, 2008, Brandon earned \$6,000 from the guard.
- His unit was federalized on Oct. 16, 2008. He earned \$7,000 from that point through Dec. 1, 2008.
- His unit was assigned to a combat zone on Dec. 2, 2008, and he earned \$3,000 from then until the end of the year.
- Brandon's military W-2 shows \$13,000 in *Box 1, Wages, tips, other compensation* (the combat zone income is not included in Box 1 because it is not taxable).

Brandon is eligible for both Indiana military deductions. First, he will claim the \$5,000 maximum Military Service Deduction on line 7 based on the \$6,000 income earned through October 15. Then, he will claim the National Guard and Reserve Components Deduction of \$7,000 (full amount of income earned after his unit was federalized) under line 11. Note: He will not deduct the \$3,000 income earned while stationed in a combat zone because it was not taxed to begin with.

Military withholding statements must be attached to the tax return when claiming this deduction.

Qualified patents income exemption deduction 622

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

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

For the first 5 years, 50 percent of the amount of income received from the patent is exempt; the percentage declines by 10 percent each year starting in the sixth year that the exemption is claimed. Get Income Tax Information Bulletin #104 at www.in.gov/dor/3650.htm for more information.

Recovery of deductions 616

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

Generally, Indiana does not allow you to claim itemized deductions from federal Schedule A. However, if you reported *recovered* itemized deductions as "other income" on line 21 of your 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.

Enter **6 1 6** under line 11 if claiming this deduction.

County Tax: Schedule CT-40PNR
line-by-line instructions

Complete Schedule CT-40PNR if, on Jan. 1, 2008, you and your spouse (if filing a joint return) lived and/or worked in an Indiana county that has a tax. As of Jan. 1, 2008, Lake County* is the only county in Indiana that does not have a county tax.

*While Lake County had not adopted a county tax by the time this booklet was printed, the county may have by year's end. See Special Instructions for Lake County Residents on page 36 if you lived in Lake County on Jan. 1, 2008.

Note: You may attach the Schedule CT-40PNR to your tax return even if it's not required. For instance, if you need to attach Schedules D and E, and the completed CT-40PNR is on the back of it, you may go ahead and send it in.

County where you lived defined

The county where you lived is the county where you maintained your home on Jan. 1, 2008. If you had more than one home on this date, then your county of residence as of Jan. 1, 2008, was:

- Where you were registered to vote. If this did not apply, then your county of residence was
• Where your personal automobile was registered. If this did not apply, then your county of residence was
• Where you spent the majority of your time in Indiana during 2008.

Did you move during the year?

If you moved to another Indiana county (or out of state) after Jan. 1, 2008, the county where you lived for tax purposes will not change until the next year.

If, on Jan. 1, 2008, you lived in an Indiana county that has a tax, then you will owe county tax on all of your Indiana adjusted gross income.

If, on Jan. 1, 2008, you lived in a county (or out of state) that doesn't have a tax, then county tax will be figured on your income from your principal employment if the Indiana county where you worked on Jan. 1, 2008, 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 Jan. 1, 2008. If you began working in another county (or out of state) after Jan. 1, 2008, the county where you worked for tax purposes will not change until next year.

Example. Jessie worked in Marion County, Indiana, on Jan. 1, 2008. She quit that job and began a new one in Johnson County, Indiana, on Feb. 10, 2008. She will enter the Marion County two-digit code (49) as the county where she worked even though she changed jobs during the year.

If you had more than one job on Jan. 1, 2008, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2008, 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 worked in any of the following states on Jan. 1, 2008, enter their two-digit code number (instead of 00):

Table with 2 columns: State, Use Code #. Rows include Illinois (94), Kentucky (95), Michigan (96), Ohio (97), Pennsylvania (98), and Wisconsin (99).

Principal employment income

You must figure your principal employment income if, on Jan. 1, 2008, you lived in an Indiana county (or out of state) that did not have a tax, but worked in an Indiana county that did have a tax. Your principal employment income is income you earned from your main work activity (job) for the entire year. See instructions for Section 2, line 1 on page 35 for more information.

Military personnel

If you were stationed in Indiana, your county of residence is the county where you lived on Jan. 1 of the year you entered the military service. If, on Jan. 1, 2008, you were stationed outside Indiana and 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 a family were still living in an Indiana county on Jan. 1, 2008, you are considered to be a resident of that county and will be subject to county tax.

Retired persons, homemakers or unemployed

If you were retired, a homemaker, or were unemployed on Jan. 1, 2008, put your county of residence two-digit code number in both the Indiana County where you lived and Indiana County Where You Worked boxes. **Do not write the word “Retired,” “Homemaker” or “Unemployed” over the boxes.**

Special note to married taxpayers filing a joint return

- If you lived in different counties (or out-of-state) on Jan. 1, 2008, 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 Jan. 1, 2008, that had no tax, but worked in an Indiana 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 10, except for your spouse's personal exemption, to figure your tax.*

* *Example.* On the front of the IT-40PNR Jack and Sue show three exemptions (\$3,000) on line 4 and one exemption (\$1,500) on line 5. The line 8 amount is \$4,500. The line 9 amount is .40. Jack can use the \$3,500 exemptions x .40 = \$1,400 to figure his county tax.

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

Where did you live?

- Did you live in a county on Jan. 1, 2008, that has a tax? If “yes,” complete Section 1 for yourself, and skip Section 2. If your answer is “no,” skip Section 1 and go to Section 2: Line-by-Line Instructions.
- Did your spouse live in a county on Jan. 1, 2008, that has a tax? If yes, complete Section 1 for your spouse, and skip Section 2. If your answer is no, skip Section 1 and go to Section 2: Line-by-Line Instructions.

Line 1

If you are filing a single return or are married filing separately, enter in Column A the state taxable income from line 11 of Form IT-40PNR.

If you are filing a joint return and you both lived in the same county on Jan. 1, 2008, enter in Column A the state taxable income from line 11 of Form IT-40PNR. Leave Column B blank.

Example. On Jan. 1, 2008, Jack and Diane lived in the same county, and that county has a tax. They'll enter their Form IT-40PNR, line 11 combined state taxable income in Column A.

If you are filing a joint return and you and your spouse lived in different counties on Jan. 1, 2008, or if Lake County adopted a tax and you lived in different Lake County cities or towns on Jan. 1, 2008¹, enter each person's share of state taxable income from Form IT-40PNR, line 11, in the appropriate columns.

¹ Lake County residents should see the *Special instructions for Lake County residents* on page 36 for more information.

Example. Simon and Tina married in 2008 and are filing a joint return. On Jan. 1, 2008, Simon lived in Greene County (Indiana) and Tina lived in Clay County (Indiana). Their federal adjusted gross income is \$55,400. Their Form IT-40PNR line 11 income of \$29,300 includes the following breakdown:

Simon: \$20,000 wages
+ 200 (1/2 joint interest income)
- 737 exemption*
\$ 19,463 income for CT-40PNR Section 1, line 1 Column A

Tina: \$10,000 wages
+ 200 (1/2 joint interest income)
- 363 exemption*
\$ 17,150 income for CT-40PNR Section 1, line 1 Column B

* Exemptions. IT-40PNR line 10 is \$2,000 x .55 = \$1,100. A total of two-thirds or (.67) of the \$30,400 Indiana income is Simon's, and one-third or (.33) is Tina's. Therefore, .67 x \$1,100 = \$737 exemption for Simon, and .33 x \$1,100 = \$363 exemption for Tina.

Example. The circumstances are the same as the example above except Tina lived in Lake County (Indiana), which does not have a county tax. Simon would still enter his \$19,463 share of the Form IT-40PNR line 11 amount on CT-40PNR, Section 1, line 1, Column A. However, Column B will be left blank since Tina won't owe a county tax.

Line 2

If you claimed a non-Indiana locality earnings deduction on Schedule D, line 8, enter that amount on this line in Column A. If you are 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 49*. Find the rate from the Resident Rate column and enter it here.

***Important.** This year Indiana counties were allowed to adopt or increase their local income tax rates through Dec. 31, 2008. This publication was printed before that date. This means your county tax rate on page 49 may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing. To get the updated list you may:

- Log on to the Department's Web site at www.in.gov/dor/3980.htm
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Visit or call a district office. See page 48 for these locations.
- Call our main tax line at (317) 232-2240, Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

Tax returns filed using the wrong rates will be adjusted. This may result in a reduced refund, or an increase in the amount you owe.

Line 6

Add the amounts from line 5, Columns A and B. If you were a Perry County (Indiana) 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 amount of income taxed by any of the Kentucky counties listed on line 6.

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 your IT-40PNR, line 13.

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

Complete Section 2 if, on Jan. 1, 2008, you were a non-Indiana resident and you worked in an Indiana county that has a county tax, or a resident of Lake County (Indiana), and Lake County did not adopt a tax.¹

¹If you worked in Lake County, Indiana, see *Special instructions for Lake County residents* on page 36 for more information.

Line 1

Enter your principal employment income that's included on Indiana Schedule A, Section 1, Column B (if you are a resident of a reciprocal state, see ***Reciprocal state residents** in the next column). This includes income from wages, tips, salaries and commissions; net self-employment income from federal Schedule C/C-EZ; federal Form 1065, Schedule K-1; and/or net farm income from federal Schedule F. Do not include passive-source income like nonbusiness interest and dividends, pension, capital gains, farm rental, etc. Also, do not include income from a part-time job if you hold it at the same time you have a full-time job.

Example. During 2008, Jake received income from the following sources (included on Indiana Schedule A, Section 1, Column B):

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

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

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

Example. Sarah had two full-time jobs in Indiana during the year. She earned \$7,000 from her first job, which she held from January through April. She began a new job in May and worked through year's end, earning \$11,000. 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 only the amount he earned from Job #1 (\$270 per week) as his principal employment income.

***Reciprocal state residents** (see instructions on page 9) with Indiana-source income from wages, tips or other compensation may owe county tax on that income even though it's not taxed on Schedule A, Section 1, Column B.

Example. Fred and Deanna are full-year Michigan residents. Deanna earned \$25,000 wage income from an Elkhart, Indiana employer, which is the county where she worked on Jan. 1, 2008. Fred received \$10,000 winnings from an Indiana riverboat. Fred's gambling income is subject to Indiana state tax (he will report it on Schedule A, line 20, Column B); however, his winnings are not subject to Indiana county tax (he lived and worked in Michigan on Jan. 1, 2008).

Conversely, while Deanna's wage income is not subject to Indiana adjusted gross income tax, it is subject to county tax. Enter her wage income on CT-40PNR, line 1B. **Note:** See the exception under line 4.

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.**

Allowable deductions from your Indiana Schedule D can include:

- airport development zone employee deduction
- enterprise zone employee deduction
- active military pay deduction
- National Guard and reserve component member's deduction
- (Indiana) medical savings account deduction

Allowable deductions claimed on Indiana Schedule A, Section 2, Column B can include:

- educator expense (if allowed on federal Form 1040)
- certain business expenses of reservists, performing artists and fee-based government officials
- health savings account deduction
- moving expenses*
- one-half self-employment tax
- SEP, SIMPLE and qualified plans
- self-employed health insurance deduction
- IRA deduction
- Archer MSA deduction
- the deduction for the jury duty pay you gave to your employer.

Note: Do not include any domestic production activities deduction.

*The moving expense deduction will be allowed only to the extent the income earned from that move is being taxed on Indiana Schedule A, Section 2, 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 35B. She should claim the \$2,000 IRA deduction on line 2.

