IT-40
Cover

STATE OF INDIANA

DEPARTMENT OF REVENUE

INDIANA GOVERNMENT CENTER NORTH
100 N. SENATE AVE

INDIANAPOLIS, IN 46204-2253

Dear Taxpayer:

Our goal at the Indiana Department of Revenue is to administer tax laws in a fair, consistent and efficient manner that supports the State and local budgets and allows Indiana to be a highly desirable place to live, work and do business.

To achieve this mission over the next year, we're implementing the following steps:

- Reviewing our internal process to ensure we're providing you with more efficient and effective service, that which reflects a one-stop-shop for taxpayers' questions.
- Focusing on answering your questions and addressing your concerns in a timely manner with an emphasis on respect and professionalism.
- Placing emphasis on a highly qualified, customer-focused workforce achieved through hiring, training and promoting the right people into the right jobs.

These are more than goals to our leadership team; they are the values under which we'll be guided in all decision making over the next year. If you have comments about how we're doing in achieving these goals, please share those with us at feedback@dor.in.gov

I look forward to working for you as the commissioner of the Department of Revenue and will diligently strive to improve the service this agency provides to Indiana taxpayers.

Sincerely,

John Eckart

John Eckart
Commissioner
Indiana Department of Revenue

"Equal Opportunity Employer"

About the Cover -

To make our great state a desirable place to live, work and do business, the State of Indiana uses taxpayers' money to support education, public health and roads and infrastructure, along with many other public-service programs.

Education — Student achievement comes from effective and direct use of taxpayers' dollars for education. Indiana strives to provide funding resources that help develop prepared and skilled Hoosiers that can give back to their communities and create economic opportunities.

Public Health — Indiana tax dollars, through grants and technical support , also provide for disease monitoring, and local and state health-related programs, such as InShape Indiana. These programs are essential, as a healthy community is a prosperous community.

Transportation – Hoosier tax dollars also go to build, maintain and operate a transportation system and infrastructure of roads and highways that enhance safety, mobility and economic growth.

Thousands of dedicated state employees are committed to providing Indiana taxpayers – those who fund our state's present and future — with better public service. The Indiana Department of Revenue thanks you for your timely and accurate tax filing. Through your tax contributions, you're helping Indiana to be a better place to live, work and do business.

The Indiana Department of Revenue has a number of electronic filing methods from which to choose to make filing easier for you. These methods are: ❶ Faster than paper ❷ Easy to use ❸ Convenient ❹ Some are even ***FREE!***

I-File Internet Filing Program -

Allows you to file for **FREE** directly through the Internet. This filing program allows you to get your refund quicker than with the standard mail-in method. (The I-File program excludes first-time filers.) **www.in.gov/dor**

Federal/State Electronic Filing Program -

Your professional tax practitioner can file both your federal and state returns by using the Federal/State Electronic Filing Program, or may be able to print a 2-D barcode for you (see below for details on the 2-D barcode filing program).

Federal/State Online Filing Program -

You may purchase the program from most retail merchants who sell software and/or over the Internet and file electronically from the convenience of your home computer, or possibly print out a 2-D barcode.

2-D Barcode Filing Program -

Both the Federal/State Electronic Filing Program and the Federal/State Online Filing Program can produce a return with a 2-D barcode for you. You still mail a paper return, but it will process in a fraction of the time. **www.in.gov/dor**

SP# 265
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Which Indiana Tax Form Should I File?

Indiana has four different individual income tax returns. Read below to determine which is right for you.

Indiana Full-Year Residents

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.

Use Form IT-40EZ:

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

- You filed a federal Form 1040EZ;
- The deductions you claimed are limited to 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.

All Other Individuals

Use Form IT-40PNR:

If you (and/or your spouse, if filing jointly) were an Indiana part-year or full-year nonresident and you do not qualify to file Form IT-40RNR.

Use Form IT-40RNR:

If you (and your spouse, if filing jointly) were a full-year resident of a reciprocal state and your only type of income from Indiana was from wage, tip, salary or other compensation*. Reciprocal states are Kentucky, Michigan, Ohio, Pennsylvania and Wisconsin.

If you have any other kind of Indiana-source income, you'll have to file Form IT-40PNR.

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/forms.ssi**

Military Personnel

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

2005 Changes

- **Domestic production activities deduction add-back**
  If you claimed a domestic production activities deduction on your federal Form 1040, it will have to be added back. See page 9 for line 5 instructions.

- **New look for Schedules 1 and 2**
  There is a new way to report certain deductions and credits on Schedules 1 and 2. See instructions beginning on page 12 for deductions and pages 23 and 26 for credits.

- **Restriction for certain tax credits - limited to one per project**
  An individual may not claim more than one tax credit for the same project. See pages 23 and 30 for details.

- **Military Base Investment Cost Credit**
  This credit is based on qualified investments in a business located in a military base. See page 28 for more information.

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**

Or, visit a district office or call the Forms Order Request Line at (317) 615-2581 to receive the Package IN-X CD-ROM. (Note: You must have Windows 95 or a later version.)

Use Your Telephone

To obtain forms by phone, call the *Forms Order Request Line* (317) 615-2581. 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, and
- A complete mailing address (including city, state and zip code).

For hearing impaired taxpayers, call our Telephone Device for the Deaf (TDD) Number, (317) 232-4952 during regular business hours to receive assistance or request information about your tax refund.

Use Your Local Library or Post Office
Tax forms may be available at your local library or post office. They are also available at departmental district offices listed on page 38. These offices are open Monday - Friday, between 8 a.m. and 4:30 p.m.

Use Large Print Forms
The Department has large print IT-40 booklets available for sight impaired Hoosier taxpayers. The large print booklet should allow you to complete your own tax return. For a large print IT-40 booklet, call (317) 232-2348 or write to: Indiana Department of Revenue, P. O. Box 2305, Indianapolis, Indiana 46206-2305.

Need Help With Your Return?

Local Assistance
Visit any of the district offices listed on page 38 or take advantage of the **Volunteer Income Tax Assistance (VITA) program or the Tax Counseling for the Elderly (TCE) program.** These programs provide free tax return preparation help to low income, elderly and taxpayers with special needs . Volunteers will help fill out federal and state forms for those who qualify. Call the Internal Revenue Service at 1-800-829-1040 for the nearest VITA/ TCE location. Be sure to take your W-2s, 1099s, or WH-18s. If going to a district office, also take a copy of your completed federal tax return.

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

The prerecorded tax topics include information on Collection Procedures, Business Registration Requirements and How to Register a Business, Payment Plan Procedures, Estimated Tax/IT-2210 Penalty, Use Tax Information, County Tax, and 2005 Tax Highlights.

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

Internet
If you need help deciding which form to file, or to get information bulletins or policy directives on specific topics, visit our Web site at **www.in.gov/dor**

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

Ready To File Your Return?

Electronic Processing
More than 1.9 million 2004 Indiana individual income tax returns were electronically processed. This includes both electronically filed returns as well as returns filed displaying 2-D barcodes.

Use the Electronic Filing Program
Over 1.3 million taxpayers used the Electronic Filing Program to file their 2004 state and federal individual income tax returns. This program provides Indiana taxpayers the opportunity to file their federal and state tax returns electronically *and receive their Indiana refunds in about half the time it takes to process paper*. 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/she provides this service.

I-File
This free program allows you to prepare and file your state tax return over the Internet. For more information visit the Electronic Services site at **www.in.gov/dor/electronic**

Our Web site contains options for filing taxes, **a Spanish version of the IT-40 booklet with forms,** 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?

The automated information line allows you to check the status of your refund. **Important:** You will need a copy of your completed tax return because you will need to know the first Social Security number shown on your return and the exact amount of your refund in whole dollars.

Call (317) 233-4018 to receive the latest information available on the status of your refund. This touch-tone phone service is available Monday - Saturday, 8 a.m. - 10p.m. *Please wait approximately 12 weeks from the date you filed your return before calling to check on the status of your refund*. If you have a rotary phone, you may call (317) 232-2240 from 8 a.m. to 4:30 p.m., Monday - Friday, and a representative will help you.

You may also check the status of your refund online at **www.in.gov/dor/individual/maintenance.html**

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?

If you move to a new address after you file your tax return and do not have a forwarding address on file with the post office, the Department needs to know where to send your refund check and a tax booklet for next year. Call the Department at (317) 232-2240, visit a departmental district office near you or change your address over the Internet at

www.in.gov/dor/individual/maintenance.html

Public Hearing - June 12, 2006

In accordance with the Indiana Taxpayer Bill of Rights, the Department will conduct an annual public hearing on June 12, 2006. 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 5 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, Indianapolis, Indiana 46204.

Before You Begin

Important:
- **Complete your federal tax return first.**
- **Please use ink.**

Name and Social Security Number

The first IT-40 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-40 in the booklet and file it. If you didn't receive a preaddressed booklet please print your letters and numbers neatly in ink.

P.O. Box

Enter your box number instead of your street address **only** if your post office does not deliver mail to your home.

Filling in the Boxes

If you are handwriting letters and numbers in the boxes, please print your letters and numbers neatly.

Using a Typewriter

If you wish to use a typewriter to complete this form, you must make entries in the appropriate areas on the form.

Example

	21,720	00
	3,000	00

Important: If a line does not apply to you, leave it blank. **Do not** use dashes or other symbols to indicate that you have no entry for that line.

Married Filing Separately

If you file your federal income tax return as married filing separately, you must also file married filing separately with Indiana. In this case, fill in the two Social Security number 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 your spouse's name on the second name line.

Married Persons who Live Apart filing status

If you were not divorced or legally separated in 2005, you may have qualified for and filed as head of household on your federal income tax return. If you did, *do not check the married filing separately box*, which is to the right of the spouse's Social Security number. Also, do not enter either your spouse's name or Social Security number.

Social Security Numbers

If your name and address is preprinted at the top of the first form in this booklet, you must enter your Social Security number(s) in the area to the right of your name and address.

School District Number

Enter the four-digit school district number for where the primary taxpayer lived on January 1, 2005. *Primary taxpayer* is the first name listed at the top of the tax return. If the primary taxpayer did not live in Indiana on January 1, 2005, enter the code number "9999".

The list of school district numbers can be found on pages 34 and 35. *It is important that you enter the correct school district number. This information is used for statistical tracking purposes to determine possible school funding needs and changes.*

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

County Information

Enter the two-digit code numbers for the county(s) where you and your spouse, if filing joint, lived and worked on January 1, 2005. You can find these code numbers on the chart on page 21 in the column titled *County Code #*. See the instructions beginning on page 15 for more information, including the definitions of the county where you live and work, details for military personnel, retired individuals, homemakers, unemployed, out-of-state filers, etc.

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 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- or three-letter designations in the city name area.

Refund Check Address

Your refund check will be issued in the name(s), address and Social Security number(s) shown on the front of your tax return. It is very important that this information is correct and legible. Any wrong information will delay your refund.

Please round off your amounts to the nearest 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).

Attaching Schedules

When assembling your tax return, schedules should be attached to the back of Form IT-40 in an attachment sequence order. This number is located in the upper right-hand corner of the schedule. For example, attach Schedules 1 & 2 (attachment sequence No. 01) first and then Schedule CT-40 (attachment sequence No. 02) second. Attach by placing one staple in the upper left-hand corner.

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

Attaching W-2s and Enclosing Checks and Forms

Staple your W-2s, 1099s, or WH-18s to the form in the space to the left of lines **1 through 29** on the front of Form IT-40. *To help us process your form please make sure these attachments don't cover the county box information above line 1 or the boxes at the bottom of the form under line 29.*

Do not staple your check or money order to the form as this will delay processing your return. Paperclip the payment to the bottom left-hand side of the front of the return. If you don't have a paperclip, just include it loose in the envelope.

Who Should File/Filing Status

You may need to file an Indiana income tax return if:

- You lived in Indiana and received income, **or**
- You lived outside Indiana and had any income from Indiana.

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

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

Full-Year Residents

Full-year residents must file either 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 2005 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, then you should file the simplified Form IT-40EZ. If you 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 January 1 - December 31. You do not have to be physically present in Indiana the entire year to be considered a full-year resident. Residents, including military personnel, who leave Indiana for a temporary stay are considered residents during their absence.

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

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

Indiana allows $1,000 for each exemption claimed on your federal return, plus an additional $1,500 for certain dependent children (see instructions on page 14 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 exemptions, you must file Indiana Form IT-40 or IT-40EZ.

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

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.

