

It-40 Cover Sheet

A little about this year's cover

Featured on the cover is INSPIRE (Indiana Spectrum of Information Resources), a service of INCOLSA (Indiana Cooperative Library Services Authority) in partnership with the Indiana Library. INSPIRE provides links to online magazines, encyclopedias, and other information sources free of charge to Indiana's citizens through schools, libraries, offices, and homes. A special children's interface, INSPIRE Kids, makes it easy for children to find appropriate material. A \$1.5 million state appropriation from the Indiana Technology Fund to the Indiana State Library makes the cooperative statewide effort is spent on library services and information retrieval. We hope you will take a few minutes to visit the INSPIRE Web site, www.inspire.net, to see what is available.



Let's look it up on INSPIRE!

The Indiana State Library provides information services to state government, research assistance to historians and scholars, genealogical research assistance to patrons doing family research, library services to individuals unable to use regular print material due to a visual or physical handicap, and consultant services to all types of libraries.

INCOLSA is Indiana's statewide library network. It operates INSPIRE under contract with the Indiana State Library. Other services INCOLSA provides include reference and resource sharing, training for library staff, and various high-tech initiatives to develop the Indiana Virtual Library.

The Indiana Library Federation is an INSPIRE partner, providing publicity materials.



The Indiana Department of Revenue

has a number of Electronic Filing methods from which to choose, to make filing easier for you

- 1 They're faster than paper
- 2 They're easy to use
- 3 They're Convenient
- 4 Some are even **FREE!**



Federal/State TeleFile Program - Make one Toll-**FREE** telephone call and both your federal and state tax returns are completed!

I-File Internet Filing Program - File **FREE** directly through the Internet, or print out a 2-D Barcode for mailing. Then get your refund in a *flash!*



Federal/State Electronic Filing Program - Your professional tax practitioner can file both your federal and state returns by using the E-File Program, or print out a 2-D Barcode for you.

Federal/State On-Line Filing Program - Purchase the program; file E-File from the convenience of your home computer, or print out a 2-D Barcode.

2-D Barcode Filing Program - The last three programs can produce a 2-D Barcode for you. You still mail a paper return, but it will process in a fraction of the time.



Which Indiana Tax Form Should I File?

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

Indiana Full-Year Residents

Use Form IT-40 if:

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

Form IT-40EZ if:

you (and your spouse if filing jointly) were full-year Indiana residents 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.

All Other Individuals

Use Form IT-40PNR if:

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

Use Form IT-40RNR if:

you (and your spouse if filing jointly) were full-year residents 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 state's tax forms can be found at this site on the Internet: www.taxadmin.org/fta/forms.ssi

Military Personnel

See the instructions on page 8 to see which form to file.

2001 Changes



IRS Update

Changes are being made to the federal income tax returns, Forms 1040, 1040A and 1040EZ, as this booklet is going to print. Federal form line numbers are referenced in several areas throughout this booklet; while we have made every effort to ensure the accuracy of these line number references, some of the numbers may have changed. Please contact the Department of Revenue at 317-232-2240, or any of the district offices listed on page 38, if you have any questions.



NEW Lake County Residential Income Tax Credit

If you paid property tax to Lake County (Indiana) on your residence and had less than \$18,600 in earned income, you may be eligible for a credit. See instructions on page 24 for more information.



NEW Capital Investment Tax Credit

Effective January 1, 2001, a pass-through entity is eligible for a capital investment cost tax offset credit. This credit is based on certain qualified capital investments made in Shelby County. See instructions on page 30 for more information.



NEW Rerefined Lubricated Oil Facility Tax Credit

Effective January 1, 2001, a pass-through entity may be eligible 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. See instructions on page 30 for more information.

Need Tax Forms or Information Bulletins?

Use Your Personal Computer

Visit our web site on the Internet and download the forms you need. Our address is: www.in.gov/dor/

Or, visit a district office or call the Forms Order Request Line at (317) 615-2581 and request the Package IN-X CD-ROM. (Note: Your operating system must be Windows 95 or a later version.)

Use Your Fax Machine

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

Use Your Telephone

To obtain forms by phone, call the *Forms Order Request Line* (317) 615-2581, 24 hours a day, 7 days a week. Be prepared to 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 in your neighborhood at your local library or post office. They are also available at Departmental district offices listed on page 38. These offices are open Monday through Friday between 8:15 a.m. and 4:30 p.m.