Example. Tim and Jane file a joint tax return and live in a county that does not have a tax. Jane does not owe county tax, but Tim does because his business is in an Indiana county that has 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 will enter his \$23,000 income on line 1 of Section 2 and the \$700 SEP deduction on line 2 of Section 2. He is not eligible to take the 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 10. If you are filing a joint tax return, enter your exemption(s) (personal, over 65 and/or blind) included on Form IT-40PNR, line 10.

Note: You cannot claim your spouse’s personal 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 10 on the Form IT-40PNR.

Example. On the front of the IT-40PNR Jack and Sue show three exemptions (\$3,000) on line 4 and one exemption (\$1,500) on line 5. The line 8 amount is \$4,500. The line 9 amount is .40. Jack may use \$3,500 exemptions x .40 = \$1,400 to figure his county tax.

Exception. Reciprocal state residents (see instructions on page 8 and in the left hand column of this page) with Indiana-source income from wages, tips or other compensation may use some or all of the exemptions from line 8 on the front of the IT-40PNR. A single (or married filing separately) filer should use the full amount from line 8 minus the spouses’ \$1,000 personal exemption.

Line 6

Find your county on the County Income Tax Chart on page 49. Find the rate from the Nonresident Rate column (the second column of rates over) and enter it here.

Line 8

Add the amounts from line 7, Columns A and B. Enter the total here and on line 13 of Form 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 13.

Special instructions for Lake County residents

If you and /or your spouse lived in Lake County on Jan. 1, 2008, then read the following instructions.

For the 2008 tax year, Indiana counties were allowed to adopt or increase their county tax rates through Dec. 31, 2008. This publication was printed before that date. This means that even though no tax rates are listed with Lake County on page 49, the county may have adopted a local income tax before the end of the year.

To determine if Lake County did adopt a local income tax, you must contact us to get an updated list of the rates before filing. To get the updated list you may:

- Log on to the Department’s Web site at www.in.gov/dor/3980.htm
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Visit or call a district office. See page 48 for these locations.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

If you find that Lake County did not adopt a tax (no resident or nonresident rates will be on the updated chart), skip the following information. Return to **Section 2: line-by-line instructions** on page 35 to see if you owe tax to another county.

If you find that Lake County has adopted a county tax (resident and nonresident rates will be on the updated chart), you’ll have to:

- complete Section 1 of Schedule CT-40PNR, and
- enter information about where you lived.

If you lived in one of the following Lake County cities or towns on Jan. 1, 2008, enter the 4-digit code number associated with that location on Schedule CT-40PNR. If you did not live within the city or town limits, or lived in another Lake County community not on the list, enter the 4-digit code number 4599.

Lake County Cities and Towns Chart			
4504	Cedar Lake	4529	Lowell
4506	Crown Point	4530	Merrillville
4511	Dyer	4531	Munster
4512	East Chicago	4532	New Chicago
4513	Gary	4540	Schererville
4515	Griffith	4541	Schneider
4516	Hammond	4546	St. John
4518	Highland	4549	Whiting
4519	Hobart	4550	Winfield
4524	Lake Station	4599	Other Lake County Community

See county tax instructions beginning on page 33 for help in figuring your county tax.

Indiana Credits:

Schedule E – line-by-line

Instructions

Note: The following credits cannot be refunded; their purpose is to help reduce your state and/or county tax liabilities. See the limitation areas after the instructions for line 3 (on page 39) and line 6 instructions (on page 47).

Line 1 - Credit for local taxes paid outside of Indiana

If you figured county tax on Form IT-40PNR, line 13, and had to pay a local income tax outside Indiana, you may be able to take a credit. This credit applies only if the tax you paid outside Indiana was to another city, county, town, or other local governmental entity - and they did not refund the tax or give you a credit for Indiana county tax.

The credit can be used to reduce your Indiana county tax if it is the County Adjusted Gross Income Tax or the County Option Income Tax. It cannot be used to reduce any County Economic Development Income Tax.

Step 1: Figuring your rate: If your Jan. 1, 2008, county of residence has a rate on the Rate Conversion Chart on page 38, use the rate in Column A to figure your credit.

If your Jan. 1, 2008, county of residence does not have a rate on the Rate Conversion Chart above, but the Jan. 1, 2008, county where you worked has a rate on the Rate Conversion Chart, use the rate in Column B to figure your credit.

**Important.* This year Indiana counties were allowed to adopt or increase their local income tax rates through Dec. 31, 2008. This publication was printed before that date. This means your county tax rate on page 49 may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing. To get the updated list, you may:

- Log on to the Department's Web site at www.in.gov/dor/3980.htm
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Visit or call a district office. See page 48 for these locations.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

If Lake County adopted a tax (find out at www.in.gov/dor/3980.htm), then use the Lake County resident rate.

Tax returns filed using the wrong rates will be adjusted. This may result in a reduced refund, or an increase in the amount you owe.

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 **B** _____
- C. Enter the amount of Indiana county income tax shown on Form IT-40PNR, line 13 **C** _____

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

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

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

- A county tax amount on Form IT-40PNR, line 13, and
- A local income tax that you had to pay outside Indiana.

Note: See the **Limitation** on page 39.

Line 2 - County credit for the elderly (age 65 or older) or permanently disabled

If you take a credit on federal Schedule R, Credit for the Elderly or the Disabled, and you owe county tax, you may be allowed a credit.

Use the following steps to figure your credit.

- A. Enter your county tax rate (from Schedule CT-40PNR, Section 1 line 4A, or Section 2 line 6) **A** _____
- B. Divide line A by .15, round to 3 places, and enter result here **B** _____
- C. Enter credit from federal Schedule R **C** _____
- D. Multiply B times C and enter result here ... **D** _____
- E. Enter the amount of Indiana county tax shown on Form IT-40PNR, line 13 **E** _____

The amount of the county credit for the elderly is the lesser of the amount on D or E. You must attach a copy of federal Schedule R.

Example. Melinda is 67 years old. She is entitled to a credit of \$550 on federal Schedule R. Her county tax rate is .015, so the amount on Line B of the worksheet is .10. Her county tax due is \$60. Melinda's county credit for the elderly is \$55 (the lesser of [\$550 x .10 = \$55] or \$60).

Note: See the **Limitation** on page 39.

Rate Conversion Chart

Use this chart if you are eligible to claim a credit for local taxes paid outside of Indiana. See Schedule E, line 1 instructions on page 37 for more information.

Important: The following rates may have changed after this chart was printed. To verify your county's rate, find the updated information at www.in.gov/dor/3980.htm, call the form order request line at (317) 615-2581 to have an updated Rate Conversion Chart mailed to you, or call our main tax line at (317) 232-2240 for assistance. **Note:** If you and/or your spouse were a Lake County resident and/or worked in Lake County on Jan. 1, 2008, and if the updated list shows Lake County has adopted a tax, contact the Department for the appropriate rate to be used to figure a credit for local taxes paid.

County	A Resident	B Nonresident
Adams	.006	.0015
Allen	.006	.0015
Bartholomew	.01	.0025
Benton	.02*	.0025
Blackford	.01	.0025
Boone	.01	.0025
Brown	.0195*	.0025
Carroll	.01	.0025
Cass	.01	.0025
Clark	.01	.0025
Clay	.0125	.0025
Clinton	.01	.0025
Crawford	.0075	.0025
Daviess	.0125	.0025
Dearborn	.006	.0015
Decatur	.01	.0025
DeKalb	.01	.0025
Delaware	.006	.0015
Dubois	.006	.0015
Elkhart	.0125	.0025
Fayette	.02*	.005*
Floyd	.0075	.0025
Fountain	.01	.0025
Franklin	.01	.0025
Fulton	.01	.0025
Gibson	(Cannot take credit)**	
Grant	.01	.0025
Greene	.01	.0025
Hamilton	.01	.0025
Hancock	.01	.0025
Harrison	.0075	.0025
Hendricks	.01	.0025
Henry	.01	.0025
Howard	.014*	.0035*
Huntington	.010875*	.0025
Jackson	.011	.0025
Jasper	.028*	.0025
Jay	.0195*	.0025
Jefferson	(Cannot take credit)**	
Jennings	.01	.0025
Johnson	.01	.0025
Knox	.006	.0015
Kosciusko	.007	.00175
LaGrange	.01	.0025
Lake	NA	NA
LaPorte	.005	.0025
Lawrence	.01	.0025
Madison	.01	.0025

County	A Resident	B Nonresident
Marion	.0165*	.004125*
Marshall	.0125	.0025
Martin	.008	.002
Miami	.011625*	.002906*
Monroe	.0104*	.0026*
Montgomery	.02*	.005*
Morgan	.0245*	.0025
Newton	.01	.0025
Noble	.01	.0025
Ohio	.01	.0025
Orange	.01	.0025
Owen	.01	.0025
Parke	.0205*	.0025
Perry	.005	.00125
Pike	(Cannot take credit)**	
Porter	(Cannot take credit)**	
Posey	.00325*	.000813*
Pulaski	.027*	.0025
Putnam	.01	.0025
Randolph	.01	.0025
Ripley	.01	.0025
Rush	.01	.0025
St. Joseph	.006	.0015
Scott	.0125*	.003125*
Shelby	.01	.0025
Spencer	.003	.00075
Starke	.005	.0025
Steuben	.01	.0025
Sullivan	(Cannot take credit)**	
Switzerland	.01	.0025
Tiptecanoe	.006	.0015
Tipton	.01	.0025
Union	.0125	.0025
Vanderburgh	.01	.0025
Vermillion	(Cannot take credit)**	
Vigo	.0075	.0025
Wabash	.024*	.0025
Warren	.018*	.0025
Warrick	(Cannot take credit)**	
Washington	.01	.0025
Wayne	.0125	.0025
Wells	.0165*	.0025
White	.01	.0025
Whitley	.01	.0025

* These rates have changed since last year.

** Gibson, Jefferson, Pike, Porter, Sullivan, Vermillion and Warrick counties have adopted CREDIT only, not CAGIT or COIT.

NA Lake County has no county tax.

Line 3 - Other local credits

Both of the following credits have been assigned a three-digit code number. When claiming the credit on Schedule E under line 3, enter the name of the credit, the three-digit code number and the amount claimed.

Example. Enter the following information on line 3a to claim a \$200 community revitalization enhancement district credit, and on line 3b to claim a \$175 voluntary remediation credit:

3a.	Comm. rev. enhan. dist. cr.	8 0 8	3a	200
b.	Voluntary remediation cr.	8 3 6	3b	175

Community revitalization enhancement district credit 808

A state and local income tax liability credit is available for a qualified investment made within a community revitalization enhancement district. The expenditure must be made under a plan adopted by an advisory commission on industrial development and approved by the Indiana Economic Development Corporation before it is made. The credit is equal to 25 percent of the qualified investment made by the taxpayer during the taxable year.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

The credit is nonrefundable and cannot be carried back. You may carry forward any excess credit to the next tax year.

The allowable credit is the lesser of the available credit, or the county tax due on line 13 of Form IT-40PNR. Also, claim any unused amount (within certain limitations) on Schedule E under line 6 (see instructions for this credit on page 42).

Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204 for additional information.

Note: See the **Restriction for certain tax credits - Limited to one per project** in the next column for additional limitations.

Enter **8 0 8** under line 3 if claiming this credit.