Deceased Taxpayers

If an individual died during 2005, or died after December 31, 2005, but before filing his/her tax return, the executor, administrator, or surviving spouse must file a tax return for the individual if:

a) The deceased was under the age of 65 and had gross income over $1,000;

b) The deceased was age 65 or older and had gross income over $2,000; or

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

You must attach a copy of the death certificate to the tax return if the individual died *during* 2005. Make sure to enter the month and day of death for the taxpayer or spouse in the appropriate box located on the back of the IT-40. For example, a date of death of January 9, 2005, would be entered as 01/09/2005. **Note:** The date of death should not be entered here if the individual died *after* December 31, 2005, but *before* filing the tax return. The date of death information will be shown on the individual's 2006 tax return, and a copy of the death certificate should be attached to that return.

Signing the Decedent's Tax Return

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

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").

If you (the surviving spouse, administrator, or executor) have received a **refund** and cannot cash the refund check, contact the Department to get a widow's affidavit (www.in.gov/dor/taxforms/99pdfs/poa30.pdf) or distributee's affidavit (www.in.gov/dor/taxforms/99pdfs/poa20.pdf). After completing the affidavit and returning it to the Department, a new refund check will be issued to the surviving spouse, executor, or administrator of the estate.

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

Military Personnel

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

If you changed your legal residence (military home of record) during 2005, you are a part-year resident and should file Form IT-40PNR, Part-Year Resident or Nonresident Individual Income Tax Return. You must also attach a copy of Military Form DD2058 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 other income from Indiana sources.

If your legal residence is a state other than Indiana, you should file IT-40PNR, Part-Year Resident or Nonresident Individual Income Tax Return, because you would be considered a nonresident of Indiana. Your military income may have to be reported on the tax return you may need to file for your state of residence.

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.

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

When To File

The due date for filing your tax return is April 17, 2006. However, you may file as early as January 2, 2006. Your tax return must be postmarked by April 17, 2006, to be considered timely filed.

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

Penalties for Late Payments

If you don't file your tax return and pay the amount of tax owed by the due date, Indiana law requires you to pay penalty and interest on the late payment. See page 32 for instructions on penalty and interest.

Extensions of Time to File

If you can't file by the due date and you don't owe any tax amount with your tax return, you are not required to file for an extension of time to file. However, if you are expecting a refund, you might need an extension of time to file if you are claiming the unified tax credit for the elderly. See page 19 for instructions on the unified tax credit for the elderly.

If you can't meet the filing deadline and expect to owe tax with your return, you should apply for an automatic extension. The extension allows additional time to complete and file your income tax return; however, **the extension does not provide additional time to pay** the amount of tax owed. To make the extension valid, you must pay at least 90 percent (.90) of the tax expected to be due by April 17, 2006.

There are two ways to get an extension for filing your Indiana tax return. One is to file Indiana's extension Form IT-9 by April 17, 2006. This extends the filing date to June 17, 2006. *Remember, you must pay at least 90 percent (.90) of the tax due for the extension to be valid.* Form IT-9 is located on page 36. You may also pay your extension payment online at www.in.gov/dor/epay/index.html

Indiana also recognizes valid federal extension dates plus 30 days. So, if you file for a federal extension, simply attach a copy of the federal Form 4868 to your Indiana return when filing. Again, 90 percent (.90) of the tax due must still be paid by April 17, 2006.

Military personnel on duty outside of the U.S. and Puerto Rico on the filing due date will be 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 U.S. or Puerto Rico on April 17, 2006.

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 servicemember 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). Mail this return to the following address: Indiana Department of Revenue, P.O. Box 2305, Indianapolis, IN 46206-2305.

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

Income and Indiana Additions: Line-by-Line Instructions

You must complete your federal income tax return (Form 1040, 1040A or 1040EZ) before beginning your Indiana income tax return. Line numbers from your federal income tax return are referenced in many of the following instructions. While every effort is made to make the instructions as clear as possible, sometimes the line numbers change on the federal income tax return after the Indiana forms are printed. Please contact us if you are unsure as to whether or not you are looking at the correct line on your federal income tax return (see page 4 of this booklet for contact information).

Line 1 - Federal Adjusted Gross Income

Enter the amount you reported as your federal **"adjusted gross income"** from your federal Forms 1040 (line 37), 1040A (line 21), or 1040EZ (line 4). *This is your income before the standard or itemized deductions or exemptions allowed on the federal income tax return.*

If you were not required to file a federal return, report the amount you would have shown on your federal return if you had been required to file.

If the amount is a loss, or (negative entry), place it in a bracket.

Line 2 - 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.**

If you did complete one or more of these federal schedules, and if you claimed deductions <u>for taxes based on or measured by income</u> and levied at any state level by any state of the United States on those schedules, then you must add these taxes back to your Indiana income. Enter the total amount of these taxes on this line.

Do not add back any <u>property taxes</u> on this line.

Note: Income, losses and/or expenses from various 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 those various 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 3 - Net Operating Loss Add-Back

If you reported a net operating loss deduction (on the "Other Income" line of your federal Form 1040) that was carried forward from a prior year(s), you must complete this line. Write the amount of the net operating loss deduction as a **positive** figure. (You will claim an Indiana net operating loss deduction on Schedule 1, line 11.)

Note: If your federal adjusted gross income this year is a loss, and you haven't included a net operating loss as a deduction on the "Other Income" line on your 2005 federal Form 1040, then leave this line blank.

Line 4 - Lump Sum Distribution

If you completed federal Form 4972, you must complete this line because the income reported on that form is also taxable for Indiana purposes. The amount you should show on this line includes the capital gains reported on Part II plus the ordinary income reported on Part III of federal Form 4972. Enter as a positive amount.

Line 5 - Domestic Production Activities Add-Back

If you claimed a domestic production activities deduction on your federal Form 1040, line 35, then you must add it back here.

Line 6 - Other

• **Bonus Depreciation -** You must make an exception (when figuring Indiana adjusted gross income) for the bonus depreciation deduction for property placed in service after September 11, 2001. Bonus depreciation is that part of any depreciation allowed in figuring your federal adjusted gross income that is attributable to the additional first-year special depreciation deduction allowance for qualified property allowed under Section 168(k) of the Internal Revenue Code (IRC).

Figure the net income (or loss) which would have been included in federal adjusted gross income had the additional first-year special deduction allowed under IRC Section 168(k) not been used. Enter the difference, which may be a positive or negative amount, on line 6.

Get Commissioner's Directive #19 for additional information.

• **Section 179 Depreciation -** Add-back your share of the IRC Section 179 deduction 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.

Indiana Deductions
Schedule 1

Line 1 - Renter’s Deduction

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

a) You paid rent on your principal place of residence, **and**

b) The place you rented was 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 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 exempt from Indiana property tax. Examples of this type of property are:

a) Government owned housing;
b) Property owned by a nonprofit organization;
c) Student housing;
d) Property owned by a cooperative association; and
e) 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 (write SAME 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 take off? You can deduct up to $2,500 or the amount of rent paid, whichever is less.

Example: Emily paid $4,800 in rent on her principal residence. She will claim a $2,500 renter's deduction.

Example: Bill paid $400 in rent at his first apartment, moved to another location and paid $2,300 for the remainder of the year. His deduction will be limited to $2,500 even though he paid $2,700 altogether.

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

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

Line 2 - Homeowner's Residential Property Tax Deduction

You may be eligible 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: Property tax paid for summer homes or vacation homes is *not* deductible.

Important: You cannot claim this deduction if you are claiming the Lake County residential income tax credit on line 27.

How do I claim my deduction? First, complete the information area on Schedule 1, line 2.

a. 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 (write SAME if it is not different). If you had more than one principal residence during the year, and you paid Indiana property tax on that residence, list the additional residence(s) on a separate piece of paper.

Example: Sue and Mack married in December 2005. They sold both of their homes during the year and bought a new one. Since Sue paid property tax on her home during 2005, and Mack paid property tax on his home during 2005, they will be eligible to claim a property tax deduction on the combined taxes paid on both homes if they are filing a joint return (see the limitation in **d** below).

b. Enter the number of months you lived there. If you claim more than one residence, indicate the number of months lived at the other residence(s) on a separate sheet of paper.

c. Enter the amount of Indiana property tax paid. If you claim more than one residence, enter the combined amount of Indiana property tax paid on all principal residences.

d. Enter the lesser of $2,500 or the amount of Indiana property tax paid.

No double benefit allowed. If any portion of property taxes paid on your principal residence was deducted as an expense on federal Schedule C, C-EZ, E or F, then that amount cannot also be deducted on this line. See the following example.

Example: Jean used one room of her home for her business. She deducted $200 of Indiana property tax as an expense on her federal Schedule C. She paid a total of $1,200 in Indiana property tax on her home. Jean's deduction will be $1,000 ($1,200 minus the $200 deduction on federal Schedule C).

How do I find out how much Indiana property tax I paid on my principal residence? Indiana counties annually send statements to homeowners showing how much property tax is due on their property. Add together the 2005 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.

Line 3 - State Tax Refund Reported on Federal Return

If, on federal Form 1040, you entered a state tax refund amount on the line marked "Taxable refunds, credits, or offsets of state or local income taxes," then enter that amount here.

Line 4 - Interest on U.S. Government Obligations Deduction

If the amount on line 1 of Form IT-40 includes interest income, you may be able to take a deduction. If any part of your interest income included on line 1 is from a direct obligation of the U.S. government, you can deduct these amounts.

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

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

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, contact the Department to get Income Tax Information Bulletin #19.

See the Index on page 39 for help in locating information by topic.

Lines 5 and 6 - Taxable Social Security and/or Tier 1 & 2 Railroad Retirement Benefits Deduction

The income on line 1 of Form IT-40 may include Social Security and/or tier 1 railroad retirement benefits (issued by the United States Railroad Retirement Board) that are taxable for federal purposes. These amounts are usually shown on the line indicated as "Social Security benefits" on federal Form 1040 (line 20b) or Form 1040A (line 14b). Indiana does not tax these types of income. Therefore, enter on line 5 any amount reported as being taxable from the right-hand column on your federal income tax return.

The income on line 1 of Form IT-40 may also include tier 2 railroad retirement benefits issued by the United States Railroad Retirement Board. Indiana does not tax tier 2 railroad retirement benefits; therefore, enter on line 6 any tier 2 benefits that are included as taxable pensions and annuities from the right-hand column on federal Form 1040 (line 16b) or Form 1040A (line 12b).

Note: Do not enter any other types of pension or retirement income on these lines. Enter only the amount of Social Security, tier 1 and/or tier 2 railroad retirement benefits, issued by the United States Railroad Retirement Board, that are taxed on your federal income tax return.

Line 7 - Military Service Deduction

If the income on line 1 of Form IT-40 includes active or reserve military pay you've received, you will be eligible to take 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, you may be able to take this deduction if:

a) You were at least 60 years of age by December 31, 2005;

b) You were receiving military retirement or survivor's benefits in 2005; and

c) The total benefits received as retirement income were reported on your federal return.

This deduction is equal to the actual amount of military income received (i.e. military pay, retirement pay, and/or survivor's benefits) or $2,000, whichever is *less*. If both you and your spouse received military income, you may each claim the deduction for a maximum of $4,000.

Note: Military income earned while in a **combat zone** may be exempt (not taxed) on your federal income tax return. If that income is exempt on your federal income tax return, then it will also be exempt (not taxed) for Indiana income tax purposes. Since Indiana isn't taxing this income, your combat zone income is not eligible for a deduction.

Example: Jim was stationed in a combat zone from February 1, 2005, through the end of the year. His military W-2 form shows regular wage income of $950 (earned during January), and $9,000 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. Since Indiana is taxing $950 of Jim's military income, he will be eligible to claim a $950 military deduction (the lesser of the income being taxed [$950] or $2,000).

Schedule 1: Deductions cont'd...

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

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

For more information about this deduction, contact the Department to get Income Tax Information Bulletin's #6 and #27.

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, you may be allowed to deduct up to $2,000.

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

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

You must attach proof the tax was paid to a locality outside Indiana to be allowed this deduction. A W-2 form is sufficient proof as long as the W-2 form shows a withholding amount and the non-Indiana locality where the tax was paid. The name of the locality is usually found in box 20, Locality Name, of the W-2 form. A copy of a non-Indiana locality tax return will also serve as proof of tax paid.

Line 9 - Insulation Deduction

If you installed new insulation, weather stripping, double pane windows, storm doors or storm windows in your Indiana home during 2005, you may be able to take the insulation deduction. To take the insulation deduction the following requirements must be met:

a) The insulating items must have been installed in your principal place of residence located in Indiana;

b) The part of your home where the insulating items were installed must have been built *before* January 1, 2002;

c) The insulating items must be an *upgrade* and not a replacement **or** like-kind item (e.g., replacing a double pane window with a new double pane window won't qualify, but replacing a double pane window with a triple pane window will qualify); and

d) The deduction must be taken in the year the insulating items were installed.