Use Large Print Forms

The Department has large print IT-40 booklets and audio cassette tapes available for sight impaired Hoosier taxpayers. The large print booklet or audio tape should allow you to complete your own tax return. If you want a large print or audio IT-40 booklet, you may call (317) 232-2348 or write to Indiana Department of Revenue, P. O. Box 2305, Indianapolis, Indiana 46206-2305.

Need Help With Your Return?

Use 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. You can find the nearest VITA/TCE location by calling the Internal Revenue Service at 1-800-829-1040. If you need assistance with your income tax return be sure to take your W-2s, 1099s, or WH-18s and, if going to a district office, a copy of your completed federal tax return.

Use the Automated Information Line

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

The prerecorded tax topics include information on Collection Procedures, Business Registration Requirements and How to Register a Business, Payment Plan Procedures, Estimated Tax/IT-2210 Penalty, Use Tax Information, County Tax, and 2001 Tax Highlights.

To receive information on the daily balance due of a tax liability you will need a copy of your tax notice. This is because 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/**

Call Us

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

Ready To File Your Return?

Use the Electronic Filing Program

More than 1,349,000 Indiana taxpayers filed their 2000 Indiana individual returns electronically.



Over 734,900 of those taxpayers used the Electronic Filing Program to file their 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*, and even less 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 they provide this service. Or, if you complete your own returns, many preparers, banks, and credit unions throughout Indiana will transmit your returns electronically for you.

Visit the Department's web site at:

www.in.gov/dor/

Our site contains options for filing taxes, **a Spanish version IT-40 booklet with forms**, downloadable blank forms and instructions, information bulletins, Commissioner's Directives, on-line helpdesk, e-mail links, and a calendar with filing due dates.

Where's Your Refund?

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

When you call (317) 233-4018 you will receive the latest information available on the status of your refund. This touch-tone phone service is available beginning at 8 a.m. Monday through 10 p.m. Saturday. *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 8:15 a.m. to 4:30 p.m., Monday through Friday, and a Department representative will help you.

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

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. You can call the Department at (317) 232-2240, visit a Departmental district office near you to tell us your new address, or change your address over the Internet at:

www.in.gov/dor/assistance/chg_address.html

Unresolved Problems?

Use the Taxpayer Advocate

As prescribed by the Taxpayer Bill of Rights, the Department of Revenue 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 that you have not been able to resolve through normal channels, 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.

Public Hearing



Mark June 18, 2002 on your calendar now!

In accordance with the Indiana Taxpayer Bill of Rights, the Department will conduct an annual public hearing on Tuesday, June 18, 2002. Please come and share your ideas on how the

Department of Revenue can better administer Indiana tax laws. The hearing will be held at 9:00 a.m. in Conference Room 4 of the Conference Center, Indiana Government Center South, 402 West Washington Street, Indianapolis, Indiana. If you can't attend, please submit your concerns in writing to: Indiana Department of Revenue, Commissioner's Office, 100 North Senate Avenue, Indianapolis, Indiana 46204.

Before You Begin

Important:

- Complete your federal tax return first.
- Please use ink.

Name, Address and Social Security Number

The first IT-40 in this booklet may have your name(s), social security number(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.

Example 1 Your First Name
K a t h r y n

Example 2

	2	1	7	2	0	0	0
--	---	---	---	---	---	---	---

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 3 Your First Name
K a t h r y n

Example 4

	2	1	,	7	2	0	0	0
	3	,	0	0	0	0	0	0

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.

**-Electronic Filing-
Fast, Easy and Accurate**

See page 4 for more information

Form **IT-40**
State Form 154
(R 1/84)

2001 Indiana Full-Year Resident Individual Income Tax Return Due April 15, 2002

Enter period from: to:

Your Social Security Number

Spouse's Social Security Number

Check the box if you are married filing: ☐ A jointly ☐ B separately

Your first name Initial Last name

If filing a joint return, spouse's first name Initial Last name

Present address (number and street or rural route) (If you have a P.O. box, see page 5.)

City State Zip Code + 4

Foreign Country (if applicable)

Enter the 2-digit county code numbers (found on page 6 in the instruction booklet) for the county where you lived and worked on January 1, 2001.