Voluntary remediation credit 836

A voluntary remediation credit is available for qualified investments involving redevelopment of a brownfield and environmental remediation. The Indiana Department of Environmental Management and the Indiana Development Finance Authority must determine and certify that the costs incurred in a voluntary remediation are qualified investments. Upon approval, the credit may be used to offset adjusted gross income tax, county tax, etc.

For additional information, contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, 100 N Senate Ave., Indianapolis, IN 46204, or call (317) 232-8827.

See the Voluntary Remediation Credit instructions for line 6 on page 47.

Note: See the **Limitation** below.

Enter **8 3 6** under line 3 if claiming this credit.

Restriction for certain tax credits - Limited to one per project

PL 199-2005 (IC 6-3.1-1-3) provides that a taxpayer may not be granted more than one credit for the same project. The credits that are included are the alternative fuel vehicle manufacturer credit, capital investment credit, community revitalization enhancement district credit, enterprise zone investment cost credit, Hoosier business investment credit, industrial recovery credit, military base recovery credit, military base investment cost credit and the venture capital investment credit.

For more information, see Commissioner's Directive #29 at www.in.gov/dor/3617.htm

Apply this restriction first when figuring your credits. Then apply the **Limitation** below.

Limitation: There is one final limitation if you have entries on lines 1, 2 and/or 3 of Schedule E. These credits, when combined, cannot be greater than the county tax shown on Form IT-40PNR, line 13; if they are, adjust the amounts before you enter them. See the following example.

Example.

- A line 1 credit for local taxes paid outside of Indiana of \$100, plus a line 2 county credit for the elderly of \$20, equals \$120.
- Your IT-40PNR line 13 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.

Line 4 - College credit

If you donated money or property to an Indiana college or university, you may be able to take a credit of up to \$100 on a single return or \$200 on a joint return. To claim this credit you must complete and attach Schedule CC-40. Contact the Department to get more information and get Schedule CC-40 at www.in.gov/dor/3910.htm and Income Tax Information Bulletin #14 at www.in.gov/dor/3650.htm

Important: You must maintain documentation of your contributions. The Department can require you to provide this information at a later date.

Note: Tuition paid to a college or university is not a contribution, and does not qualify for this credit.

Note: See the **Additional limitation** on page 47.

Line 5 - Credit for taxes paid to other states

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

If you were an Indiana resident during part or all of 2008 and had income from any of the states listed in Group A below, you should first find out what the other state's rules are concerning the taxation of your income.

Group A

No Agreement (Credit taken on resident return)

Alabama	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)

Group A Worksheet

- A. Enter the amount of tax paid to the other state. (This does not mean the tax withheld from your wages, but the actual tax figured on the other state's return) A _____
- B. Multiply the amount of income from the other state (that is subject to Indiana tax) by 3.4% (.034) B _____
- C. Enter the amount of Indiana state income tax shown on Form IT-40PNR line 12 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 not be allowed. Likewise, if you have a foreign tax credit, complete the Group A Worksheet and attach federal Form 1116. If Form 1116 was not required, attach Forms 1099-INT and/or 1099-DIV (or a substitute statement) to verify the foreign tax and amount of income being taxed.

Exception: Gambling winnings from other states. If, during your Indiana residency, you had gambling winnings from another state, and

you are not required to file a return with that state, attach the W-2G issued by that state. Use the amount of state tax withheld by that state on Line A of the Group A Worksheet.

Group B

Reciprocal Agreement (Wages, Salaries, Tips, and Commissions Only)

Kentucky	Michigan	Ohio
Pennsylvania	Wisconsin	

If you were an Indiana resident during 2008 and had income from one of the states listed in Group B, you are covered by a reciprocal agreement. However, this agreement only applies to income from wages, salaries, tips and commissions. If you had other types of income from these states (such as business income, farm income, etc.), use the Group A Worksheet to figure your credit.

Normally, employers in these states will withhold Indiana state tax from your wages because of the reciprocal agreement. However, if the state tax they withheld is not for Indiana, you must file a claim for refund with that state. You still have to include this income on your Indiana return and pay the Indiana tax. You will get some or all of the other state's taxes back by filing a refund claim with them.

If you were a full-resident of one of the reciprocal states and had other types of income from Indiana, or were a part-year Indiana resident, you will need to file form IT-40PNR. **Note:** Winnings from Indiana riverboats and lotteries are not eligible for the reciprocal agreement.

Caution: You may have to make estimated tax payments to Indiana. If the reciprocal state employer does not withhold Indiana withholding on your wage income, or does not withhold enough, see page 15 for line 35 instructions for information on how to figure and pay estimated tax.

If you were a full-year resident of one of the reciprocal states and your only income from Indiana was from wages, salaries, tips, and commissions, you should file Form IT-40RNR, Reciprocal Nonresident Income Tax Return. If you were a resident of one of the reciprocal states and had other types of income from Indiana, or were a part-year Indiana resident, you will need to file Form IT-40PNR.

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona	California	Oregon	Washington D.C.
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If you were an Indiana resident during 2008 and had income from one of the states in Group C, you must pay Indiana tax on all your income. You will also need to file a nonresident return with the other state and claim a credit on their tax return for the Indiana tax paid.

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

Group D

No State Income Tax (No credit allowed)

Alaska Florida Nevada
South Dakota Texas Washington
Wyoming

If you were an Indiana resident during 2008 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.

Note: See the **Additional limitation** on page 47.

Line 6 - Other credits

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

Example. Enter the following information on line 6a to claim a \$500 blended biodiesel credit, and on line 6b to claim a \$275 capital investment credit:

6a.	blended biodiesel credit	8 0 3	6a	500
6b.	capital investment credit	8 0 4	6b	275

About airport development zone credits

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

Who is eligible to claim these credits? The following are eligible to claim the airport development zone employment expense credit and/or the airport development zone loan interest credit:

- Sole proprietors who operate and/or invest in a business located in a zone, and/or
- Businesses organized as partnerships, S corporations and fiduciaries (who may pass through airport development zone credits to their partners or shareholders).

Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their Web site at www.in.gov/iedc for more information about these credits.

Following are the three available airport development zone credits:

Airport development zone employment expense credit 800

This credit is based on qualified investments made within Indiana. It is the lesser of 10 percent of qualifying wages, or \$1,500 per qualified employee, up to the amount of tax liability on income derived from the airport development zone.

For more information, and how to calculate this credit, see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule EZ, Parts 1, 2 and 3 at www.in.gov/dor/3515.htm

Note: See the **Additional limitation** on page 47.

Enter **8 0 0** under line 6 if claiming this credit.

Airport development zone investment cost credit 801

This credit is based on qualified investments made within Indiana. It can be up to a maximum of 30 percent of the investment, depending on the number of employees, the type of business and the amount of investment in an airport development zone.

For more information about this credit see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc

Note: See the **Additional limitation** on page 47.

Enter **8 0 1** under line 6 if claiming this credit.

Airport development zone loan interest credit 802

This credit can be for up to five percent of the interest received from all qualified loans made during a tax year for use in an Indiana airport development zone.

For more information on how to calculate this credit, see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule LIC at www.in.gov/dor/3515.htm Enclose a substitute schedule LIC (as modified to reflect ADZ entries) if claiming this credit.

Note: A substitute Schedule LIC for the ADZ must be attached if claiming this credit.

Note: See the **Additional limitation** on page 47.

Enter **8 0 2** under line 6 if claiming this credit.

Alternative fuel vehicle manufacturer credit 845

A credit is available for qualified investments made within Indiana that foster job creation, reduce dependency on foreign oil, and reduce pollution.

A person that proposes a project to manufacture or assemble alternative fuel vehicles may apply to the Indiana Economic Development Corporation before the qualified investment is made. A certificate of verification from the IEDC must be attached when claiming the credit.

For additional information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at

www.in.gov/iedc Also, get Income Tax Information Bulletin #103 at www.in.gov/dor/3650.htm

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 4 5** under line 6 if claiming this credit.

Blended biodiesel credit 803

Credits are available for taxpayers who produce biodiesel and/or blended biodiesel at an Indiana facility, and for dealers who operate service stations that sell blended biodiesel at retail.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

An approved Form BD-100 must be attached to verify the claimed credit.

For more information, contact the Indiana Economic Development Corporation, Biodiesel Credit Certification, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc Also, see Income Tax Information Bulletin #91 at www.in.gov/dor/3650.htm for additional information.

Note: See the **Additional limitation** on page 47.

Enter **8 0 3** under line 6 if claiming this credit.

Capital investment credit 804

A pass-through entity is eligible for a capital investment cost credit. This credit is based on certain qualified capital investments made in Shelby County.

For information regarding the definitions, procedures and qualifications for obtaining this credit, contact the Indiana Economic Development Corporation, Enterprise Zone Board, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 0 4** under line 6 if claiming this credit.

Indiana's CollegeChoice 529 Education Savings Plan credit 837

You may be eligible for a credit for contributions made to Indiana's *CollegeChoice 529 Education Savings Plan*. While there are many 529 college savings plans available both in Indiana and nation-wide, only contributions made to this specific *CollegeChoice 529 Education Savings Plan* are eligible to figure this credit.

For more information about this credit, see Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm This plan is administered through the Indiana Education Savings Authority. More information can be obtained online at www.in.gov/iesa and at

www.collegechoiceplan.com See Schedule IN-529 at www.in.gov/dor/3910.htm to figure your credit. This schedule must be enclosed when claiming the credit.

Note: See the **Additional limitation** on page 47.

Enter **8 3 7** under line 6 if claiming this credit.

Coal combustion product credit 805

A manufacturer who uses coal combustion products (byproduct resulting from the combustion of coal in an Indiana facility) for the manufacturing of recycled components may be eligible for this credit.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

An approved Form CCP-100 must be attached to verify the claimed credit.

Note: A taxpayer that obtains a property tax deduction for investment property purchased by the manufacturer of coal combustion products is not eligible for this credit.

For more information, contact the Indiana Department of Revenue, Coal Combustion Credit, Room N203, 100 N. Senate Ave., Indpls., IN 46204, or call (317) 232-2339.

Note: See the **Additional limitation** on page 47.

Enter **8 0 5** under line 6 if claiming this credit.

Coal gasification technology investment credit 806

A credit may be available for a qualified investment in an integrated coal gasification power plant or a fluidized bed combustion technology.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

You must file an application for certification with the Indiana Economic Development Corporation. For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at: www.in.gov/iedc

Note: See the **Additional limitation** on page 47.

Enter **8 0 6** under line 6 if claiming this credit.

Community revitalization enhancement district credit 808

See the Schedule E line 3 instructions for details about this credit. This credit is available to offset both your state and local tax liabilities, and any unused remainder is available to be carried forward. Pass-through entities are eligible for this credit.

If you did not use all of the available community revitalization enhancement district credit on Schedule E, line 3, the remaining credit should be claimed on this line.

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

For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indpls., IN, 46204, or visit their Web site at www.in.gov/iedc

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 0 8** under line 6 if claiming this credit.

Employer health benefit plan credit 842

A credit is available to certain employers who begin offering health insurance to their employees.

An employer who did not provide health insurance to his employees prior to Jan. 1, 2007, and makes health insurance available to his employees may be eligible for a credit. The credit can be as much as \$2,500.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

For more information, see Income Tax Information Bulletin #101 at www.in.gov/dor/3650.htm

Note: See the **Additional limitation** on page 47.

Enter **8 4 2** under line 6 if claiming this credit. Attach proof of your continued eligibility for the credit.