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 stating the:

- Item purchased;
- Purchase price;
- Place of purchase;
- Date of purchase;
- Date of installation; and
- Amount paid for labor.

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

Line 10 - Nontaxable Portion of Unemployment Compensation

If you reported unemployment compensation on your federal income tax return, then this amount is also included on line 1 of Form IT-40. Indiana can differ from the federal government in determining the taxable portion.

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

Unemployment Compensation Worksheet

Note: If you were married but filing separately, and you lived with your spouse at any time during 2005, 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 IT-40, line 1	1		
2. Federal **"adjusted gross income"** from Form 1040, Form 1040A, or Form 1040EZ	2		
3. Enter $12,000 if single, or $18,000 if married filing a joint return	3		
4. Subtract line 3 from line 2. If zero or less, enter -0-	4		
5. Enter one-half (1/2) of the amount on line 4	5		
6. Taxable unemployment compensation for Indiana purposes: enter the amount from either line 1 or line 5, whichever is smaller	6		
7. Subtract line 6 from line 1. Carry this amount to Schedule 1, line 10	7		

Line 11 - Other Deductions

Each of the following deductions has been assigned a three-digit code number. When claiming the deduction on Schedule 1 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.

11a. **Civil Service Annuity**	**6 0 1**	11a	130	

Enter any additional deductions on the remaining lines. For example, if you are also claiming an NOL deduction, enter it on line 11b:

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

Your *employer* will provide you with Form IT-40QEC if you 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. Form IT-40QEC must be attached to the Form IT-40.

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

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

Civil Service Annuity Deduction 601

If the income on line 1 of Form IT-40 includes federal civil service annuity payments, you may be able to take a deduction *if* you were at least 62 years of age by December 31, 2005.

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

For example, if your civil service annuity for 2005 was $6,000, and you received Social Security benefits of $1,200, your deduction would be figured in the following manner:

Lesser of the amount of the annuity ($6,000) or $2,000	$2,000
Social Security benefits	- 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), providing you both meet the age requirement.

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

- Enter **6 0 1** under line 11 if claiming this deduction.

Disability Retirement Deduction 602

To take this deduction you must have:

a) Been permanently and totally disabled at the time of retirement;

b) Retired on disability before December 31, 2005; and

c) Received disability retirement income during 2005.

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

This deduction is limited to 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 **6 0 2** 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	Indiana Army Ammo	Portage
East Chicago	Indianapolis	Richmond
Elkhart	Jeffersonville	Salem
Evansville	Kokomo	South Bend
Fort Harrison	Lafayette	Terre Haute
Fort Wayne	LaPorte	Vincennes
Frankfort	Marion	
Gary	Michigan City	

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

Enter these deductions on Schedule 1 under line 11

The amount of the deduction is one-half ($^1/_2$) of the earned income shown on that form or $7,500, whichever is less. **Form IT-40QEC must be attached to the Form IT-40.** For additional information about this deduction, contact the Department for Income Tax Information Bulletin #66.

- Enter **6 0 3** under line 11 if claiming this deduction.

Human Services Deduction 605

The human services deduction is intended to alleviate any individual income tax burden which might be imposed on Medicaid recipients who are living in a hospital, skilled nursing facility or an intermediate care facility. The goal of the human services tax deduction is to reduce the individual's adjusted gross income tax liability to zero (0).

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're eligible for the deduction, 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 for a deduction.

- Enter **6 0 5** under line 11 if claiming this deduction.

Indiana Lottery Winnings Deduction 606

Some winnings issued by the Hoosier Lottery Commission may be taxed by Indiana.

If you win any prize money from the Indiana Hoosier Lottery Commission, either by winning an instant game, from appearing on the *Hoosier Millionaire* show, or 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.

*Exception: Annuity payments received for drawings held before July 1, 2002, are exempt from Indiana tax.

Complete the worksheet below to figure your deduction.

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

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

Indiana Net Operating Loss Deduction 607

You may take a deduction for the Indiana portion of the total federal net operating loss deduction you added back on line 3 of Form IT-40. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2005.) The amount you deduct will be stated as a positive figure. Attach the following copies to your state tax return:

a) Schedule A from federal Form 1045; and

b) A completed Indiana Schedule IT-40NOL.

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

- Enter **6 0 7** under line 11 if claiming this deduction.

Indiana Partnership Long Term Care Policy Premiums Deduction 608

A deduction is available for the amount of premiums paid during 2005 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.

Lottery Winnings Worksheet

A	Enter the amount of winnings from the Hoosier Lottery Commission which you have reported on your federal Form 1040, line 21	A $ ________
B	Locate those W-2Gs (issued by the Hoosier Lottery Commission) showing Indiana state withholding in Box 14. Add the amounts from Box 1 of each of those W-2G's; enter total here	B $ ________
C	Exemption	C $ 1,200.00
D	How many 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 1 under line 11	G $ ________

Enter these deductions on Schedule 1 under line 11

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. 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 the front page of Form 1040. He'll be able to deduct the $245 difference ($645 - $400) on Indiana Schedule 1 under line 11.

More information about the Indiana Long Term Care 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 **6 0 8** 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 line 21 of your federal Form 1040, 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 **6 1 1** 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.

Note: You are not eligible to claim this deduction if you also claimed a medical savings account deduction on the front page of federal Form 1040.

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.

Recovery of Deductions 616

You are not eligible for this deduction if you did not complete the “other income” line on your federal Form 1040.

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 your 2005 federal Form 1040 (line 21), use that amount as a deduction on this line. (A *recovery* is a return of an amount you deducted in an earlier year. The most common recoveries are refunds (see Schedule 1, line 3), reimbursements, and rebates of deductions previously itemized on federal Schedule A.)

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

Indiana Exemptions: Lines 10 - 13

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

Line 10 - Exemptions

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

Example - John and Lisa have a 12-year-old daughter named Sarah. On John and Lisa's joint federal return they claim themselves and Sarah as exemptions for a total of 3. They'll enter 3 in the box on line 9 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 11 - 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 to claim this additional exemption.

Dependent Child Definition: According to state statute, the 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 December 31, 2005, or be a full-time student who is under the age of 24 by December 31, 2005.

If any dependent(s) you are eligible to claim on your federal return also meet the *Dependent Child Definition* above, enter that number in the box on line 11.

Example - John and Lisa claimed their 12-year-old daughter Sarah as an exemption on their federal return. Since Sarah is their daughter, is under the age of 19, and was claimed as an exemption on her parent's federal tax return, John and Lisa will claim one exemption on line 11 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 may only claim her dependent daughter for an additional exemption on line 11.

Note: Not all dependent children eligible to be claimed as exemptions on the federal tax return will be eligible for this additional exemption. For instance, if you claimed a grandson or nephew as an exemption on your federal tax return, you should also claim an exemption for them on line 10. However, since he doesn't meet the *Dependent Child Definition* above, you won't be able to claim the additional exemption on line 11.

Line 12 - Age 65 or Older or Blind

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

Line 13 - Additional Exemption for Age 65 or Older

An additional $500 exemption is available for you and/or your spouse if you are age 65 or older and the amount on line 1 (your federal adjusted gross income) is less than $40,000. Mark the boxes applying to you and/or your spouse. Enter the total number of boxes marked on this line and multiply by $500.

County Tax: Schedule CT-40 Instructions

If, on January 1, 2005, you and your spouse (if filing a joint return) lived and/or worked in an Indiana county that has a tax, you must complete Schedule CT-40 to figure your county tax.

As of December 31, 2005, only three Indiana counties **do not** have a county tax. They are Lake County, Posey County and Sullivan County.

Note: If the county on the chart on page 21 has the initials “NA” in the rate columns, it doesn’t have a county tax. It is listed for the two-digit county code number information only.

When to attach the completed Schedule CT-40 to your state tax return: You must attach Schedule CT-40 to your return if, on January 1, 2005, you were:

- Single or married filing separately, you lived in a county that doesn't have a tax, but worked in a county that does have a tax;
- Married filing joint and each lived in different counties; or
- Married filing joint, you both lived in a county that doesn't have a tax, but one or both of you worked in a county that does have a tax.

Any other filing situation is not required to attach Schedule CT-40.

Note: It's OK to attach the Schedule CT-40 to your tax return even if it's not required. For instance, if you need to attach Schedules 1 and 2, and the completed CT-40 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 January 1, 2005. If you had more than one home in Indiana on this date, then your county of residence as of January 1, 2005, was:

a) Where you were registered to vote. If this did not apply, then your county of residence was;

b) Where your personal automobile was registered. If this did not apply, then your county of residence was;

c) Where you spent the majority of your time in Indiana during 2005.

Did you move during the year?

If you moved to another Indiana county after January 1, 2005, the county where you lived for tax purposes will not change until next year.

- If, on January 1, 2005, you lived in a county that has a tax, then you will owe county tax on all of your Indiana adjusted gross income.
- If, on January 1, 2005, you lived in a county that doesn't have a tax, then county tax will be figured on your income from your principal employment if the county where you worked on January 1, 2005, has a tax (see definition below).

County Where You Worked Defined

The county where you worked (county of principal employment) is the county where your main place of business was located or where your main work activity was performed on January 1, 2005. If you began working in another county after January 1, 2005, the county where you worked for tax purposes *will not change until next year*.

If you had more than one job on January 1, 2005, your principal place of employment is the job where you worked the most hours and earned the most income.

Example 1 - Jessie worked in Marion County on January 1, 2005. She quit that job and began a new one in Johnson County on February 10, 2005. She will enter the Marion County two-digit code (49) as the county where she worked even though she changed jobs during the year.

County Tax Instructions cont'd...

If, on January 1, 2005, 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 January 1, 2005, enter their two-digit code number (instead of 00):

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

Principal Employment Income

You must figure your principal employment income only if, on January 1, 2005, you *lived* in a county not having a tax but *worked* in a 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 17 for more information.

Military Personnel

If you were stationed in Indiana, your county of residence is the county where you lived on January 1 of the year you entered the military service. If, on January 1, 2005, you were stationed *outside* of 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 January 1, 2005, 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 January 1, 2005, 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 on January 1, 2005, both of you need to figure your county tax separately on Section 1.
- If both of you lived in a county on January 1, 2005, that had no tax but worked in a county that did have a tax, you must figure your tax separately on Section 2.
- If only one of you is subject to county tax, then you may use all of the exemptions from Form IT-40, line 14, *except for your spouse’s personal exemption,* to figure your tax.

Remember your Sales and Use Tax obligation. See instructions on page 18.

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

Where Did You Live?

- Did you live in a county on January 1, 2005, 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 January 1, 2005, 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 15 of Form IT-40.
- If you are filing a joint return and you both lived in the same county on January 1, 2005, enter in Column A the state taxable income from line 15 of Form IT-40. Leave Column B blank.

Example 2 - On January 1, 2005, Jack and Diane lived in the same county that has a tax. They’ll enter their Form IT-40, line 15 combined state taxable income in Column A.

- If you are filing a joint return and you and your spouse lived in different counties on January 1, 2005, enter each person's share of state taxable income from Form IT-40, line 15, in the appropriate columns.

Example 3 - Simon and Tina married in 2005 and are filing a joint return. On January 1, 2005, Simon lived in Greene County and Tina lived in Clay County. Their Form IT-40 line 15 income of $36,300 includes the following breakdown:

Simon: $ 20,000 wages
+ 150 (1/2 joint interest income)
- 1,000 exemption
$ 19,150 income for CT-40 Section 1, line 1 Column A

Tina: $ 18,000 wages
+ 150 (1/2 joint interest income)
- 1,000 exemption
$ 17,150 income for CT-40 Section 1, line 1 Column B

Example 4 - The circumstances are the same as *Example 3* except Tina lived in Sullivan County, which does not have a county tax. Simon would still enter his $19,150 share of the Form IT-40 line 15 amount on CT-40 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 1, 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 21. Find the rate from the *Resident Rate* column and enter it here. For example, if your county is Elkhart, enter .015.

Line 6
Add the amounts from line 5, Columns A and B. If you were a Perry County resident and worked in the Kentucky counties of Breckinridge, Hancock or Meade, complete lines 7 and 8. Otherwise, enter the total here and on line 9.

Line 7
Enter here the amount of income taxed by any of the Kentucky counties listed on line 6.

Line 8
Multiply the amount on line 7 by .005 and enter the total here. If there is no amount on line 7, skip this line and go to line 9.