About enterprise zone credits

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Current enterprise zones are located in portions of the following cities/locations:

Bedford	Grissom Aeroplex	Mitchell
Bloomington	Hammond	New Albany
Connersville	Indianapolis	Richmond
East Chicago	Jeffersonville	River Ridge Dev. Auth.
Elkhart	Kokomo	Salem
Evansville	Lafayette	South Bend
Fort Harrison	LaPorte	Vincennes
Fort Wayne	Marion	
Frankfort	Michigan City	

The following are eligible to claim the enterprise zone employment expense credit and/or the enterprise zone loan interest credit:

Sole proprietors who operate and/or invest in a business located in a zone; partnerships; S corporations; fiduciaries; pass-through entities.

Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc for more information about these credits.

Enterprise zone employment expense credit 812

This credit is based on qualified investments made within Indiana. It is the lesser of 10 percent of qualifying wages, or \$1,500 per qualified employee, up to the amount of tax liability on income derived from the enterprise zone.

For more information see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule EZ, Parts 1, 2 and 3 at www.in.gov/dor/3515.htm Also, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc

Note: Schedule EZ must be attached if claiming this credit.

Note: See the **Additional limitation** on page 47.

Enter **8 1 2** under line 6 if claiming this credit.

Enterprise zone investment cost credit 813

This credit is based on qualified investments made within Indiana. It can be up to a maximum of 30 percent of the investment, depending on the number of employees, the type of business and the amount of investment in an enterprise zone.

For more information about this credit see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc/

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 1 3** under line 6 if claiming this credit.

Enterprise zone loan interest credit 814

This credit can be for up to five percent of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone.

For more information, and how to calculate this credit, get Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule LIC at www.in.gov/dor/3515.htm **Note:** Schedule LIC must be enclosed if claiming this credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc for additional information.

Note: See the **Additional limitation** on page 47.

Enter **8 1 4** under line 6 if claiming this credit.

Ethanol production credit 815

An Indiana facility with a capacity to produce forty million gallons of ethanol per year may be eligible for this credit. Proof of information for the credit calculation, plus a copy of the Certificate of Qualified Facility issued by the Indiana Recycling and Energy Development Board, must be attached to verify this credit.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

File Application for Ethanol Credit Certification, State Form 52302, with the Indiana Economic Development Corporation, Ethanol Credit Certification, One North Capitol, Suite 700, Indianapolis, IN 46204, call them at (317) 232-8827, or visit their Web site at www.in.gov/iedc for additional information. Also, see Income Tax Information Bulletin #93 at www.in.gov/dor/3650.htm for more information.

Note: See the **Additional limitation** on page 47.

Enter **8 1 5** under line 6 if claiming this credit.

Headquarters relocation credit 818

A business with annual worldwide revenue of \$100 million that relocates its corporate headquarters to Indiana may be eligible for a credit. The credit may be as much as 50 percent of the cost incurred in relocating the headquarters.

For more information, including limitations and the application process, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indpls., IN 46204, visit their Web site at www.in.gov/iedc, and see Income Tax Information Bulletin #97 at www.in.gov/dor/3650.htm

Note: See the **Additional limitation** on page 47.

Enter **8 1 8** under line 6 if claiming this credit.

Historic building rehabilitation credit 819

An Historic Building Rehabilitation Credit is available for the rehabilitation or preservation of an 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 percent 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, visit their Web site at www.in.gov/dnr/historic, and see Income Tax Information Bulletin #87 at www.in.gov/dor/3650.htm

Note: See the **Additional limitation** on page 47.

Enter **8 1 9** under line 6 if claiming this credit.

Hoosier business investment credit 820

This credit is for qualified investments, which include the purchase of new telecommunications, production, manufacturing, fabrication, processing, refining or finishing equipment. Pass-through entities are eligible for this credit.

This credit is administered by the Indiana Economic Development Corporation, located at One North Capitol, Suite 700, Indianapolis, IN 46204. Visit their Web site at www.in.gov/iedc or call (317) 233-3638 for additional information.

Also, see Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 2 0** under line 6 if claiming this credit.

Indiana's research expense credit 822

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. Attach your Schedule IN K-1 if claiming this credit as a pass-through entity.

A completed Form IT-20REC must be enclosed to verify any claimed credit. See Form IT-20REC at www.in.gov/dor/3914.htm

Note: See the **Additional limitation** on page 47.

Enter **8 2 2** under line 6 if claiming this credit.

Individual development account credit 823

A credit is available for contributions made to a community development corporation participating in an Individual Development Account (IDA) program. The IDA program is designed to assist qualifying low-income residents to accumulate savings and build personal finance skills.

The organization must have an approved program number from the Housing Finance Authority before a contribution qualifies for pre-approval.

The credit is equal to 50 percent of the contribution, which must not be less than \$100 and not more than \$50,000. S corporations and partnerships may take this credit and pass through the unused portion to their shareholders and partners.

Applications for the credit are filed through the community development corporation by using Form IDA-10/20. An approved Form IDA 20 must be attached to your return if claiming this credit.

To request additional information about the definitions, procedures and qualifications for obtaining this credit, contact: Housing Finance Authority, 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204, telephone number (317) 233-3638.

Note: See the **Additional limitation** on page 47.

Enter **8 2 3** under line 6 if claiming this credit.

Industrial recovery credit 824

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the enterprise zone board approves the application and the plan for rehabilitation, you are entitled to a credit based on the "qualified investment".

For additional information regarding procedures for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 2 4** under line 6 if claiming this credit.

Maternity home credit 825

An income tax credit is allowed for maternity home owners who provide a temporary residence to at least one unrelated pregnant woman for at least 60 consecutive days during her pregnancy. The maternity home owner must file an application annually 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 Maternal and Child Health Division at (317) 233-1253 to obtain an application and more information about this credit.

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 2 5** under line 6 if claiming this credit.

Military base investment cost credit 826

This credit is available for certain taxpayers who provide for a qualified investment in a business located in a military base, a military base reuse area, an economic development area, or a military base recovery site. The amount of the credit depends on the type of business, the number of jobs created and the amount of the investment. The maximum amount of the credit may not exceed 30 percent of the investment.

Contact the Indiana Economic Development Corporation, Enterprise Zone Board, One North Capitol, Suite 700, Indianapolis, IN 46204, or visit their Web site at www.in.gov/iedc for additional information.

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 2 6** under line 6 if claiming this credit.

Military base recovery credit 827

A taxpayer who 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 credit contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 2 7** under line 6 if claiming this credit.

Neighborhood assistance credit 828

If you made a contribution or engaged in activities to upgrade areas in Indiana, you may be able to claim a credit for this assistance. Contact the Indiana Housing & Community Development Authority Neighborhood Assistance Program, 30 S. Meridian, Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777, for more information.

Form NC-20 must be attached to claim this credit.

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

Note: Do not report fees paid to your neighborhood association on this line. These fees are not eligible for this credit.

For more information about this credit, see Form NC-10 at www.in.gov/dor/3508.htm and Income Tax Information Bulletin #22 at www.in.gov/dor/3650.htm

Note: See the **Additional limitation** on page 47.

Enter **8 2 8** under line 6 if claiming this credit.

Prison investment credit 829

A credit is allowed for amounts invested in Indiana prisons to create jobs for prisoners. The amount is limited to 50 percent of the investment in a qualified project approved by the Department of Corrections, plus 25 percent of the wages paid to inmates.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

For additional information, contact the Indiana Department of Correction, Office of the Commissioner, Indiana Government Center South, Room E-334, Indianapolis, IN 46204.

Note: See the **Additional limitation** on page 47.

Enter **8 2 9** under line 6 if claiming this credit.

Residential historic rehabilitation credit 831

A credit is available for the repair and rehabilitation of historic residential property that is at least 50 years old and will be used as your primary residence.

For more information about this credit, see Income Tax Information Bulletin #87A at www.in.gov/dor/3650.htm. Also, contact the Department of Natural Resources, Historic Preservation and Archaeology Division, Indiana Government Center South, Room W-274, Indianapolis, IN 46204, call (317) 232-1646, or visit www.in.gov/dnr/historic

Note: See the **Additional limitation** on page 47.

Enter **8 3 1** under line 6 if claiming this credit.

Riverboat building credit 832

A tax credit has been established for any individual or company that builds or refurbishes a riverboat licensed to conduct legal gambling in Indiana. This credit is equal to 15 percent of the qualified investment and can be carried forward to subsequent tax years. The Indiana Economic Development Corporation must approve the costs of the qualified investment BEFORE the costs are incurred. Contact the Indiana Economic Development Corporation, Development Finance Division, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 234-0616, or visit their Web site at www.in.gov/iedc for additional information.

Note: See the **Additional limitation** on page 47.

Enter **8 3 2** under line 6 if claiming this credit.

Small employer qualified wellness program credit 843

A credit is available to small employers offering a qualified wellness program to its employees. A small employer must be actively engaged in business, and have at least two but not more than 100 employees. A majority of the employees must be working in Indiana.

This credit is available to pass-through entities, such as members of partnerships and S corporations.

A copy of the certificate issued by the State Department of Health (www.in.gov/isdh) must be enclosed to verify the claimed credit. For more information, see Income Tax Information Bulletin #102 at www.in.gov/dor/3650.htm

Note: See the **Additional limitation** on page 47.

Enter **8 4 3** under line 6 if claiming this credit.

Teacher summer employment credit 833

If you hire designated shortage certified 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. For additional information, visit the Department of Education's Web site at www.doe.state.in.us/legal

Note: See the **Additional limitation** on page 47.

Enter **8 3 3** under line 6 if claiming this credit.

Twenty-First Century Scholars Program credit 834

A credit is allowed for contributions made to the Twenty-First Century Scholars Program Support Fund. The credit is equal to 50 percent 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. To claim this credit you must complete and attach Schedule TCSP-40. Get a Schedule TCSP-40 at www.in.gov/dor/3910.htm

Detailed information about the scholarship program, registration and administration may be obtained by calling the office of the Twenty-First Century Scholars Program at (317) 233-2100.

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

Note: See the **Additional limitation** on page 47.

Enter **8 3 4** under line 6 if claiming this credit.

Venture capital investment credit 835

A taxpayer that provides qualified investment capital to a qualified Indiana business may be eligible for this credit.

Certification for this credit must be obtained from the Indiana Economic Development Corporation Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their Web site at www.in.gov/iedc

Note: See the **Restriction for certain tax credits - Limited to one per project** on page 47 for additional limitations.

Enter **8 3 5** under line 6 if claiming this credit.

Voluntary remediation credit 836

See the Schedule E, line 3, instructions on page 39 for details about this credit. This credit is available to offset both your state and local tax liabilities. Pass-through entities are eligible for this credit.

If you did not use all of the available voluntary remediation credit on Schedule E, line 3, the remaining credit should be claimed on this line.

Contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, Indpls., IN, 46204, or visit their Web site at www.in.gov/iedc for additional information.

Note: See the **Additional limitation** below.

Enter **836** under line 6 if claiming this credit.

Restriction for certain tax credits - Limited to one per project

PL 199-2005 provides that a taxpayer may not be granted more than one credit for the same project. The credits that are included are the alternative fuel vehicle manufacturer credit, capital investment credit, community revitalization enhancement district credit, enterprise zone investment cost credit, Hoosier business investment credit, industrial recovery credit, military base investment cost credit, military base recovery credit and the venture capital investment credit.

Apply this restriction first when figuring your credits. Then apply the following **Additional limitation**.