Line 9
Subtract the amount on line 8 from the amount on line 6. Enter that amount here or, if there were no entries on those lines, enter the amount from line 6. Also enter this amount on your IT-40, line 17.

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

Complete Section 2 if, on January 1, 2005:

- You were a resident of Lake County, Posey County or Sullivan County, and
- You worked in a county that does have a county tax.

Line 1
Enter your principal employment income for the year. 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 non-business interest and dividends, pensions, capital gains, farm rental, etc. Also, do not include income from a part-time job if you have it at the same time you have a full-time job.

Example 5 - During 2005, Jake received income from the following sources:

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

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

Visit us at: www.in.gov/dor

If you had more than one job at different times during the year (not including part-time employment), add the income from those jobs and enter here.

Example 6 - During 2005, Sarah earned $7,000 from her job, which she worked from January 1 through April 30. She began her new job on May 14 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 7 - Daniel had two jobs at the same time. On Job #1 he worked 30 hours a week and earned $270 a week. On Job # 2 he worked 10 hours a week and earned $80 a week. Daniel should enter the amount he earned from Job #1 as his principal employment income.

Line 2
You may use certain deductions to lower the amount of income to be taxed. **These deductions must have been claimed on your federal tax return and/or on Indiana Schedule 1, and <u>must</u> have a direct relationship to the income being taxed on line 1.**

These deductions are limited to the following: airport development zone employee deduction; enterprise zone employee deduction; the active military pay deduction; (Indiana) medical savings account deduction; educator expense; 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; and the IRA deduction.

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

Example 8 - Ann's only income was $21,000 in wage income, which she reported on line 1. She claimed a $2,000 IRA deduction on her federal Form 1040. She should claim the $2,000 IRA deduction on this line.

Example 9 - Morgan lived and worked in an enterprise zone and is entering her $17,000 wage income from that zone on line 1. She claimed a $7,500 enterprise zone deduction on Indiana Schedule 1 under line 11. She should show that $7,500 deduction on line 2.

Example 10 - 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 a 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'll enter his $23,000 income on line 1 of Section 2 and the $700 SEP deduction on line 2 of Section 2. He's not eligible to take the moving expense deduction because the wage income that it is in relation to is not being taxed for county tax purposes.

County Tax instructions cont'd...

Line 4

If you are filing a single or married filing separately tax return, enter your total exemptions from Form IT-40, line 14. If you are filing a joint tax return, enter your exemption(s) (personal, over 65 and/or blind) included on Form IT-40, line 14. 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 14 on the Form IT-40.

Example 11 - On January 1, 2005, Jack and Sue lived in a county that does not have a tax. Jack worked in a county that does have a tax. They claimed $4,500 in total exemptions ($1,000 each plus $1,500 for their dependent child) on their tax return. Jack is allowed to use $3,500, or all of the total exemptions except for Sue's $1,000 personal exemption.

Line 6

Find your county on the *County Income Tax Chart* on page 21. Find the rate from the *Nonresident Rate* column (the second column of rates over) and enter it here. For example, if your county is Elkhart, enter .005.

Line 8

Add the amounts from line 7, Columns A and B. Enter the total here and on line 17 of the IT-40.

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-40, line 17.

Where To Mail Your Return

Please mail your completed return, plus all attachments, to:

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

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

Line 18 - Use Tax Due on Out-of-State Purchases

If, while a resident of Indiana, you made purchases outside Indiana by mail order, through radio or television advertising, *over the Internet*, or directly from an out-of-state company, those purchases may be subject to Indiana sales and use tax if sales tax was not paid at the time of purchase. This tax, called "use" tax, is figured at 6 percent (.06).

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

To figure your tax you should complete the worksheet below. If you did pay sales tax to the state where the item was originally purchased you are allowed a credit against your Indiana use tax for an amount up to 6 percent (.06).

Line 19 - Household Employment Taxes

If you paid cash wages during 2005 to an individual who is *not*: a) your spouse; b) your child under age 21; c) your parent; or d) an employee under age 18; *and* e) 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 they *may* be your employee.

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

Sales/Use Tax Worksheet

List all purchases made during 2005 from out-of-state companies.

Column A Description of personal property purchased from out-of-state	**Column B** Date of Purchase(s)	**Column C** Purchase Price of Property(s)
Magazine subscriptions:		
Mail order purchases:		
Internet purchases:		
Other purchases:		

1. Total purchase price of property subject to the sales/use tax: enter total of Column C	1	
2. Sales/use tax: Multiply line 1 by .06 (6%)	2	
3. Sales tax previously paid on the above items (up to 6% per item)	3	
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-40, line 18. If the amount is negative, enter zero and put no entry on line 18 of the IT-40	4	

If you paid cash wages over $1,400 to a household worker who is your employee, or total cash wages of $1,000 or more in any calendar quarter of 2004 or 2005 to **all** household employees, you may have needed to have withheld state and county income taxes. If you want to pay these taxes on your Indiana income tax return, contact the Department for Schedule IN-H, or download one from our Web site at **www.in.gov/dor/forms**

Line 20 - Indiana Advance Earned Income Credit Payment (from W-2s)

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

Indiana Credits

Lines 22 and 23 - Indiana State and County Tax Withheld

The amount of state tax withheld is usually shown on box 17 and the amount of county tax withheld is usually shown on box 19 of the W-2s. You **must** attach your W-2s, WH-18s and/or Form 1099s to your tax return to verify the amount withheld.

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

If you had more than one job, a W-2 form for each job must be attached to the tax return so you can get credit for all Indiana state and county tax withheld.

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

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

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

Line 24 - 2005 Estimated Tax Paid

If you made estimated tax payments for state and/or county tax, enter the total paid for 2005 on this line. Also include any payment made with Form IT-9 "Extension of Time to File" for tax year 2005.

Note: Do not include on this line any estimated tax paid for tax year 2006.

Line 25 - Unified Tax Credit for the Elderly

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

a) You and/or your spouse must have been age 65 or older by December 31, 2005;

b) If married and living together at any time during the year, you must file a joint return;

c) The amount on line 1 of Form IT-40 must be *less than $10,000*;

d) You must have been a resident of Indiana for six months or more during 2005; and

e) You must not have been in prison for 180 days or more in 2005.

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

Important:

- If a spouse dies after January 1, 2005, the surviving spouse can claim this credit by filing a joint return. A copy of the death certificate must be attached to the tax return to verify the date of death.
- If a taxpayer dies and does not have a surviving spouse, then an estate executor or an administrator of the estate *cannot* claim the credit on behalf of the deceased taxpayer.

If you meet the requirements for claiming the Unified Tax Credit for the Elderly, but don't have any income to report on line 1 of Form IT-40, or the income reported on line 1 is less than the *Total Exemptions* on Form IT-40 line 14, you have the option to file Form SC-40 Unified Tax Credit for the Elderly. However, you must file the Form IT-40 if you are eligible for the Lake County residential income tax credit. See line 27 instructions on page 20 for more information. Important: file either the Form SC-40 or the Form IT-40 (not both).

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

The deadline for claiming this credit is June 30, 2006. The only exception to this rule is if you have a valid extension to file your tax return.

To figure your Unified Tax Credit for the Elderly:

Use Table A if:

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

- You are filing a joint return, lived with your spouse during 2005 and both of you were age 65 or older by December 31, 2005; **or**
- Both you and your spouse met all the requirements, and your spouse died after January 1, 2005.

Table A

Joint Filers Both Age 65 or Older

If the income on Line 1 of Form IT-40 is:	**Your Allowable Credit*** is:
less than $1,000	$140
between $1,000 and $2,999	$90
between $3,000 and $9,999	$80

Use Table B if:

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

- You are age 65 or older and are single or widowed;
- You are filing a joint return and only one of you is age 65 or older; **or**
- You are married but did not live with your spouse during 2005, are age 65 or older and are married filing separately.

Table B

Only One Person Age 65 or Older

If the income on Line 1 of Form IT-40 is:	**Your Allowable Credit*** is:
less than $1,000	$100
between $1,000 and $2,999	$50
between $3,000 and $9,999	$40

*** Once you have located the allowable credit on Table A or Table B, enter that amount on line 25.**

Line 26 - 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. The credit can be as much as $264.

To claim the credit you must complete and attach Schedule IN-EIC.

Line 27 - 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** of the following requirements:

1. **You paid property tax to Lake County (Indiana) during 2005 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's $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 for 2005 on Indiana Schedule 1, line 2.**

How do I figure my credit?

Step 1 Did you pay property tax to Lake County (Indiana) on your residence for 2005? ❑ Yes ❑ No

If yes, continue to Step 2.
If no, **STOP**. You do not get 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 get 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 for 2005 on your Lake Co. 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-40, line 27 .... A3 $ ☐

...for Worksheet B continue on to page 22...

Form **IT-40** State Form 154 R4 / 8-05

2005

Indiana Full-Year Resident Individual Income Tax Return

Due April 17, 2006

If you are **not** filing for the calendar year January 1 through December 31, 2005,enter period from: _________to: _________

Your Social Security Number A	Spouse's Social Security Number B	C Check the box if you are married filing separately. ☐

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 on page 5.) J	N School District Number (see pages 34 and 35)

City K	State L	Zip Code + 4 M	Foreign Country (if applicable) O

Enter the **2-digit county code** numbers (found on page 21 in the instruction booklet) for the county where you lived and worked on January 1, 2005.

Yourself: P County where you lived ☐☐ Q County where you worked ☐☐

Spouse: R County where spouse lived ☐☐ S County where spouse worked ☐☐

If you have a loss (or negative entry), please indicate so by placing it in a bracket. Example: (1.00)

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

1. Enter your federal adjusted gross income from your federal return (see instructions on page 8).	1		
2. Tax add-back: certain taxes deducted from federal Schedule C, C-EZ, E, and/or F	2		
3. Net operating loss carryforward from federal Form 1040, 'Other income' line	3		
4. Income taxed on federal Form 4972 (lump sum distribution) (attach Form 4972: see page 8)	4		
5. Domestic production activities add-back (see page 8)	5		
6. Other (see instructions on page 8)	6		
7. Add lines 1 through 6 **Total Indiana Income** ▶	7		
8. Indiana deductions: Enter amount from Schedule 1, line 12 and attach Schedule 1	8		
9. Line 7 minus line 8 **Indiana Adjusted Income** ▶	9		
10. Number of exemptions claimed on your federal return ☐ x $1,000. (If no federal return was filed, enter $1,000 per qualifying person: see instructions on page 14).	10		00
11. Additional exemption for certain dependent children (see instructions on page 14). Enter number ☐ x $1,500	11		00
12. Check box(es) below for additional exemptions if, by December 31, 2005: You were: ☐ 65 or older ☐ or blind. Spouse was: ☐ 65 or older ☐ or blind. Total the number of boxes checked ☐ x $1,000	12		00
13. Check box(es) below for additional exemptions if, by December 31, 2005: You were: ☐ 65 or older and line 1 above is less than $40,000. Spouse was: ☐ 65 or older and line 1 above is less than $40,000. Total the number of boxes checked ☐ x $500	13		00
14. Add lines 10, 11, 12 and 13 **Total Exemptions** ▶	14		00
15. Line 9 minus line 14 (if answer is less than zero, leave blank) **State Taxable Income** ▶	15		
16. State adjusted gross income tax: multiply line 15 by 3.4% (.034)	16		
17. County income tax. See instructions on page 15	17		
18. Use tax due on out-of-state purchases. See instructions on page 18	18		
19. Household employment taxes: attach Schedule IN-H (see instructions on page 18)	19		
20. Indiana advance earned income credit payments from W-2(s) (see instructions on page 19)	20		
21. Add lines 16 through 20. Enter here and on line 30 on the back **Total Tax** ▶	21		
22. Indiana state tax withheld (from box 17 of your W-2s, box 8 of WH-18s or from 1099s)	22		
23. Indiana county tax withheld (from box 19 of your W-2s, box 9 of WH-18s or from 1099s)	23		
24. Estimated tax paid for 2005: include any extension payment made with Form IT-9	24		
25. Unified tax credit for the elderly. See instructions on page 19	25		
26. Earned income credit: attach Schedule IN-EIC and enter amount from Section A, line A-2	26		
27. Lake County residential income tax credit: see instructions on page 20	27		
28. Indiana credits: enter the total from Schedule 2, line 7 and attach Schedule 2	28		
29. Add lines 22 through 28. Enter here and on line 31 on the back **Total Credits** ▶	29		

Staple W-2 forms on the front of this page only between lines 1 and 29

Paperclip check or money order here

AA BB CC DD

Turn the page ☞

VN

30. Enter the Total Tax from line 21 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 (see instructions on page 30)	33	
34. Subtract line 33 from line 32 SUBTOTAL	34	
35. Amount to be applied to your 2006 estimated tax account (see instructions on page 30)	35	
36. Penalty for underpayment of estimated tax for 2005: attach Schedule IT-2210 or IT-2210A	36	
37. **Refund:** Line 34 minus lines 35 and 36 (if less than zero see instructions on page 31) YOUR REFUND ▶	37	

Direct Deposit

38a. Routing Number

b. Account Number

c. Type of Account ☐ Checking ☐ Savings ☐ Hoosier Works MC

If you want to **DIRECT DEPOSIT** your refund, see instructions on page 31.

39. If line 30 is more than line 31, subtract line 31 from line 30. **Add to this any amounts from lines 35 and 36, and enter total here** (see instructions on page 32) SUBTOTAL	39	
40. Penalty if filed after due date (see instructions on page 32)	40	
41. Interest if filed after due date (see instructions on page 32)	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.** Please make your check or money order payable to: **Indiana Department of Revenue.** Credit card payers must see page 32 for instructions.

Out-of-State Income Information

- Enter any salary, wage, tip &/or commission received from Illinois, Kentucky, Michigan, Ohio, Pennsylvania and/or Wisconsin:

Yourself $ T

Spouse $ U

X • 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 .

TT **Are you filing a federal income tax return for 2005? Yes** ☐ **No** ☐

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

Your Daytime Telephone Number

HH

Spouse's Daytime Telephone Number

II

JJ

E-mail address where we can reach you (see page 33)

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 in order to confirm the Social Security number(s) used on this return are correct.

Your Signature Date

Spouse's Signature Date

If any individual listed at the top of the IT-40 died *during* 2005, enter date of death below.

EE Taxpayer's date of death m m d d 2005

FF Spouse's date of death m m d d 2005

Paid Preparer's name

MM

Address

NN

City

OO

State **Zip Code + 4**

PP QQ

KK ☐ Federal I.D. Number ☐ PTIN **OR** ☐ Social Security Number

LL

Preparer's daytime telephone number

RR

Preparer's Signature Date

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

Schedules 1 & 2
Form IT-40, State Form 47908
R4 / 8-05

Schedule 1: Indiana Deductions

(Schedule 2 begins after line 12 below)

Attachment Sequence No. **01**

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

A Your Social Security Number

Instructions for Schedule 1 begin on page 9.

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

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

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

C ______________________ Amount of rent paid $ D ______________

Number of months rented E ____ Enter the lesser of $2,500 or amount of rent paid 1

2. Homeowner's residential property tax deduction: enter address where property tax was paid if

different from front page F ______________________

Number of months lived there G ________ Amount of property tax paid $ H ______________

Enter the lesser of $2,500 or the actual amount of property tax paid 2

3. State tax refund reported on federal return (see page 10) 3
4. Interest on U.S. government obligations (see page 10) 4
5. Taxable Social Security benefits (see page 10) 5
6. Taxable railroad retirement benefits (see page 10) 6
7. Military service deduction: $2,000 maximum for qualifying person (see page 10)........................ 7
8. Non-Indiana locality earnings deduction: $2,000 maximum per qualifying person (see page 11) 8
9. Insulation deduction: $1,000 maximum: attach verification (see page 11).................................... 9
10. Nontaxable portion of unemployment compensation (see page 11) 10
11. **Other Deductions:** See instructions beginning on page 12 (attach additional sheets if necessary)
    a. Enter deduction name ______________________ I code no. ___ ___ ___ 11a
    b. Enter deduction name ______________________ J code no. ___ ___ ___ 11b
    c. Enter deduction name ______________________ K code no. ___ ___ ___ 11c
    d. Enter deduction name ______________________ L code no. ___ ___ ___ 11d
12. Add lines 1 through 11 and enter total on line 8 of Form IT-40 .... **Total Deductions** ▶ 12

Schedule 2: Indiana Credits

Instructions for Schedule 2 begin on page 22.

1. Credit for local taxes paid outside Indiana (see page 22) 1
2. County credit for the elderly: attach federal Schedule R (see page 22)... 2
3. **Other Local Credits:** See instructions on page 23 (attach additional sheets if necessary)
    a. Enter credit name ______________________ A code no. ___ ___ ___ 3a
    b. Enter credit name ______________________ B code no. ___ ___ ___ 3b

    Important: Lines 1 through 3 cannot be greater than the county tax due on IT-40 line 17 (see page 24)
4. College credit: attach Schedule CC-40 (see page 24) 4
5. Credit for taxes paid to other states: attach other state's return (see page 25)............................. 5
6. **Other Credits:** See instructions on page 26 (attach additional sheets if necessary)
    a. Enter credit name ______________________ C code no. ___ ___ ___ 6a
    b. Enter credit name ______________________ D code no. ___ ___ ___ 6b
    c. Enter credit name ______________________ E code no. ___ ___ ___ 6c
    d. Enter credit name ______________________ F code no. ___ ___ ___ 6d

    Important: Lines 4 through 6 added together cannot be greater than the state adjusted gross income tax due on IT-40 line 16 (see *Additional Limitations* on page 30)
7. Add lines 1 through 6 and enter total on line 28 of Form IT-40 .... **Total Credits** ▶ 7

Schedule CT-40
Form IT-40, State Form 47907
R4 / 8-05

County Tax Schedule for Indiana Residents

See instructions on page 15 to see if this schedule needs to be attached to your IT-40

Attachment Sequence No. **02**

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

A Your Social Security Number

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

P **Your** county of **residence** as of January 1, 2005. (Enter 2-digit county code # from the chart on page 21.)

R **Spouse's** county of **residence** as of January 1, 2005. (Enter 2-digit county code # from the chart on page 21.)

	Column A - Yourself	Column B - Spouse's
1. **Enter the amount from IT-40, line 15.** Note: If both you and your spouse lived in the same county on January 1, enter the entire amount from Form IT-40, line 15 on line 1A only. See instructions on page 16	1A	1B
2. If you claimed a non-Indiana locality earnings deduction on Schedule 1, line 8, enter the amount here. If not, leave blank	2A	2B
3. Add lines 1 and 2 ▶	3A	3B
4. Enter the resident rate from the county tax chart on page 21 for the county code number shown above	4A	4B
5. Multiply line 3 by the rate on line 4	5A	5B
6. Add lines 5A and 5B. Enter the total here. **Note: Perry County residents: If you live in Perry County and worked in the Kentucky counties of Breckinridge, Hancock or Meade, you must complete lines 7 and 8.** Otherwise, enter the total here and on line 9 below (see page 17) ▶		6
7. Enter the amount of income that was taxed by any of the Kentucky counties listed on line 6 above		7
8. Multiply line 7 by .005 and enter total here		8
9. Line 6 minus line 8. Enter the total here and on line 17 of Form IT-40 ▶		9

SECTION 2: To be completed by those taxpayers who, on January 1, 2005, were *residents* of a county that *had not* adopted a county income tax, but *worked* in an Indiana county that *had* adopted a county income tax.

Q **Your** county of **principal employment** as of January 1, 2005. (Enter 2-digit county code # from the chart on page 21.)

S **Spouse's** county of **principal employment** as of January 1, 2005. (Enter 2-digit county code # from the chart on page 21.)

	Column A - Yourself	Column B - Spouse's
1. Enter your principal employment income by entering the total income from your W-2s and/or net self-employment income (from federal Schedule C/C-EZ; federal Form 1065, Schedule K-1 and/or farm income from federal Schedule F). If you worked two or more jobs *at the same time,* enter the portion you earned from your main job. See page 17 for further Section 2 instructions	1A	1B
2. Enter any amounts for payments made to self-employed retirement plans, IRA's, etc. See page 17 for the complete list of allowable deductions and further instructions	2A	2B
3. Subtract line 2 from line 1 ▶	3A	3B
4. Enter some or all of the exemptions from line 14 of Form IT-40 (see instructions on page 18)	4A	4B
5. Subtract line 4 from line 3 ▶	5A	5B
6. Enter the nonresident rate from the county tax rate chart on page 21 for the county number shown above under the Section 2 heading	6A	6B
7. Multiply the income on line 5 by the rate on line 6	7A	7B
8. Enter total of 7A plus 7B. Add to any Section 1, line 9 amount, and carry to line 17 of Form IT-40 ▶		8

Schedule IN-EIC
Form IT-40/IT-40PNR
State Form 49469 R4/ 9-05

Schedule IN-EIC: Indiana's Earned Income Credit

Attach only if claiming this credit on Forms IT-40 or IT-40PNR

Attachment Sequence No. **05**

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

A Your Social Security Number

Section A: Figure Your Indiana Earned Income Credit

A-1 Enter the earned income credit from your federal income tax return Form 1040 line 66a, Form 1040A line 41a, or Form 1040EZ line 8a (must be $9.00 or more: see instructions) .... **A-1**$_____________

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

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

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

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

		1	2	3	4
	Enter each child's name here	First ______ Last ______	First ______ Last ______	First ______ Last ______	First ______ Last ______
	Enter each child's Social Security Number	SSN - -	SSN - -	SSN - -	SSN - -

Check only one box in each section for each child listed.

		Child 1	Child 2	Child 3	Child 4
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 2005, and lived with you while alive in 2005.	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).

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 2005:

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

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

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

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

Section A – Figure Your Credit

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

- Federal Form 1040, line 66a or
- Federal Form 1040A, line 41a or
- Federal Form 1040EZ, line 8a.

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

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

Section B - Qualifying Child

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

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

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

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

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

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

Caution: You must know what your <u>federal</u> earned income credit is before you can figure your <u>Indiana</u> 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 17, 2006. 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.

R4/ 8-05

2005 Indiana County Income Tax Rates and County Codes

*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	.0129*	.0054*
05	Blackford	.0136*	.0061*
06	Boone	.01	.0025
07	Brown	.0125	.005
08	Carroll	.011	.0035
09	Cass	.015	.0075
10	Clark	.015*	.0075*
11	Clay	.0125	.0025
12	Clinton	.015*	.0075*
13	Crawford	.01	.005
14	Daviess	.01625*	.00625*
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	.0137	.0062
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	.01	.0025
34	Howard	.009	.00375
35	Huntington	.0125	.005
36	Jackson	.01475*	.00625*
37	Jasper	.01125*	.00375*
38	Jay	.01375*	.00625*
39	Jefferson	.0035*	.0035*
40	Jennings	.0125	.005
41	Johnson	.01	.0025
42	Knox	.0095*	.006125*
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	.0075*	.001875*
50	Marshall	.0125	.0025
51	Martin	.01	.004

County Code #	County Name	Resident Rate	Nonresident Rate
52	Miami	.0104	.0059
53	Monroe	.01	.0025
54	Montgomery	.01	.0025
55	Morgan	.0127*	.0052*
56	Newton	.01	.0025
57	Noble	.015*	.0075*
58	Ohio	.01	.0025
59	Orange	.0125	.005
60	Owen	.01275*	.00525*
61	Parke	.015*	.0075*
62	Perry	.01	.00625
63	Pike	.004	.004
64	Porter	.00375*	.00375*
65	Posey	NA	NA
66	Pulaski	.0173	.0068
67	Putnam	.0125	.005
68	Randolph	.015	.0075
69	Ripley	.0138*	.0063*
70	Rush	.01375*	.00625*
71	St. Joseph	.008	.0035
72	Scott	.0116	.0041
73	Shelby	.0125	.005
74	Spencer	.008	.00575
75	Starke	.01	.0075
76	Steuben	.0129*	.0054*
77	Sullivan	NA	NA
78	Switzerland	.01	.0025
79	Tippecanoe	.01	.0055
80	Tipton	.0133*	.0058*
81	Union	.015	.005
82	Vanderburgh	.01	.0025
83	Vermillion	.001	.001
84	Vigo	.0125	.0075
85	Wabash	.015	.0075
86	Warren	.0125	.005
87	Warrick	.005	.005
88	Washington	.015	.0075
89	Wayne	.015	.005
90	Wells	.0145	.007
91	White	.0125	.005
92	Whitley	.0121645*	.0046645*

00 All Other States except the following:

94	Illinois
95	Kentucky
96	Michigan
97	Ohio
98	Pennsylvania
99	Wisconsin

WORKSHEET B: Earned Income Phaseout

Complete if your earned income is <u>between</u> $18,000 and $18,600.