Additional limitation: There is one final limitation if you have entries on lines 4 through 6 of Schedule E. These credits, when combined, cannot be greater than the state adjusted gross income 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 4 college credit of \$200 plus the line 5 credit for taxes paid to other states of \$300 equals a \$500 total credit. Your IT-40PNR line 12 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 5, and attach an explanation showing your calculations.

Line 7 - Total credits

Add the credits on lines 1 through 6 (keeping in mind the limitations), and enter the total here. Carry this amount to Form IT-40PNR, line 28.

DISTRICT OFFICE LOCATIONS

Indianapolis (Main Office)

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

Bloomington District Office

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

Clarksville District Office

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

Mailing address: P.O. Box 3249
Clarksville, IN 47131-3249

Columbus District Office

3136 N. National Rd., Suite H
Columbus, IN 47201
(812) 376-3049

Evansville District Office

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

Fort Wayne District Office

1415 Magnavox Way Suite 100
Fort Wayne, IN 46804
(260) 436-5663

Kokomo District Office

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

Lafayette District Office

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

Merrillville District Office

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

Muncie District Office

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

South Bend District Office

1025 Widener Lane, Ste. B
South Bend, IN 46614
(574) 291-8270

Terre Haute District Office

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

**District office
business hours are
8 a.m. to 4:30 p.m.,
Monday - Friday.**



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

2008 Indiana County Income Tax Rates and County Codes

Important: The following rates may have changed after this chart was printed. To verify your county's rate, contact the Department at www.in.gov/dor/3980.htm, call the form order request line at (317) 615-2581 to have an update mailed to you, or call our main tax line at (317) 232-2240 for assistance.

*These rates have changed from last year's chart.

County Code #	County Name	Resident Rate	Nonresident Rate
01	Adams	.01124	.00674
02	Allen	.01	.0055
03	Bartholomew	.01	.0025
04	Benton	.0229*	.0054
05	Blackford	.0136	.0061
06	Boone	.01	.0025
07	Brown	.022*	.005
08	Carroll	.011125*	.003625*
09	Cass	.015	.0075
10	Clark	.015	.0075
11	Clay	.0125	.0025
12	Clinton	.015	.0075
13	Crawford	.01	.005
14	Daviess	.0175	.0075
15	Dearborn	.006	.0015
16	Decatur	.0133	.0058
17	DeKalb	.015	.0075
18	Delaware	.0105	.006
19	Dubois	.01	.0055
20	Elkhart	.015	.005
21	Fayette	.0237*	.0087*
22	Floyd	.0115	.0065
23	Fountain	.011	.0035
24	Franklin	.0125	.005
25	Fulton	.0143	.0068
26	Gibson	.005	.005
27	Grant	.0125	.005
28	Greene	.01	.0025
29	Hamilton	.01	.0025
30	Hancock	.0115	.004
31	Harrison	.01	.005
32	Hendricks	.014	.0065
33	Henry	.0125	.005
34	Howard	.016* ¹	.0055* ¹
35	Huntington	.013375*	.005
36	Jackson	.016	.0075
37	Jasper	.0305*	.005
38	Jay	.0245*	.0075
39	Jefferson	.0035	.0035
40	Jennings	.0125	.005
41	Johnson	.01	.0025
42	Knox	.011	.0065
43	Kosciusko	.01	.00475
44	LaGrange	.014	.0065
45	Lake	NA	NA
46	LaPorte	.0095	.007
47	Lawrence	.01	.0025
48	Madison	.0125	.005
49	Marion	.0165*	.004125*

¹ Includes the Howard County jail operating and maintenance income tax rate.

County Code #	County Name	Resident Rate	Nonresident Rate
50	Marshall	.0125	.0025
51	Martin	.01	.004
52	Miami	.016025*	.0073063*
53	Monroe	.0104*	.0026*
54	Montgomery	.021*	.006*
55	Morgan	.0272*	.0052
56	Newton	.01	.0025
57	Noble	.015	.0075
58	Ohio	.01	.0025
59	Orange	.0125	.005
60	Owen	.013	.0055
61	Parke	.0255*	.0075
62	Perry	.0106	.00685
63	Pike	.004	.004
64	Porter	.005	.005
65	Posey	.00325*	.0008125*
66	Pulaski	.0313*	.0068
67	Putnam	.015	.0075
68	Randolph	.015	.0075
69	Ripley	.0138	.0063
70	Rush	.015	.0075
71	St. Joseph	.008	.0035
72	Scott	.0141*	.004725*
73	Shelby	.0125	.005
74	Spencer	.008	.00575
75	Starke	.0106	.0081
76	Steuben	.0129	.0054
77	Sullivan	.003*	.003*
78	Switzerland	.01	.0025
79	Tippecanoe	.011	.0065
80	Tipton	.0133	.0058
81	Union	.015	.005
82	Vanderburgh	.01	.0025
83	Vermillion	.001	.001
84	Vigo	.0125	.0075
85	Wabash	.029*	.0075
86	Warren	.0212*	.0057
87	Warrick	.005	.005
88	Washington	.015	.0075
89	Wayne	.015	.005
90	Wells	.021*	.007
91	White	.0132	.0057
92	Whitley	.012329	.004829

94	Illinois
95	Kentucky
96	Michigan
97	Ohio
98	Pennsylvania
99	Wisconsin
00	All Other States

Indiana School Corporations

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

County Corporation Number and Name	Dearborn	Gibson	Huntington
Adams	1560 Sunman-Dearborn Comm	2725 East Gibson Sch Corp	3625 Huntington Co Comm
0015 Adams Central Comm	1600 South Dearborn Comm	2735 North Gibson Sch Corp	Jackson
0025 North Adams Community	1620 Lawrenceburg Comm	2765 South Gibson Sch Corp	3640 Medora Community
0035 South Adams Schools			3675 Seymour Community
Allen	Decatur	Grant	3695 Brownstown Central Comm
0125 M.S.D. Southwest Allen Co	1655 Decatur Co Community	2815 Eastbrook Community	3710 Crothersville Community
0225 Northwest Allen County	1730 Greensburg Community	2825 Madison-Grant United	Jasper
0235 Fort Wayne Community	DeKalb	2855 Mississinewa Community	3785 Kankakee Valley
0255 East Allen County	1805 DeKalb County Eastern Community Sch Dist	2865 Marion Community	3815 Rensselaer Central
Bartholomew	1820 Garrett-Keyser-Butler Community	5625 Oak Hill United	6630 West Central Sch Corp
0365 Bartholomew Consolidated	1835 DeKalb County Central United Sch Dist	Greene	8535 Tri-County Sch Corp
0370 Flatrock-Hawcreek	7610 Hamilton Community	2920 Bloomfield School District	Jay
4215 Edinburgh Community	Delaware	2940 Eastern School District	3945 Jay Sch Corp
Benton	1875 Delaware Community	2950 Linton-Stockton Sch Corp	Jefferson
0395 Benton Community	1885 Harrison-Washington Community Sch Corp	2960 MSD Shakamak Schools	3995 Madison Consolidated
5995 South Newton	1895 Liberty-Perry Community	2980 White River Valley School District	4000 Southwestern Jefferson Consolidated
8535 TriCounty	1900 Cowan Comm Sch Corp	Hamilton	Jennings
Blackford	1910 Mt. Pleasant Township Community Sch Corp	3005 Hamilton Southeastern	4015 Jennings County Schools
0515 Blackford Community	1940 Daleville Community Schools	3025 Hamilton Heights Sch Corp	Johnson
Boone	1970 Muncie Community Schools	3030 Westfield-Washington Schools	4145 Clark-Pleasant Comm
0615 Western Boone County	Dubois	3055 Marion-Adams Schools	4205 Center Grove Community
0630 Zionsville Community Schools	2040 Northeast Dubois County	3060 Carmel Clay Schools	4215 Edinburgh Community
0665 Lebanon Community Sch Corp	2100 Southeast Dubois County	3070 Noblesville Schools	4225 Franklin Community
3055 Marion-Adams	2110 Southwest Dubois County	Hancock	4245 Greenwood Community
Brown	2120 Greater Jasper Consolidated	3115 Southern Hancock Co Community Sch Corp	4255 Nineveh-Hensley-Jackson United
0670 Brown County Sch Corp	Elkhart	3125 Greenfield Central Comm	Knox
Carroll	2155 Fairfield Comm Schools	3135 Mt Vernon Community	4315 North Knox Sch Corp
0750 Carroll Consolidated Sch Corp	2260 Baugo Community Schools	3145 Eastern Hancock County Community Sch Corp	4325 South Knox Sch Corp
0755 Delphi Community Sch Corp	2270 Concord Community Schools	Harrison	4335 Vincennes Community
1180 Rossville Consolidated	2275 Middlebury Community Schools	3160 Lanesville Community	Kosciusko
8565 Twin Lakes Sch Corp	2285 Wa-Nee Community Schools	3180 North Harrison Comm	4345 Wawasee Community
Cass	2305 Elkhart Community Schools	3190 South Harrison Comm	4415 Warsaw Community
0815 Southeastern Sch Corp	2315 Goshen Community Schools	1300 Crawford Co Community	4445 Tippecanoe Valley
0875 Logansport Community	Fayette	Hendricks	4455 Whitko Community
0775 Pioneer Regional Sch Corp	2395 Fayette County Sch Corp	3295 North West Hendricks	2285 Wa-Nee Community
2650 Caston Sch Corp	Floyd	3305 Brownsburg Community	5495 Triton Sch Corp
Clark	2400 New Albany-Floyd County Consolidated Sch Corp	3315 Avon Community Sch Corp	LaGrange
0940 West Clark Community	Fountain	3325 Danville Community	4515 Prairie Heights Comm
1000 Clarksville Community	2435 Attica Consolidated Sch Corp	3330 Plainfield Community	4525 Westview Sch Corp
1010 Greater Clark County	2440 Covington Community	3335 Mill Creek Community	4535 Lakeland Sch Corp
Clay	2455 Southeast Fountain	Henry	Lake
1125 Clay Community Schools	Franklin	3405 Blue River Valley Schools	4580 Hanover Community
2960 MSD Shakamak Schools	2475 Franklin Co Community	3415 South Henry Sch Corp	4590 River Forest Community
Clinton	6895 Batesville Community	3435 Shenandoah School Corp	4600 Merrillville Comm Schls
1150 Clinton Central Sch Corp	7950 Union County	3445 New Castle Community	4615 Lake Central Sch Corp
1160 Clinton Prairie Sch Corp	Fulton	3455 C A Beard Memorial Sch Corp	4645 Tri Creek Sch Corp
1170 Frankfort Community	2645 Rochester Community	6795 Union Sch Corp	4650 Lake Ridge Schools
1180 Rossville Consolidated	2650 Caston Sch Corp	8305 Nettle Creek Sch Corp	4660 Crown Point Community
Crawford	4445 Tippecanoe Valley	Howard	4670 School City of East Chicago
1300 Crawford Co. Community	5455 Culver Community	3460 Taylor Community	4680 Lake Station Community
Daviess	6620 Eastern Pulaski	3470 Northwestern Sch Corp	4690 Gary Community Sch Corp
1315 Barr-Reeve Community		3480 Eastern Howard Comm	4700 Griffith Public Schools
1375 North Daviess Comm Sch		3490 Western Sch Corp	4710 School City of Hammond
1405 Washington Community		3500 Kokomo-Center Township Consolidated	4720 School Town of Highland
			4730 School City of Hobart
			4740 School Town of Munster
			4760 Whiting School City

Indiana School Corporations Cont'd...