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

B2 Enter your earned income from Step 2 above (from page 20) .... B2 $ ___________

B3 Subtract B2 from B1 (if answer is zero or a (negative amount,) **STOP**. You do not get this credit) .... B3 $ ___________

B4 Multiply the amount on B3 by .5 (50%) B4 $ ___________

B5 Enter the amount of Indiana property tax you paid for 2005 on your Lake County residence .... B5 $ ___________

B6 Enter the **smaller** of B4 or B5. This is your credit. Enter here and on IT-40, line 27 .... B6 $ ☐

Important: Remember, you can claim either this credit **OR** the Homeowner's Residential Property Tax deduction on Schedule 1, line 2, **but not both.**

Indiana Credits: Form IT-40, Schedule 2

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 line 3 and line 6 instructions.

Line 1 - Credit for Local Taxes Paid Outside of Indiana

If you figured county tax on Form IT-40, line 17, **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 government, and they did not refund the tax or give you a credit for Indiana county tax.

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

Step 1: Figuring your rate: If your January 1, 2005, county of residence has a rate on the **Rate Conversion Chart** on page 24, use the rate in Column A to figure your credit.

If your January 1, 2005, county of residence doesn't have a rate on the Rate Conversion Chart on page 24, but the January 1, 2005, county where you worked has a rate on the **Rate Conversion Chart**, use the rate in Column B to figure your credit.

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-40, line 17 .... C ________

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

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

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

- A county tax amount on Form IT-40, line 17, **and**
- You had to pay a local income tax outside Indiana.

Note: See the **Limitation** on page 24.

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

If you take the federal credit on federal Schedule R, and you owe county tax, you may be allowed a credit. Use the following steps to figure your credit.

A. Enter the Elderly Credit from federal Schedule R .... A ________

B. Enter the factor from the *County Credit for the Elderly Chart* (on page 23) that corresponds to your county tax rate B ________

C. Multiply A times B and enter result here. C ________

D. Enter the amount of Indiana county tax shown on Form IT-40, line 17 .... D ________

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

Example: Jane is 67 years old. She is entitled to a credit of $550 on federal Schedule R. She lives in a county that has a county tax rate of .01. Her county tax due is $60. Jane's county credit for the elderly is $37 ($550 x .067 = $36.85 [rounded to $37]).

Note: See the **Limitation** on page 24.

County Credit for the Elderly Chart

If your **County Tax Rate** is:	Then your **Factor** is:	If your **County Tax Rate** is:	Then your **Factor** is:
.001	.007	.0075	.05
.0015	.01	.008	.053
.001875	.013	.009	.06
.0025	.017	.0095	.063
.0035	.023	.01	.067
.00375	.025	.0104	.069
.004	.027	.0105	.07
.0041	.027	.011	.073
.0046645	.031	.01124	.075
.00475	.032	.01125	.075
.005	.033	.0115	.077
.0052	.035	.0116	.077
.00525	.035	.0121645	.081
.0054	.036	.0125	.083
.0055	.037	.0127	.085
.00575	.038	.01275	.085
.0058	.039	.0129	.086
.0059	.039	.0133	.089
.006	.04	.0136	.091
.0061	.041	.0137	.091
.006125	.041	.01375	.092
.0062	.041	.0138	.092
.00625	.042	.014	.093
.0063	.042	.0143	.095
.0065	.043	.0145	.097
.00674	.045	.01475	.098
.0068	.045	.015	.10
.007	.047	.01625	.108
		.0173	.115

Line 3 - Other Local Credits

Both of the following credits have been assigned a three-digit code number. When claiming the credit on Schedule 2 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.

3a.	**Comm. Rev. Enhan. Dist. Cr.**	**8 0 8**	3a	200

If you are also claiming another credit, such as the voluntary remediation credit, enter it on line 3b. See the example below:

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 (.25) of the qualified investment made by the taxpayer during the taxable year.

Pass-through entities (S corporations and partnerships) are eligible for this credit.

The credit is nonrefundable and cannot be carried back. You may carryforward 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 17 of Form IT-40. Also, claim any unused amount (within certain limitations) on Schedule 2 under line 6 (see instructions for the community revitalization enhancement district credit on page 27).

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

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

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** below for additional limitations.

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.

See the voluntary remediation credit instructions for line 6 on page 30.

Note: See the **Limitation** on page 24.

- Enter **8 3 6** under line 3 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 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.

Apply this restriction first when figuring your credits. Then apply the **Limitation** on page 24.

Moving? Change your address online at:
www.in.gov/dor/individual/maintenance.html

Rev. 8/05

Rate Conversion Chart

County	A Resident	B Nonresident
Adams	.006	.0015
Allen	.006	.0015
Bartholomew	.01	.0025
Benton	.01	.0025
Blackford	.01	.0025
Boone	.01	.0025
Brown	.01	.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	.01*	.0025*
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	.007	.00175
Huntington	.01	.0025
Jackson	.011	.0025
Jasper	.01	.0025
Jay	.01	.0025
Jefferson	(Cannot take credit)**	
Jennings	.01	.0025
Johnson	.01	.0025
Knox	.0045*	.001125*
Kosciusko	.007	.00175
LaGrange	.01	.0025
Lake	NA	NA
LaPorte	.005	.0025
Lawrence	.01	.0025
Madison	.01	.0025
Marion	.0075*	.001875*
Marshall	.0125	.0025
Martin	.008	.002
Miami	.006	.0015
Monroe	.01	.0025
Montgomery	.01	.0025
Morgan	.01	.0025
Newton	.01	.0025
Noble	.01	.0025
Ohio	.01	.0025
Orange	.01	.0025
Owen	.01	.0025
Parke	.01	.0025
Perry	.005	.00125
Pike	(Cannot take credit)**	
Porter	(Cannot take credit)**	
Posey	NA	NA
Pulaski	.013	.0025
Putnam	.01	.0025
Randolph	.01	.0025
Ripley	.01	.0025
Rush	.01	.0025
St. Joseph	.006	.0015
Scott	.01	.0025
Shelby	.01	.0025
Spencer	.003	.00075
Starke	.005	.0025
Steuben	.01	.0025
Sullivan	NA	NA
Switzerland	.01	.0025
Tippecanoe	.006	.0015
Tipton	.01	.0025
Union	.0125	.0025
Vanderburgh	.01	.0025
Vermillion	(Cannot take credit)**	
Vigo	.0075	.0025
Wabash	.01	.0025
Warren	.01	.0025
Warrick	(Cannot take credit)**	
Washington	.01	.0025
Wayne	.0125	.0025
Wells	.01	.0025
White	.01	.0025
Whitley	.01	.0025

* These rates have changed since last year.

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

NA These counties have no county tax.

Limitation: There is one final limitation if you have entries on lines 1, 2 and/or 3 of Schedule 2. These credits, *when combined*, cannot be greater than the county tax shown on Form IT-40 line 17; if they are, adjust the amounts before you enter them. See the following example.

Example:

- The line 1 credit for local taxes paid outside of Indiana of $100 plus the line 2 county credit for the elderly of $20 equals $120.
- Your IT-40 line 17 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 Schedule CC-40.

Important: You must maintain documentation of your contributions as the Department can require you to provide this information.

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

Note: See the **Additional Limitation** on page 30.

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 2005 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-40 line 16 .... 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 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 you're not required to file another state's income tax return to report gambling winnings from 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 2005 and had income from one of the states listed in Group B, you are covered by a reciprocal agreement. However, this agreement only applies to income from wages, salaries, tips, and commissions. If you had other types of income from these states (such as business income, farm income, etc.), use the Group A Worksheet to figure your credit.

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

Note: Winnings from Indiana riverboats **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, see page 30 for information on how to figure and pay estimated tax.

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

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona	Oregon
California	Washington D.C.

If you were an Indiana resident during 2005 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. Note: For taxpayers residing in Washington, D.C., please contact the Department for Income Tax Information Bulletin 28. There is a special exception for this credit for Washington, D.C. residents that you must be aware of when calculating this credit.

Group D

No State Income Tax (No credit allowed)

Alaska	Florida	Nevada	South Dakota
Texas	Washington	Wyoming	

If you were an Indiana resident during 2005 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 30.

Line 6 - Other Credits

Each of the following credits has been assigned a three-digit code number. When claiming the credit on Schedule 2 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:

6a.	**Blended Biodiesel Credit**	**8 0 3**	6a	500	

Enter any additional credits on the remaining lines. For example, if you are also claiming a capital investment credit, enter it on line 6b.

6a.	**Blended Biodiesel Credit**	**8 0 3**	6a	500	
b.	**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.

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

Who are 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
- Businesses organized as partnerships, S corporations and fiduciaries (who may pass through airport development zone credits to their partners or shareholders).

In addition, a partnership, a limited liability partnership, a limited liability company and an S corporation are entitled to the airport development zone investment cost credit for a qualified investment made in a designated zone located in Vigo County, Indiana.

Following are the three available airport development zone credits:

Airport Development Zone Employment Expense Credit 800

Get Information Bulletin #66 and Indiana Schedule EZ, Parts 1, 2 and 3 for more information and how to calculate this credit. Note: Schedule EZ must be attached if claiming this credit.

Note: See the **Additional Limitation** on page 30.

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

Airport Development Zone Investment Cost Credit 801

Get Information Bulletin #66 and contact the Indiana Economic Development Corporation for more information about this credit.

Note: See the **Additional Limitation** on page 30.

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

Airport Development Zone Loan Interest Credit 802

Get Information Bulletin #66 and Indiana Schedule LIC for more information and how to calculate this credit. Note: Schedule LIC must be attached if claiming this credit.

Note: See the **Additional Limitation** on page 30.

- Enter **8 0 2** 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 through metered pumps. Pass-through entities are eligible for this credit.

Note: See the **Additional Limitation** on page 30.

- 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.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** on page 30 for additional limitations.

- Enter **8 0 4** 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 and is a new business may be eligible for this credit. Pass-through entities are eligible for this 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.

Note: See the **Additional Limitation** on page 30.

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

Enter these credits on Schedule 2 under line 6

Community Revitalization Enhancement District Credit 808

See the Schedule 2 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 2, 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.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** on page 30 for additional limitations.

- Enter **8 0 8** under line 6 if claiming this 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	Indiana Army Ammo	Portage
East Chicago	Indianapolis	Richmond
Elkhart	Jeffersonville	Salem
Evansville	Kokomo	South Bend
Fort Harrison	Lafayette	Terre Haute
Fort Wayne	LaPorte	Vincennes
Frankfort	Marion	
Gary	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, and
- Businesses organized as partnerships, S corporations and fiduciaries may pass through enterprise zone credits to their partners or shareholders

In addition, a partnership, a limited liability partnership, a limited liability company and an S corporation are entitled to the enterprise zone investment cost credit for a qualified investment made in a designated zone located in Vigo County, Indiana.

Following are the three available enterprise zone credits:

Enterprise Zone Employment Expense Credit 812

Contact the Department to get Information Bulletin #66 and Indiana Schedule EZ, Parts 1, 2 and 3 for more information and how to calculate this credit. Note: Schedule EZ must be attached if claiming this credit.

Note: See the **Additional Limitation** on page 30.

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

Enterprise Zone Investment Cost Credit 813

Contact the Department to get Information Bulletin #66 and contact the Indiana Economic Development Corporation for more information about this credit.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** on page 30 for additional limitations.

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

Enterprise Zone Loan Interest Credit 814

Get Information Bulletin #66 and Indiana Schedule LIC for more information and how to calculate this credit. Note: Schedule LIC must be attached if claiming this credit.

Note: See the **Additional Limitation** on page 30.

- 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. Pass-through entities are eligible for this credit.

Note: See the **Additional Limitation** on page 30.

- Enter **8 1 5** 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 (.20) of the cost of the qualified rehabilitation or preservation expenses may be taken against your state income tax liability. Any unused balance of the credit may be carried forward for up to 15 years.

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

Enter these credits on Schedule 2 under line 6

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, or visit online at **www.in.gov/dnr/historic**

Note: See the **Additional Limitation** on page 30.

- 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. This credit is administered by the EDGE Board, which is located within the Indiana Economic Development Corporation. Pass-through entities are eligible for this credit. For more information call (317) 233-3638.

Note: See the **Restriction for Certain Tax Credits - Limited to One Per Project** on page 30 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.

Form IT-20 REC must be completed and a copy attached to claim this credit. For more information about this credit, contact the Department.

Note: See the **Additional Limitation** on page 30.

- 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 (.50) 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.

Note: See the **Additional Limitation** on page 30.