County

Corporation Number and Name

LaPorte

4770 Cass Township Schools
4790 Dewey Township Schools
4805 New Prairie United Sch Corp
4860 MSD New Durham Twp
4880 Prairie Township Schools
4925 Michigan City Area Schools
4940 South Central Community
4945 LaPorte Community
7150 John Glenn Sch Corp

Lawrence

5075 North Lawrence Comm
5085 Mitchell Community

Madison

5245 Frankton-Lapel Comm
5255 South Madison Comm
5265 Alexandria Community
5275 Anderson Community
5280 Elwood Community
2825 Madison-Grant United

Marion

5300 MSD Decatur Township
5310 Franklin Township Comm
5330 MSD Lawrence Township
5340 MSD Perry Township
5350 MSD Pike Township
5360 MSD Warren Township
5370 MSD Washington Township
5375 MSD Wayne Township
5380 Beech Grove City Schools
5385 Indianapolis Public Schools
5400 Sch Town of Speedway

Marshall

5455 Culver Community
5470 Argos Community Schools
5480 Bremen Public Schools
5485 Plymouth Community
5495 Triton Sch Corp
7150 John Glenn Sch Corp
7215 Union-North United

Martin

5520 Shoals Community
5525 Loogootee Community

Miami

5615 Maconaquah Sch Corp
5620 North Miami Consolidated
5625 Oak Hill United Sch Corp
5635 Peru Community Schools

Monroe

5705 Richland-Bean Blossom
Community Sch Corp
5740 Monroe Co Community

Montgomery

5835 North Montgomery Comm
5845 South Montgomery Comm
5855 Crawfordsville Comm Schools

Morgan

5900 Monroe-Gregg Sch Corp
5910 Eminence Consolidated
Comm Sch Corp
5925 MSD Martinsville Sch Corp
5930 Mooresville Con Sch Corp
4255 Nineveh-Hensley-Jackson
United

Newton

5945 North Newton Sch Corp
5995 South Newton Sch Corp

Noble

6055 Central Noble Community
6060 East Noble Sch Corp
6065 West Noble Sch Corp
4535 Lakeland Sch Corp
8625 Smith-Green Comm Sch

Ohio

6080 Rising Sun-Ohio County
Community

Orange

6145 Orleans Community Schools
6155 Paoli Community Sch Corp
6160 Springs Valley Comm

Owen

6195 Spencer-Owen Comm
6750 Cloverdale Community

Parke

6260 Southwest Parke Comm
6300 Rockville Community
6310 Turkey Run Community
1125 Clay Community Schools

Perry

6325 Perry Central Community
6340 Cannelton City Schools
6350 Tell City-Troy Township

Pike

6445 Pike County Sch Corp

Porter

6460 MSD Boone Township
6470 Duneland Sch Corp
6510 East Porter County
6520 Porter Township
6530 Union Township
6550 Portage Township Schools
6560 Valparaiso Community
4925 Michigan City Area

Posey

6590 MSD Mount Vernon
6600 MSD North Posey Co
6610 New Harmony Town and
Township Con Sch

Pulaski

6620 Eastern Pulaski Comm
6630 West Central Sch Corp
5455 Culver Community
7515 North Judson-San Pierre

Putnam

6705 South Putnam Community
6715 North Putnam Community
6750 Cloverdale Community
6755 Greencastle Community

Randolph

6795 Union Sch Corp
6805 Randolph Southern
6820 Monroe Central
6825 Randolph Central
6835 Randolph Eastern

Ripley

6865 South Ripley Community
6895 Batesville Community
6900 Jac-Cen-Del Community
6910 Milan Community Schools
1560 Sunman-Dearborn Comm

Rush

6995 Rush County Schools
3455 C A Beard Memorial Sch Corp

St. Joseph

7150 John Glenn Sch Corp
7175 Penn-Harris-Madison
7200 Sch City of Mishawaka
7205 South Bend Community
7215 Union-North United Sch Dist
4805 New Prairie United Sch Corp

Scott

7230 Scott Co Sch District No. 1
7255 Scott Co Sch District No. 2

Shelby

7285 Shelby Eastern Schools
7350 Northwestern Consolidated
7360 Southwestern Consolidated
7365 Shelbyville Central Schools
1655 Decatur Co Community

Spencer

7385 North Spencer County
7445 South Spencer County

Starke

7495 Oregon-Davis Sch Corp
7515 North Judson-San Pierre
7525 Knox Community Sch Corp
5455 Culver Community

Steuben

7605 Fremont Community Schools
7610 Hamilton Community Schools
7615 MSD Steuben County
1835 DeKalb County Central
United Sch Dist
4515 Prairie Heights Comm

Sullivan

7645 Northeast Sch Corp
7715 Southwest Sch Corp

Switzerland

7775 Switzerland County

Tippecanoe

7855 Lafayette Sch Corp
7865 Tippecanoe Sch Corp
7875 West Lafayette Comm
0395 Benton Community

Tipton

7935 Northern Community
Sch Tipton Co
7945 Tipton Community Sch Corp

Union

7950 Union County

Vanderburgh

7995 Evansville-Vanderburgh

Vermillion

8010 North Vermillion Comm
8020 South Vermillion Comm

Vigo

8030 Vigo County Sch Corp

Wabash

8045 Manchester Community Schls
8050 MSD Wabash County
8060 Wabash City Schools

Warren

8115 MSD Warren County
0395 Benton Community Sch Corp
2440 Covington Community

Warrick

8130 Warrick County Sch Corp

Washington

8205 Salem Community Schools
8215 East Washington Sch Corp
8220 West Washington Sch Corp

Wayne

8305 Nettle Creek Sch Corp
8355 Western Wayne Schools
8360 Centerville-Abington
Community Schools
8375 Northeastern Wayne
8385 Richmond Community

Wells

8425 Southern Wells Comm
8435 Northern Wells Comm
8445 MSD Bluffton-Harrison

White

8515 North White Sch Corp
8525 Frontier Sch Corp
8535 Tri-County School Corp
8565 Twin Lakes Sch Corp
0775 Pioneer Regional Sch Corp

Whitley

8625 Smith-Green Comm Schls
8665 Whitley Co. Con Schools
4455 Whitko Community Sch Corp

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

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2008 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
- Schedule IN-EIC, Earned Income Credit
- Form IT-9, Extension of Time to File
- Form ES-40, Estimated Tax Payment Voucher
- Envelope for IT-40PNR

Contributions to the Indiana Nongame Wildlife Fund

Donations to the Nongame Wildlife Fund assist the Indiana Department of Natural Resources to manage and protect over 750 nongame and endangered wildlife species in Indiana. Your contributions to the Fund have brought ospreys and bald eagles back to our skies and river otters to our waters.

These reintroduction programs, as well as many other restoration, management, and educational projects implemented by the Wildlife Diversity Section, rely on donations from individuals like you. The program is funded almost exclusively by donations to the Indiana state income tax check-off and direct donations.

If you would like to make a donation to the Fund, you may donate all or a portion of your tax refund on line 33 of the Form IT-40PNR. To make a direct donation, you can also complete the form below and mail it with a check or money order made payable to the Fund to: Nongame Wildlife Fund, Division of Fish and Wildlife, W-273, 402 West Washington St., Indianapolis, IN 46204. You can learn more about Indiana's Nongame Wildlife Diversity Section at www.in.gov/dnr/fishwild/



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

Name(s)

Address

City

State

Zip Code

Send to: Nongame Wildlife Fund, Division of Fish and Wildlife, W-273, 402 West Washington St., Indianapolis, IN 46204.



FORM
IT-40PNR

State Form 472
(R7 / 9-08)

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

If you are **not** filing for the calendar year January 1 through December 31, 2008, enter period from: _____ to: _____

Due April 15, 2009

2008

Your Social Security Number A		Spouse's Social Security Number B		Check the box if you are married filing separately. C ☐	
☐ Check if applying for ITIN ZU		☐ Check if applying for ITIN ZT			
Your First Name D		Initial E	Last Name F		
If filing a joint return, spouse's first name G		Initial H	Last Name I		
Present address (number and street or rural route)(If you have a P.O. Box, see instructions of page 5.) J				School Corporation Number N	
				(see pages 50 and 51)	
City K		State L	Zip code + 4 M	Foreign Country (if applicable) O	
Enter the 2-digit county code numbers (found on page 49 in the instruction booklet) for the county where you lived and worked on January 1, 2008.					
P County where you lived		Q Yourself County where you worked		R County where spouse lived	
				S Spouse County where spouse worked	

1. Complete Indiana Schedule A first. Enter here the amount from line 42B of Section 3 from that schedule (you <u>must</u> attach Indiana Schedule A)	1	
2. Indiana deductions. Enter the amount from line 12, Schedule D (attach schedule)	2	
3. Line 1 minus line 2 Indiana Adjusted Income ▶	3	
4. Number of exemptions claimed on your federal return x \$1,000.....	4	
5. Additional exemption for certain dependent children (see instructions on page 10.) Enter number claimed in box x \$1,500	5	00
6. Check box(es) below for additional exemptions if, by December 31, 2008: <u>You were:</u> 65 or older ☐ or blind ☐ <u>Spouse was:</u> 65 or older ☐ or blind ☐ . Number of boxes checked x \$1,000.....	6	00
7. Check box(es) below for additional exemptions if, by December 31, 2008: <u>You were:</u> ☐ 65 or older and line 41A from Indiana Schedule A is less than \$40,000. <u>Spouse was:</u> ☐ 65 or older and line 41A from Indiana Schedule A is less than \$40,000. Total the number of boxes checked x \$500.....	7	00
8. Add Lines 4, 5, 6 and 7 Exemption Subtotal ▶	8	
9. Enter amount from Box 21D of the Proration Section located at the bottom of the first page of Indiana Schedule A, Section 1 (you must attach Schedule A)	9	
10. Multiply line 8 by the number on line 9 Total Exemptions ▶	10	
11. Line 3 minus line 10 (if less than zero, leave blank) State Taxable Income ▶	11	
12. State adjusted gross income tax: multiply line 11 by 3.4% (.034)	12	
13. County income tax (see instructions on page 33)	13	
14. Use tax due on out-of-state purchases (see instructions on page 10)	14	
15. Household employment taxes: attach Schedule IN-H	15	
16. Indiana advance earned income payments from W-2(s) (see instructions on page 11)	16	
17. Recapture of Indiana's CollegeChoice 529 credit. Attach schedule IN-529R	17	
18. Add lines 12 through 17. Enter here and on line 30 on the back Total Tax ▶	18	
19. Indiana state tax withheld. Don't include any withholding amounts for other states' taxes. Attach W-2s, WH-18s, 1099s	19	
20. Indiana county tax withheld. Don't include any withholding amounts for localities located outside Indiana. Attach W-2s, WH-18s, 1099s	20	
21. Estimated tax paid for 2008. Include any extension payment made with Form IT-9	21	
22. 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 12.)	22	
23. Earned income credit: attach Schedule IN-EIC	23	
24. Lake County residential income tax credit	24	
25. Economic development for a growing economy credit (see instructions on page 14)	25	
26. Media production expenditure credit (see instructions on page 14).....	26	
27. Composite filer credit. Attach Schedule IN K-1(s) (see instructions on page 14).....	27	
28. Indiana credits: enter the amount from Schedule E, line 7 (attach schedule)	28	
29. Add lines 19 through 28. Enter here and on line 31 on the back Total Credits ▶	29	

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30. Enter the Total Tax from line 18 on the front of this form	30	
31. Enter the Total Credits from line 29 on the front of this form	31	
32. If line 31 is more than line 30, subtract line 30 from line 31 (if smaller, skip to line 39).....	32	
33. Amount of line 32 to be donated to the Indiana Nongame Wildlife Fund.....	33	
34. Subtract line 33 from line 32 SUBTOTAL	34	
35. Amount from line 34 to be applied to your 2009 estimated tax account (see instructions on page 15)		
a. Your county amount \$.....		
b. Spouse's county amount \$.....		
c. Indiana adjusted gross income tax amount \$..... Total to be applied (a+b+c).....	35d	
36. Penalty for underpayment of estimated tax for 2008. Attach Sch. IT-2210 or IT-2210A	36	
37. Line 34 minus lines 35d and 36 (if less than zero see line 39 instructions on page 17) .. Your Refund ▶	37	
38. a. Routing Number c. Type ☐ Checking ☐ Savings ☐ Hoosier Works MC		Direct Deposit (see page 17)
b. Account number		
39. If line 30 is more than line 31, subtract line 31 from line 30. Add this to any amount on line 36 and enter total here (see instructions on page 17) SUBTOTAL	39	
40. Penalty (if filed after the due date, see instructions on page 17)	40	
41. Interest (if filed after the due date, see instructions on page 17)	41	
42. Amount Due: Add lines 39, 40 and 41 Amount You Owe ▶	42	

▶ No payment is due if you owe less than \$1. **Do Not Send Cash.** Make your check or money order payable to:
Indiana Department of Revenue. Credit Card payers must see page 17 for details.

Your Information (see instructions on page 18)

- T • Were you a **full-year** resident of another state?
If so, enter the 2 letter name for that state.
- U • Were you a **part-year** resident of another state?
If so, enter the 2 letter name for that state.
- W • Enter the time period you lived in Indiana during 2008
From: 2008 To: 2008 X
- Y • Enter the time period you lived in the other state.
From: 2008 To: 2008 Z

Spouse's Information (see instructions on page 18)

- EE • Were you a **full-year** resident of another state?
If so, enter the 2 letter name for that state.
- FF • Were you a **part-year** resident of another state?
If so, enter the 2 letter name for that state.
- GG • Enter the time period you lived in Indiana during 2008.
From: 2008 To: 2008 HH
- II • Enter the time period you lived in the other state.
From: 2008 To: 2008 JJ

MM If two-thirds of your gross income was made from farming or fishing, please check here. ☐
Important: If you checked the box, you must attach Schedule IT-2210 or IT-2210A.

ZW **Are you filing a federal income tax return for 2008?** Yes ☐ No ☐

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 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. Also, my request for direct deposit of my refund includes my authorization to the Indiana Department of Revenue to furnish my financial institution with my routing number, account number, account type and Social Security number to ensure my refund is properly deposited. I give permission to the Department to contact the Social Security Administration to confirm that the Social Security number(s) used on this return is correct.

Your Signature _____ Date _____

Spouse's Signature _____ Date _____

☐ If any individual listed at the top of the IT-40 died during 2008, enter date of death below (MM/DD).

PP Taxpayer's date of death 2008

QQ Spouse's date of death 2008

Daytime telephone number

SS

E-mail address where we can reach you.

ZV

RR **I authorize the Department to discuss my return with my personal representative (see page 18)** ☐ Yes ☐ No
If yes, complete the information below.

Personal Representative's Name (please print)

AB _____

Telephone number AC

AD Address _____

AE City _____

AF State _____ AG Zip Code + 4 _____

Paid Preparer: Firm's Name (or yours if self-employed)

WW _____

MA ☐ IN-OPT on file with paid preparer if not filing electronically

UU ☐ Federal I.D. Number ☐ PTIN OR ☐ Social Security Number

VV

Telephone number ZY

XX Address _____

YY City _____

ZZ State _____ ZX Zip Code + 4 _____

Signature _____ Date _____



157081201

Indiana Schedule A

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

Enclosure
Sequence No. 01
2008

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

Your Social
Security
Number

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Section 1: Income or (Loss)

Enter in Column A, lines 1 through 20, the same income or loss you reported on your 2008 federal income tax return, Form 1040, 1040A or 1040EZ (except for line 19B and/or a net operating loss carryforward on line 20B; see instructions). If you have a loss (or negative entry), please indicate so by placing it in a bracket. Example: (1.00)

**Line-by-line instructions
begin on page 20.**

Column A Income from Federal Return

Column B Income Taxed by Indiana

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

List source(s). (**Do not** include federal net operating loss in Column B. See instructions on page 22.)

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

21A		
-----	--	--

21B		
-----	--	--

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

Proration Section

See instructions on page 23.

Note: Nonresident military personnel see special instructions on page 23 and complete **BOX 21C**

\$

For all other individuals, 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 three numbers. Example: \$3,100 ÷ \$8,000 = .3875, which rounds to .388 (do not enter a number greater than 1.00). Enter result here and on line 9 on the front page of Form IT-40PNR.....

BOX 21D

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Indiana Schedule A cont'd.

Section 2: Adjustments; Section 3: Totals (Complete the other side first)

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

If you have a loss (or negative) entry, please indicate so by placing it in a bracket. Example: (1.00)

**Line-by-line instructions
continue on page 23.**

Column A
Income from Federal Return

Column B
Income Taxed by Indiana

22. Enter amounts from line 21 on the previous page	22A			22B		
23. Tax add-back: if entries are in column B, lines 7,12,13,14,15, and/or 16, see instructions on page 18	23A			23B		
24. Lump sum distribution taxed on federal Form 4972	24A			24B		
Total Income or Loss -						
25. Add lines 22 through 24	25A			25B		

Section 2: Adjustments to Income

Note: Enter in Column A only those deductions claimed on your 2008 federal income tax return, Form 1040, 1040A or 1040EZ.

**Line-by-line instructions
continue on page 23.**

Column A
Federal Adjustments

Column B
Indiana Adjustments

26. Archer MSA deduction.....	26A			26B		
27. Certain business expenses of reservists, performing artists, etc.....	27A			27B		
28. Health savings account deduction.....	28A			28B		
29. Moving expenses (see instructions on page 24)	29A			29B		
30. One-half of self-employment tax	30A			30B		
31. Self-employed, SEP, SIMPLE, and qualified plans.....	31A			31B		
32. Self-employed health insurance deduction	32A			32B		
33. Penalty on early withdrawal of savings	33A			33B		
34. Alimony paid.....	34A			34B		
35. IRA deduction.....	35A			35B		
36. Student loan interest deduction.....	36A			36B		
37. Jury duty pay you gave to your employer.....	37A			37B		
38. Domestic production activities deduction	38A			38B		
39. Other (see instructions on page 25).....	39A			39B		
Total Adjustments -						
40. Add lines 26 through 39	40A			40B		

Section 3: Totals

Column A
Federal Adjusted Gross Income

Column B
Income Taxed by Indiana

41. A. Subtract line 40A from line 25A	41A				
42. B. Subtract line 40B from line 25B. Enter total here and on Form IT-40PNR, line 1	42B				



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

A Your Social
Security Number

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Instructions for Schedule D begin on page 25.

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

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

_____ C Amount of rent paid D \$ _____

Number of months rented _____ E Enter the lesser of \$3,000 or amount of rent paid.....

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

Number of months lived there _____ G

Enter the lesser of \$2,500 or the actual amount of property tax paid for 2008. Box A \$ _____

Note: Enter the amount of Indiana property taxes due in 2007 but paid

during 2008 (if any) from Step 5 of the worksheet on page 27 Box B \$ _____

Add Boxes A and B, enter the total here (**combined deduction cannot be more than \$5,000**)

3. State tax refund reported on federal return (see page 27)

4. Interest on U.S. government obligations (see page 27)

5. Taxable Social Security benefits (see page 28)

6. Taxable railroad retirement benefits (see page 28)

7. Military service deduction: \$5,000 maximum for qualifying person (see page 28)

8. Non-Indiana locality earnings deduction: \$2,000 maximum per qualifying person (see page 28)

9. Insulation deduction: \$1,000 maximum: attach verification (see page 28)

10. Nontaxable portion of unemployment compensation (see page 29)

11. **Other Deductions:** See instructions beginning on page 29 (attach additional sheets if necessary)

a. Enter deduction name _____ I code no. _____

b. Enter deduction name _____ J code no. _____

c. Enter deduction name _____ K code no. _____

d. Enter deduction name _____ L code no. _____

12. Add lines 1 through 11 and enter total on line 2 of Form IT-40PNR.....**Total Deductions** ▶

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

Schedule E: Indiana Credits

1. Credit for local taxes paid outside Indiana (see page 37)

2. County credit for the elderly: attach federal Schedule R (see page 37)

3. **Other Local Credits:** See instructions on page 39 (attach additional sheets if necessary)

a. Enter credit name _____ A code no. _____

b. Enter credit name _____ B code no. _____

Important: Lines 1 through 3 cannot be greater than the county tax due on IT-40PNR line 13
(see limitation on page 39)

4. College credit: attach Schedule CC-40 (see page 39)

5. Credit for taxes paid to other states: attach other state's return (see page 40)

6. **Other Credits:** See instructions on page 41 (attach additional sheets if necessary)

a. Enter credit name _____ C code no. _____

b. Enter credit name _____ D code no. _____

c. Enter credit name _____ E code no. _____

d. Enter credit name _____ F code no. _____

Important: Lines 4 through 6 added together cannot be greater than the state adjusted gross
income tax due on IT-40PNR line 12 (see *Additional Limitations* on page 47)

7. Add lines 1 through 6 and enter total on line 28 of Form IT-40PNR.....**Total Credits** ▶

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



**County Tax Schedule for Part-Year and
Full-Year Indiana Nonresidents**

See instructions on page 33.

Enclosure
Sequence No. 04
2008

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

A Your Social
Security Number

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Lake County Residents: Turn to the *Special Instructions for Lake County residents* on page 36 if you and/or your spouse lived and/or worked in Lake County on Jan. 1, 2008.

If you determine that Lake County tax is due, find your 4-digit code number (see page 36) and enter it here. If you are married filing jointly, and your spouse also lived and/or worked in Lake County on Jan. 1, 2008, enter the 4-digit number for your spouse.

T Your Lake County 4-digit number.

--	--	--	--

U Spouse's Lake County 4-digit number

--	--	--	--

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

1. Enter the amount from IT-40PNR, line 11. Note: If both you and your spouse lived in the same county on January 1 (or lived in the same Lake County location on January 1), enter the entire amount from Form IT-40PNR, line 11 on line 1A only. See instructions on page 34

2. If you claimed a non-Indiana locality earnings deduction on Schedule D, line 8, enter the amount here. If not, leave blank ...

3. Add lines 1 and 2

4. Enter the resident rate from the county tax chart on page 49 for the county where you lived on Jan. 1, 2008

5. Multiply line 3 by the rate on line 4

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 35)

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

8. Multiply line 7 by .0056 and enter total here

9. Line 6 minus line 8. Enter the total here and on line 13 of Form IT-40PNR

Column A - Yourself

Column B - Spouse's

1A			1B		
2A			2B		
3A			3B		
4A			4B		
5A			5B		
			6		
			7		
			8		
			9		

SECTION 2: To be completed if on Jan. 1, 2008, 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.

1. Enter your principal employment income by entering the total income from your W-2s and/or net self-employment income (from federal Schedule C/C-EZ; federal Form 1065, Schedule K-1 and/or farm income from federal Schedule F). See page 35 for more Section 2 instructions.....