- 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". Request additional information regarding the procedures for obtaining the credit from the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, or call (317) 232-8827.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** on page 30 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 providing a temporary residence to at least one unrelated pregnant woman for at least 60 consecutive days during her pregnancy. The maternity home owner must annually file an application with the State Department of Health to be eligible to claim this credit. A copy of the approved application must be attached to your tax return before the credit can be taken. Contact the 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 30 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 an income tax credit 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 (.30) of the investment.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** on page 30 for additional limitations.

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

Enter these credits on Schedule 2 under line 6

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.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** on page 30 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. This credit is administered by the Indiana Economic Development Corporation. 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.

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

Note: See the **Additional Limitation** on page 30.

- 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 (.50) of the investment in a qualified project approved by the Department of Corrections, plus 25 percent (.25) of the wages paid to inmates. Pass-through entities are eligible for the credit.

Note: See the **Additional Limitation** on page 30.

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

Rerefined Lubricated Oil Facility Credit 830

Effective January 1, 2001, through December 31, 2005, a pass-through entity may be eligible, as determined by the Indiana Economic Development Corporation, for a state tax offset credit against its income and sales and use tax liabilities. The credit is based on a percentage of the real and personal property taxes paid by an entity that processes rerefined lubrication oil.

For information regarding the definitions, procedures, and qualifications for obtaining this credit, contact the Indiana Economic Development Corporation.

Note: See the **Additional Limitation** on page 30.

- Enter **8 3 0** 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, contact the Department and request Income Tax Information Bulletin #87A.

Note: See the **Additional Limitation** on page 30.

- 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 (.15) 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 Development Corporation for more information about this credit.

Note: See the **Additional Limitation** on page 30.

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

Teacher Summer Employment Credit 833

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

Contact the Department of Education at (317) 232-6676 for more information about this credit. 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 30.

- 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 (.50) of the contributions made during the tax year up to a maximum limit of $100 for a single return and $200 for a joint return. To claim this credit you must complete and attach Schedule TCSP-40. Contact the Department to get a Schedule TCSP-40.

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 30.

- 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.

Note: See the **Restriction for Certain Tax Credits - Limited to One per Project** below for additional limitations.

Note: See the **Additional Limitation** below.

- Enter **8 3 5** under line 6 if claiming this credit.

Voluntary Remediation Credit 836

See the Schedule 2, line 3, instructions on page 23 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 2, line 3, the remaining credit should be claimed on this line.

Note: See the **Additional Limitation** below.

- Enter **8 3 6** 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 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.

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 2. These credits, *when combined*, cannot be greater than the state adjusted gross income tax shown on Form IT-40 line 16; 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-40 line 16 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-40, line 28.

IT-40 Back Page Instructions

Line 32 - Overpayment

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. The money you donate goes directly to the protection and management of more than 550 wildlife species in Indiana - from robins and turtles to state-endangered bald eagles and river otters. Enter the amount of your refund you wish to donate to the Nongame Wildlife Fund in the box on line 33. Donations must be a minimum of $1.

Read more about Indiana's Wildlife Diversity Section and how donations have helped Indiana's endangered wildlife at the following Web site: **www.in.gov/dnr/fishwild/endangered/fund.htm**

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

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 2006 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 2006 Estimated Tax Installment Payment

If you expect to have income during the 2006 tax year that:

- Won’t have Indiana income taxes withheld, or
- If you think the amount withheld won’t be enough to pay your tax liability, and
- You expect to owe more than $400 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 page 37 to see how much you will owe. Then, if you want to make an estimated tax installment payment on this tax return, carry the amount from line I of the worksheet to line 35 of Form IT-40.

You may use some or all of your line 34 overpayment as an installment payment. You may also send a payment with your tax return to make or to increase an installment payment. For example, you have an $80 overpayment on line 34. Instead of getting a refund, you want to apply the $80 towards your estimated tax account, and make an additional $20 payment, bringing the total payment up to $100. You will enter $100 on line 35, and enter the $20 additional amount due on line 39.

Important: Any installment payment amount entered on line 35 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, 2006, will be considered to be a 2006 first installment payment; June 3, 2006, will be considered to be a 2006 second installment payment; and July 22, 2006, will be considered to be a 2006 third installment payment. **Note:** If you are filing this return *after* January 16, 2007, you will not be able to make an installment payment on this line.

If you do not want to make an estimated payment on this tax return, you may use Form ES-40 on page 37 of this booklet to make the payment. Also, you may already have received a coupon booklet if you made estimated tax payments to the Department last year. Payment may also be made online, via credit card or check, at **www.in.gov/dor/epay**. See line 42 instructions on page 32 for details about using IN-ePay.

Regardless of which payment option you choose, please use only one method to make an installment payment (i.e. don't put an entry on line 35 and, at the same time, enclose an ES-40).

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

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

Line 36 - Penalty for Underpayment of Estimated Tax

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

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

Generally, if you owe $400 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:

a) The total of your timely paid estimated tax payments (plus all other credits) is not at least 90 percent (.90) of this year's tax due or 100 percent* **(1.00)** of your tax due last year; **** or**

b) 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 if your income was seasonal) to see if you owe a penalty or if you meet an exception. If you owe this penalty, attach Schedules IT-2210 or IT-2210A to your tax return and write the penalty amount on Form IT-40, line 36.

*****You must have timely paid 100 percent of lines 15 and 16 of your 2004 IT-40. Note: If last year's **Indiana adjusted gross income** (agi) was more than $150,000 ($75,000 for married filing separately), you must pay 110 percent of last year's tax (instead of 100%).

******Farmers and fishermen should see the special instructions on page 33.

A word about whether to use Schedules 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 through 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.

Schedule IT-2210A should be used by individuals who receive seasonal income. Example: Bill sells 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, 2005, first installment due date.

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

Line 37 - You have a refund if line 34 is greater than the combined amounts entered on lines 35 and 36. However, if the combination of line 35 plus line 36 is *greater* than the line 34 overpayment, no refund is due. Instead, you will have an amount due. Enter the amount on line 39 and leave line 37 blank.

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

Note: There is a **statute of limitations** on filing refund claims. When filing your 2005 tax return, a claim for refund of excess withholding credits must be made no later than April 17, 2008. A claim for refund of all other excess payments and refundable credits must be made by April 17, 2009. (The postmark date of the filing of your return is when the claim is considered to be made.)

Line 38 - Direct Deposit

You may choose to have your refund deposited in your checking or savings account, or your 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.

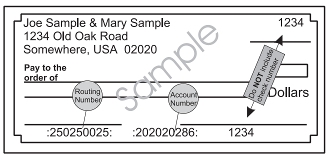
a) The routing number is nine digits, with the first two digits of the number beginning with 01 through 12 or 21 through 32. Do not use a deposit slip to verify the

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

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" (<u>do not</u> 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.

Type of Account: ☐ Checking ☐ Savings ☑ **Hoosier Works MC**

For more information on direct deposit, please see "Where's Your Refund" on page 4.

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 35 .... B ________

C. Enter any amount from line 36 .... C ________

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

Line 40 - Penalty

If your tax return is filed after the April 17, 2006, due date and you have an amount due, you will probably owe a penalty. Penalty is 10 percent (.10) of the amount due (line 39 minus lines 35 and 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 (.90) of the amount due by the April 17, 2006, due date, then no penalty is due.

Line 41 - Interest

If your tax return is filed after the April 17, 2006, due date and you have an amount due, you will owe interest (even if you have an extension of time to file). Interest should be figured on the sum of line 39 minus lines 35 and 36. Contact the Department for the current interest rate by calling (317) 232-2240 or visit our Web site at **www.in.gov/dor/reference** and get Departmental Notice #3.

Line 42 - Amount You Owe - Payment Options

There are several ways to pay the amount you owe.

If sending a check, money order or cashiers check, make it payable to: Indiana Department of Revenue. Paperclip the payment to the bottom of the front of the return. If you don't have a paperclip, just include it loose in the envelope. **Do not** staple it to the return. **Do not** send cash.

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

You may pay the Amount You Owe on line 42 with a major credit card over the Internet or by phone. Log on to our Web site at **www.in.gov/dor/epay**, or call 1-888-829-3746 toll free, and use your American Express, Discover, MasterCard, or Visa.

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.

You may also pay by the **eCheck** payment method, which uses a paperless check. This service 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. Visit our Web site at **www.in.gov/dor/epay**, and follow the step-by-step instructions to make your payment. You will receive a confirmation number and should keep this with your tax filing records. The fee for using this service is $1.

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

Returned Checks

If your check is returned unpaid by your banking institution, you will be charged a ten percent (10%) penalty on the amount due or $5, whichever is greater, plus interest. The assessed amount will be due immediately upon receipt of the tax due notice and must be paid by certified check, bank draft or money order. If payment is not received timely, the penalty will be increased to the face value of the check or 100 percent (1.00) 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.

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

Additional Information

Out-of-State Income Information

If you and/or your spouse worked in Illinois, Kentucky, Michigan, Ohio, Pennsylvania and/or Wisconsin you must enter your salary, wage, tip and/or commission income from those states in the appropriate boxes. Note: This entry is for information purposes only, and will not change your refund amount or the amount you may owe.

Deceased Individual Information

If the taxpayer and/or spouse died during 2005, 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-40. For example, a date of death of January 9, 2005, would be entered as 01/09. See instructions on page 7 for more information.

Note: If the taxpayer and/or spouse died before 2005, or after December 31, 2005, but before filing their tax return, do not enter his/her date of death in this box.

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:

a) Paying all your estimated tax on or by January 17, 2006, and filing your Form IT-40 by April 17, 2006, **or**

b) Filing your Form IT-40 by March 1, 2006, 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 attach the completed Schedule IT-2210 or IT-2210A to support your claim.

See page 31 for more information about these schedules.

Authorization Section

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

Directly above the signature area is a question which must be answered. Specifically, you must answer either yes or no to the question: "Are you filing a federal income tax return for 2005?"

Signature Section

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

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

E-Mail Address

Enter your e-mail address if you would like us to be able to contact you by e-mail.

Signing the decedent's tax return

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

Make sure you keep a complete copy of your return.

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 difficult taxpayer complaints and problems. If you have a complex tax problem you must first pursue resolution through normal channels, such as contacting the Taxpayer Services Division (317-232-2240), Collection Division (317-232-2165), etc. If you are still unable to resolve your problem, or a tax assessment places an undue hardship on you, you may receive assistance from the Office of the Taxpayer Advocate. Submit supporting information and documents to: Indiana Department of Revenue, Office of the Taxpayer Advocate, P.O. Box 6155, Indianapolis, IN 46206-6155.

Please mail your tax return with all attachments to:

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

Indiana School Districts

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

County
District Number and Name

Adams
0015 Adams Central Comm
0025 North Adams Community
0035 South Adams Schools

Allen
0125 M.S.D. Southwest Allen Co
0225 Northwest Allen County
0235 Fort Wayne Community
0255 East Allen County
9350 Timothy L Johnson Academy

Bartholomew
0365 Bartholomew Consolidated
0370 Flatrock-Hawcreek
4215 Edinburgh Community

Benton
0395 Benton Community
5995 South Newton
8535 TriCounty

Blackford
0515 Blackford Community

Boone
0615 Western Boone County
0630 Zionsville Community Schools
0665 Lebanon Community Sch Corp
3055 Marion-Adams

Brown
0670 Brown County Sch Corp

Carroll
0750 Carroll Consolidated Sch Corp
0755 Delphi Community Sch Corp
1180 Rossville Consolidated
8565 Twin Lakes Sch Corp

Cass
0815 Southeastern Sch Corp
0875 Logansport Community
0775 Pioneer Regional Sch Corp
2650 Caston Sch Corp

Clark
0940 West Clark Community
1000 Clarksville Community
1010 Greater Clark County

Clay
1125 Clay Community Schools
2960 MSD Shakamak Schools

Clinton
1150 Clinton Central Sch Corp
1160 Clinton Prairie Sch Corp
1170 Frankfort Community
1180 Rossville Consolidated

Crawford
1300 Crawford Co. Community

Daviess
1315 Barr-Reeve Community
1375 North Daviess Comm Sch
1405 Washington Community

Dearborn
1560 Sunman-Dearborn Comm
1600 South Dearborn Comm
1620 Lawrenceburg Comm

Decatur
1655 Decatur Co Community
1730 Greensburg Community

DeKalb
1805 DeKalb County Eastern Community Sch Dist
1820 Garrett-Keyser-Butler Community
1835 DeKalb County Central United Sch Dist
7610 Hamilton Community

Delaware
1875 Delaware Community
1885 Harrison-Washington Community Sch Corp
1895 Liberty-Perry Community
1900 Cowan Comm Sch Corp
1910 Mt. Pleasant Township Community Sch Corp
1940 Daleville Community Schools
1970 Muncie Community Schools
9620 Burris Laboratory School
9625 IN Academy for Science, Math, Humanities