2. Enter any amounts for payments made to self-employed retirement plans, IRA's, etc. See page 35 for the complete list of allowable deductions and more instructions.....

3. Subtract line 2 from line 1

4. Enter some or all of the exemptions from line 10 of Form IT-40PNR (see instructions on page 36)

5. Subtract line 4 from line 3

6. Enter the nonresident rate from the county tax rate chart on page 49 for the county where you worked on Jan. 1, 2008....

7. Multiply the income on line 5 by the rate on line 6.....

8. Enter total of 7A plus 7B. Add to any Section 1, line 9 amount, & carry to line 13 of Form IT-40PNR

Column A - Yourself

Column B - Spouse's

1A			1B		
2A			2B		
3A			3B		
4A			4B		
5A			5B		
6A			6B		
7A			7B		
			8		



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

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Section A: Figure Your Indiana Earned Income Credit

A-1 Enter the earned income credit from your federal income tax return Form 1040 line 64a, Form 1040A line 40a, or Form 1040EZ line 8a (must be \$9.00 or more: see instructions)..... **A-1\$** _____ ●

A-2 Multiply line A-1 by .06 and enter here. Carry this total to Form IT-40, line 27, or Form IT-40PNR, line 23..... **Indiana Earned Income Credit** **A-2\$** _____ ●

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

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

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

Enter each child's name here

Enter each child's
Social Security Number



1 First	2 First	3 First	4 First
_____ Last	_____ Last	_____ Last	_____ Last
_____ SSN	_____ SSN	_____ SSN	_____ SSN

↓ Check only one box in each section for each child listed.

B-1	Your child	a	☐	a	☐	a	☐	a	☐
	Adopted child	b	☐	b	☐	b	☐	b	☐
	Grandchild	c	☐	c	☐	c	☐	c	☐
	Stepchild	d	☐	d	☐	d	☐	d	☐
	Foster child (not related)	e	☐	e	☐	e	☐	e	☐
	Other (related foster child, or other related child - see instructions)	f	☐	f	☐	f	☐	f	☐
B-2	Under age 18	g	☐	g	☐	g	☐	g	☐
	Age 18	h	☐	h	☐	h	☐	h	☐
	Age 19 - 24 and a full-time student	i	☐	i	☐	i	☐	i	☐
	Age 19 or older and totally disabled	j	☐	j	☐	j	☐	j	☐
B-3	Child lived with you at least 1/2 of the year.	k	☐	k	☐	k	☐	k	☐
	Child was born or died in 2008, and lived with you while alive in 2008.	l	☐	l	☐	l	☐	l	☐

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



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Indiana's Earned Income Credit Instructions

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

If, during 2008:

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

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

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

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

Section A – Figure Your Credit

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

- Federal Form 1040, line 64a or
- Federal Form 1040A, line 40a or
- Federal Form 1040EZ, line 8a.

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

Multiply the amount on Line A1 by .06 (6%) and enter the result on line A-2. This is your Indiana earned income credit. Enter this amount on your Form IT-40, line 27, or on Form IT-40PNR, line 23.

Section B - Qualifying Child

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

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

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

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

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

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

Caution: You must know what your federal earned income credit is before you can figure your Indiana earned income credit. Some individuals ask the Internal Revenue Service (IRS) to figure their federal earned income credit for them. If you have chosen to do this, you must wait to claim Indiana's earned income credit until you find out what your earned income credit is from the IRS. Your Indiana income tax return, Form IT-40, IT-40PNR, or IT-40EZ, must be filed by April 15, 2009. If you don't know what your federal earned income credit is by Indiana's filing due date, go ahead and file your Indiana return without claiming the earned income credit. Then, when you find out what your federal earned income credit is, file an amended (corrected) Indiana tax return, Form IT-40X, to claim your Indiana earned income credit.



Form ES-40

State Form 46005
(R7 / 9-08)

Indiana Department of Revenue 2009 Estimated Tax Payment Form

Your Social Security Number

Spouse's Social Security Number

First Name MI Last Name

First Name MI Last Name

State Tax Due

1

Your
County

County
Tax Due

2

Spouse's
County

County
Tax Due

3

Estimated Tax Installment Payment 4\$

Street Address

City

State

Zip Code

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

Check the box to show which payment you are making:

- ☐ **1st Installment Payment** Due April 15, 2009 ☐ **2nd Installment Payment** Due June 15, 2009 ☐ **3rd Installment Payment** Due Sept. 15, 2009 ☐ **4th Installment Payment** Due Jan. 15, 2010

If you expect to have income during the 2009 tax year that:

- Will not have Indiana tax withheld, or
- If you think the amount withheld will not be enough to pay your tax liability, and
- You expect to owe more than \$1,000 when you file your tax return, then you should pay estimated tax.

Use the worksheet below to determine how much you'll owe. The first installment payment is due April 15, 2009. The remaining three payments are due June 15 and Sept. 15, 2009, and Jan. 15, 2010.

Use this form to make an estimated tax payment. 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.

For more information about estimated tax, get Income Tax Information Bulletin #3 at www.in.gov/dor/3650.htm

Pay the amount due on or before the installment due date. Enclose your check or money order made payable to the Indiana Department of Revenue. Write your Social Security number on the check or money order. Note: All payments must be made with U.S. funds.

To pay by using your American Express® Card, Discover® Card, MasterCard® or VISA®, call 1-800- 2-PAY TAX (1-800-272-9829). A convenience fee will be charged by the credit card processor based on the amount you are paying. You will be told what the fee is and you will have the option to either cancel or continue the credit card transaction. **Note:** Do Not mail Form ES-40 if paying by credit card or eCheck.

To make an estimated tax payment online, log on to www.in.gov/dor/epay/3726.htm

Worksheet to figure your 2009 estimated tax due – see instructions below

A. Total estimated income for 2009	A	_____
B. Total exemption amount	B	_____
C. Amount subject to 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 the appropriate county tax rate(s))	E	_____
F. Anticipated state and county tax due for 2009 (add line D and line E)	F	_____
G. Total anticipated credits (including anticipated 2009 state and county income tax withheld)	G	_____
H. Amount due (line F minus line G)	H	_____
I. Each installment payment due for 2009 (divide line H by 4)	I	_____ Enter on Line 4 above
J. Enter portion of line I that represents your estimated state tax due	J	_____ Enter on Line 1 above
K. Enter portion of line I that represents your (and spouse's if same county) estimated county tax due. Enter 2-digit county code (from county tax chart) 	K	_____ Enter on Line 2 above
L. Enter portion of line I that represents spouse's estimated county tax due if for a different county than the one on line K. Enter 2-digit county code 	L	_____ Enter on Line 3 above

Line B – Multiply the number of allowable federal exemptions by \$1,000. Add \$1,500 for each eligible dependent child. If you are 65 years or older and/or blind, add \$1,000 for each additional exemption. Limitation: If you are a nonresident alien (not a U.S. citizen and does not meet the green card test) you may claim only one \$1,000 exemption (even if married filing jointly and/or with dependents).

Line E – Multiply amount on line C by the appropriate county tax rate(s). Find your rate on page 21 from [IT-40 booklet](#), or at www.in.gov/dor/3980.htm

Line I – This is your estimated tax installment payment. Enter this amount on line 4, **Estimated Tax Installment Payment**, at the top of the form.

Lines J, K and L – If you are paying only the amount of estimated Indiana income tax due, enter the amount from line I on line 1, State Tax Due, above. If the amount on line I also includes estimated county tax, enter the portion on lines 2 and/or 3 above. Only break out your spouse's estimated county tax if your spouse owes tax to a county other than yours.



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Form IT-9
State Form 21006
(R7 / 9-08)

**2008 Application for Extension of Time to File
Indiana Form IT-40 or Form IT-40PNR**

Your Social Security Number

Spouse's Social Security Number

First Name MI Last Name

First Name MI Last Name

Street Address

City

State

Zip Code

State Tax Due

1

Your County

County Tax Due

Spouse's County

County Tax Due

Total Extension Payment 4\$

Due Date: April 15, 2009

Mail entire form and payment to: Indiana Department of Revenue
P.O. Box 6117
Indianapolis, IN 46206-6117

Form IT-9: This form will allow you a 60-day extension (until June 15, 2009) for filing your Indiana individual income tax return, Form IT-40 or Form IT-40PNR.

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 April 15, 2009, due date and you expect to owe additional tax. **Note:** Form IT-9 is NOT an extension of time to pay any state and/or county taxes due.

Penalty and Interest: Indiana will accept a valid federal extension of time to file, plus allow an additional 30 days. However, you must still pay 90 percent of your Indiana taxes by April 15, 2009. If you don't, the extension is not valid and both penalty and interest will be charged on the balance due. **Note:** Interest is due on any amount not paid by the April 15, 2009, due date.

How to File: Complete the worksheet below to figure how much you will need to pay. If filing a joint return, include your spouse's income.

When paying the **Total Extension Payment**, make your check or money order out to the *Indiana Department of Revenue*. Write your Social Security number on your check or money order. Payments must be made with U.S. funds. To pay by using your American Express® Card, Discover® Card, MasterCard® or VISA®, call 1-800-2-PAY TAX (1-800-272-9829). A convenience fee will be charged by the credit card processor based on the amount you are paying. You will be told what the fee is and you will have the option to either cancel or continue the credit card transaction.

To file for an extension of time to file online, log on to
www.in.gov/dor/epay/3726.htm

Claim your extension payment as a credit on line 25 of the IT-40 or line 21 of the IT-40PNR.

Military personnel in a presidentially declared combat zone should see the IT-40 or IT-40PNR instruction booklet for special filing instructions.

Worksheet to figure your 2008 extension payment – see instructions below

- A. Total estimated income for 2008 A _____
- B. Total exemption amount B _____
- C. Amount subject to 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 the appropriate county tax rate(s)) E _____
- F. Anticipated state and county tax due for 2008 (add line D and line E)..... F _____
- G. Subtotal: multiply line F by 90 percent (.90) G _____
- H. Total credits (including 2008 state and county income tax withheld, estimated tax payments, etc.) H _____
- I. Minimum required extension payment: line G minus line H **Enter on Total Extension Payment Line 4 above** I _____
- J. Enter portion of line I that represents your anticipated state tax due **Enter on Line 1 above** J _____
- K. Enter portion of line I that represents your (and spouse's if same county) anticipated county tax due.
Enter 2-digit county code (from county tax chart) **Enter on Line 2 above** K _____
- L. Enter portion of line I that represents spouse's anticipated county tax due if for a different
county than the one on line K. Enter 2-digit county code **Enter on Line 3 above** L _____

Line B – Multiply the number of allowable federal exemptions by \$1,000. Add \$1,500 for each eligible dependent child. If you are 65 years or older and/or blind, add \$1,000 for each additional exemption. Limitation: If you are a nonresident alien (not a U.S. citizen and does not meet the green card test) you may claim only one \$1,000 exemption (even if married filing jointly and/or with dependents).

Line E – Multiply amount on line C by the appropriate county tax rate(s). Find your rate on page 21 from [IT-40 booklet](#), or at www.in.gov/dor/3980.htm

Line I – This is your extension payment. Enter total amount on line 4, **Total Extension Payment**, at the top of the form.

Lines J, K and L – If you are paying only Indiana income tax, enter the amount from line I on line 1, State Tax Due, above. If the amount on line I also includes county tax, enter the portion on lines 2 and/or 3 above. Only break out your spouse's county tax if spouse owes tax to a county other than yours.

Important: If line I shows no balance due, **do not file** this form.



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