Dubois
2040 Northeast Dubois County
2100 Southeast Dubois County
2110 Southwest Dubois County
2120 Greater Jasper Consolidated

Elkhart
2155 Fairfield Comm Schools
2260 Baugo Community Schools
2270 Concord Community Schools
2275 Middlebury Community Schools
2285 Wa-Nee Community Schools
2305 Elkhart Community Schools
2315 Goshen Community Schools

Fayette
2395 Fayette County Sch Corp

Floyd
2400 New Albany-Floyd County Consolidated Sch Corp
9320 Community Montessori Inc

Fountain
2435 Attica Consolidated Sch Corp
2440 Covington Community
2455 Southeast Fountain

Franklin
2475 Franklin Co Community
6895 Batesville Community
7950 Union County

Fulton
2645 Rochester Community
2650 Caston Sch Corp
4445 Tippecanoe Valley
5455 Culver Community
6620 Eastern Pulaski

Gibson
2725 East Gibson Sch Corp
2735 North Gibson Sch Corp
2765 South Gibson Sch Corp

Grant
2815 Eastbrook Community
2825 Madison-Grant United
2855 Mississinewa Community
2865 Marion Community
5625 Oak Hill United

Greene
2920 Bloomfield School District
2940 Eastern School District
2950 Linton-Stockton Sch Corp
2960 MSD Shakamak Schools
2980 White River Valley School District

Hamilton
3005 Hamilton Southeastern
3025 Hamilton Heights Sch Corp
3030 Westfield-Washington Schools
3055 Marion-Adams Schools
3060 Carmel Clay Schools
3070 Noblesville Schools
9325 Options Charter School

Hancock
3115 Southern Hancock Co Community Sch Corp
3125 Greenfield Central Comm
3135 Mt Vernon Community
3145 Eastern Hancock County Community Sch Corp

Harrison
3160 Lanesville Community
3180 North Harrison Comm
3190 South Harrison Comm
1300 Crawford Co Community

Hendricks
3295 North West Hendricks
3305 Brownsburg Community
3315 Avon Community Sch Corp
3325 Danville Community
3330 Plainfield Community
3335 Mill Creek Community

Henry
3405 Blue River Valley Schools
3415 South Henry Sch Corp
3435 Shenandoah School Corp
3445 New Castle Community
3455 C A Beard Memorial Sch Corp
6795 Union Sch Corp
8305 Nettle Creek Sch Corp

Howard
3460 Taylor Community
3470 Northwestern Sch Corp
3480 Eastern Howard Comm
3490 Western Sch Corp
3500 Kokomo-Center Township Consolidated

Huntington
3625 Huntington Co Comm

Jackson
3640 Medora Community
3675 Seymour Community
3695 Brownstown Central Comm
3710 Crothersville Community

Jasper
3785 Kankakee Valley
3815 Rensselaer Central
6630 West Central Sch Corp
8535 Tri-County Sch Corp

Jay
3945 Jay Sch Corp

Jefferson
3995 Madison Consolidated
4000 Southwestern Jefferson Consolidated

Jennings
4015 Jennings County Schools

Johnson
4145 Clark-Pleasant Comm
4205 Center Grove Community
4215 Edinburgh Community
4225 Franklin Community
4245 Greenwood Community
4255 Nineveh-Hensley-Jackson United

Knox
4315 North Knox Sch Corp
4325 South Knox Sch Corp
4335 Vincennes Community

Kosciusko
4345 Wawasee Community
4415 Warsaw Community
4445 Tippecanoe Valley
4455 Whitko Community
2285 Wa-Nee Community
5495 Triton Sch Corp

LaGrange
4515 Prairie Heights Comm
4525 Westview Sch Corp
4535 Lakeland Sch Corp

Lake
4580 Hanover Community
4590 River Forest Community
4600 Merrillville Comm Schls
4615 Lake Central Sch Corp
4645 Tri Creek Sch Corp
4650 Lake Ridge Schools
4660 Crown Point Community
4670 School City of East Chicago
4680 Lake Station Community
4690 Gary Community Sch Corp
4700 Griffith Public Schools
4710 School City of Hammond
4720 School Town of Highland
4730 School City of Hobart
4740 School Town of Munster
4760 Whiting School City
9300 Campagna Academy Charter School

Indiana School Districts Cont'd...

County
District 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
9330 Irvington Comm School
9370 21st Century Charter School
9380 Christel House Academy
9390 Flanner House Elem School
9395 The Imani School for Excellence

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
9360 Veritas Academy

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
9340 New Community School

Tipton
7935 Northern Community Sch Tipton Co
7945 Tipton Community Sch Corp

Union
7950 Union County

Vanderburgh
7995 Evansville-Vanderburgh
9315 Signature Learning Center Inc

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

Form IT-9
State Form 21006
R4 / 8-05

2005 Application for Automatic Extension of Time to File Indiana Form IT-40 or Form IT-40PNR

Do Not Mail if no payment is due (see ***Important*** under line 12 instructions)

Note: Form IT-9 is an automatic extension of time to file until June 17, 2006. This IS NOT an extension of time to pay any state and/or county taxes due.

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

Who should file Form IT-9: You should file this form and pay your tax if you can't file your income tax return (IT-40 or IT-40PNR) by the April 17, 2006, due date and you expect to owe additional tax.

Penalty and Interest: Indiana will accept the federal extension date, plus allow an additional 30 days. However, you must still pay 90 percent (.90) of your Indiana taxes by April 17, 2006. 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 17, 2006, due date.

How to File: Complete the worksheet below to figure how much you will need to pay.

Worksheet to figure your extension payment (see instructions below)

1. 2005 Income: enter the total estimated or actual 2005 Indiana income, less Indiana deductions			1
2. Exemptions (see instructions below)			2
3. State taxable income: line 1 minus line 2			3
4. State adjusted gross income tax: line 3 x .034			4
5. County income tax: line 3 x county income tax rate from the county tax chart in the IT-40 or IT-40PNR booklet			5
6. Total tax: add lines 4 and 5 and enter result here		**Tax** ▶	6
7. Subtotal: multiply line 6 by 90% (.90) and enter result here		**90% of Tax** ▶	7
8. State and county income tax withheld (see instructions)	8		
9. 2005 estimated income tax payments (see instructions)	9		
10. Other credits: (see instructions)	10		
11. Total credits: add lines 8, 9, and 10 and enter result here		**Credits** ▶	11
12. Minimum required extension payment: line 7 minus line 11 (enter zero if less than zero)		**Payment Amt.** ▶	12

Line 1: 2005 Income - Enter your total actual or estimated income for 2005. If filing a joint return, include your spouse's income.

Line 2: Exemptions - Use the number of exemptions from your federal tax return (if you did not complete a federal return, you are allowed an exemption for yourself and each of your dependents). Multiply this number by $1,000. You also may be eligible to claim certain children as additional exemptions ($1,500 for each qualifying child). See the IT-40 or IT-40PNR instruction booklet for more information.

Lines 8, 9 and 10: Enter the amount of Indiana state tax and county income tax withheld as shown on your W-2s; your total estimated income tax payments paid to the department for the 2005 tax year; and other credits, which may include the college credit, the unified tax credit for the elderly, etc.

Line 12: Payment amount - Subtract line 11 from line 7 and enter here. Pay this amount with Form IT-9, Extension Payment Voucher, on or before April 17, 2006. Enclose your check or money order made out to the *Indiana Department of Revenue*. Write your social security number on the check or money order. Note: All payments must be made with U.S. funds.

Also, you may pay by using American Express, Discover, MasterCard, Visa or electronic check over the Internet at www.in.gov/dor/epay, or call 1-866-729-4682 (toll free). 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 the voucher (below) if paying by credit card.

Important: If line 12 shows no balance due, **do not file** this form unless you will be claiming the Unified Tax Credit for the Elderly after June 30, 2006.

Your extension payment must be claimed as a credit on line 24 of the IT-40 or line 20 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.

Form IT-9
State Form 21006
R4 / 8-05

Indiana Department of Revenue
Extension Payment Voucher for Tax Year 2005
Due Date: April 17, 2006

Do Not Mail if no payment is due

Social Security Number | First Name | M.I. | Last Name

Spouse's Social Security Number | First Name | M.I. | Last Name

Period Ending: December 31, 2005 **Due Date: April 17, 2006**

Street Address

City | State | Zip Code

$

Send To: Indiana Department of Revenue
P.O. Box 6117
Indianapolis, IN 46206-6117

FORM
ES-40
State Form 46005
R4 / 8-05

Indiana Department Of Revenue
2006 Estimated Tax Payment Return

If you expect to have income during the 2006 tax year that:

- Won't have Indiana income taxes withheld, or
- If you think the amount withheld won't be enough to pay your tax liability, and
- You expect to owe more than $400 when you file your tax return,

then you should pay estimated tax. Use the worksheet below to see how much you'll owe.

Estimated Income Tax Worksheet

A. Total estimated Indiana income for 2006, less Indiana deductions	A	
B. Total exemptions: see the IT-40 or IT-40PNR instruction booklet	B	
C. Amount subject to Indiana income tax (line A minus line B)	C	
D. Amount of state income tax due (line C x .034)	D	
E. Amount of county income tax due (line C x your county tax rate from the IT-40 or IT-40PNR instruction booklet)	E	
F. Total estimated income tax for 2006 (line D + line E)	F	
G. a) Estimated **State** and **County** income tax withheld ______ b) Total of other credits ______ a + b	G	
H. Amount due (line F minus line G)	H	
I. Each installment amount for 2006 (line H divided by 4)	I	

If you don't want to make your first installment estimated payment for 2006 on your IT-40 or IT-40PNR income tax return, you can use the Form ES-40 at the bottom of this page to make the payment. Due dates for all four installments are shown on the form. We suggest that first time estimated income taxpayers make a copy of the blank form. This is in case the vouchers that are automatically issued (after we receive your first payment) don't get to you by the next payment's due date. For more information about estimated income tax, contact the Department to get Income Tax Information Bulletin #3.

Pay the amount from line I 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.

Also, you may pay by using American Express, Discover, MasterCard, Visa or electronic check (eCheck) over the Internet at **www.in.gov/dor/epay**, or call 1-866-729-4682 (toll free). 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 transaction.

Note: Do Not mail Form ES-40 if paying by credit card or eCheck.

Cut Along the Dotted Line

FORM
ES-40
State Form 46005
R4 / 8-05

Indiana Department Of Revenue
2006 Estimated Tax Payment Return

Social Security Number | First Name | M.I. | Last Name

Spouse's Social Security Number | First Name | M.I. | Last Name

Street Address

City | State | Zip Code

$

Send 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 17, 2006
- ☐ **2nd** Installment Payment Due June 15, 2006
- ☐ **3rd** Installment Payment Due September 15, 2006
- ☐ **4th** Installment Payment Due January 16, 2007

Indiana Department of Revenue District Offices

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

1 **Bloomington District Office**
410 Landmark Ave.
Bloomington, IN 47403
(812) 339-1119

2 **Clarksville District Office**
1446 Horn Street
Clarksville, IN 47129
(812) 282-7729

Mailing address: P.O. Box 3249
Clarksville, IN 47131-3249

3 **Columbus District Office**
3138 N. National Rd.
Columbus, IN 47201
(812) 376-3049

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

5 **Fort Wayne District Office**
1415 Magnavox Way Suite 100
Fort Wayne, IN 46804
(260) 436-5663

6 **Kokomo District Office**
117 East Superior Street
Kokomo, IN 46901
(765) 457-0525

7 **Lafayette District Office**
100 Executive Drive, Suite B
Lafayette, IN 47905
(765) 448-6626

District office business hours are
8 a.m. to 4:30 p.m.
Monday - Friday.

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

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

10 **South Bend District Office**
1025 Widener Lane
South Bend, IN 46614
(574) 291-8270

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

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

Access Indiana Information Network
Comprehensive information about your Indiana state government, including advice on what to do in emergencies, can be found on the state's official Web site, the Access Indiana Information Network, at:
www.in.gov

Topical Index

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

2005 IT-40

This booklet contains:

- **Form IT-40 and Instructions**
- Schedules 1 and 2, Deductions and Credits
- Schedule CT-40, County Tax
- Schedule IN-EIC, Earned Income Credit
- Form ES-40, Estimated Tax Payment Voucher
- Form IT-9, Extension of Time to File
- Envelope for IT-40

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 550 nongame and endangered wildlife species. 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 yourself. 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 IT-40. 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/endangered/fund.htm**

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