Taxpayer **Spouse**

County where you lived County where you worked

School District Number (see page 34)

If you have a loss (or negative entry), please advise by placing it in a bracket. Example: (100)

Please round all entries to nearest whole dollar (see instructions, pg 7)

It is important that you enter the correct school district number. This information is used for statistical tracking purposes in order 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 2-digit code numbers for the county(s) where you and your spouse, if filing joint, lived and worked on January 1, 2001. You can find these code numbers on the chart below. 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 US 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 three or two letter designations in the city name area.

Married Filing Separately

If you file your federal income tax return as married filing separately, you also must file married filing separately with Indiana. If you are, 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.

School District Number

Enter the 4-digit school district number for where the primary taxpayer lived on January 1, 2001. *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, 2001, enter the code number "9999".

The list of school district numbers can be found on pages 34 and 35.

Indiana County 2-Digit Code Number Chart

Use the chart below to find the 2-digit county code number to fill in at the top of Form IT-40. You will need to find the code number for the county(s) where you lived and worked on January 1, 2001. If you worked at home, were retired or were unemployed on January 1, 2001, enter the county number where you lived in both boxes. **Important:** If you worked outside Indiana on January 1, 2001, enter code # **00 unless** you worked in any of the following states: Illinois, Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin. See the 2-digit code numbers for those states in the box following Whitley County below.

2-Digit County Code Number

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

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 cause problems and delay your refund.

Please round off your amounts to the nearest dollar.

To do this, drop amounts of less than 50¢.

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

Increase amounts of 50¢ or more to the next higher dollar.

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

Losses or Negative Entries

If you are reporting a loss or a negative amount on lines 1, 5 and/or 7, put brackets around the number. Example: (1.00).

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 26 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 26.

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.

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 that is blank (has no entry), do not attach it unless you have completed information on the back of it.

Who Should File/Filing Status

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

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

Moving? Change your new address online at:
www.in.gov/dor/assistance/chg_address.html

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 2001 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, 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 through December 31. You do not have to be physically present in Indiana the entire year to be considered a full-year resident. Residents, including military personnel, who leave Indiana for a temporary stay are considered residents during their absence.

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

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

Indiana allows \$1,000 for each exemption claimed on your federal return, plus an additional \$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 2001, or died after December 31, 2001, but before filing their tax return, the executor, administrator, or surviving spouse must file a tax return for them 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 2001. 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, 2001, would be entered as 01/09/2001. **Note:** The date of death should not be entered here if the individual died *after* December 31, 2001, but *before* filing the tax return. The date of death information will be shown on the individual's 2002 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 or distributee's affidavit. 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 2001, you are a part-year resident and should file Form IT-40PNR, Part-Year Resident or Nonresident Individual Income Tax Return. You also must attach a copy of Military Form DD2058 to the tax return. As an Indiana part-year resident you will be taxed on the income 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 15, 2002. However, you may file as early as January 2, 2002. Your tax return must be postmarked by April 15th to be considered timely filed.

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

Penalties For Late Payments

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

Extensions

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

If you can't meet the filing deadline and expect to owe tax with your return, you should apply for an automatic extension. The extension allows additional time to complete and file your income tax return; however, the extension does **not** provide additional time to pay the amount of tax owed. To make the extension valid, you must pay at least 90% of the tax due (Form IT-40, line 36 minus lines 32 and 33) by April 15, 2002.

There are two ways to get an extension for filing your Indiana tax return. One way is to file Indiana's extension Form IT-9 by April 15, 2002. This extends the filing date to June 17, 2002. *Remember, you must pay at least 90% of the tax due for the extension to be valid.* Form IT-9 is located on page 36.

Indiana also recognizes valid federal extension dates plus 30 days. So, if you file for a federal extension, simply attach a copy of the federal Form 4868 to your Indiana return when filing. Again, 90% of the tax due must still be paid by April 15, 2002.

Military personnel on duty outside of the U.S. and Puerto Rico on the filing due date will be allowed an automatic sixty (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 15, 2002.

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 serviceman must use the same method of filing for both federal and Indiana (e.g. single or joint). When filing the return, write "Combat Zone" across the top of the form (above your social security number).

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

Income and Indiana Additions: Line-by-Line Instructions

Line 1 - Federal Adjusted Gross Income

Enter the amount you reported as your federal "**adjusted gross income**" from your federal Forms 1040, 1040A, or 1040EZ. *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 for taxes based on or measured by income 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 property taxes 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 14).

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 2001 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.

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.

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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, including Section 8 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 landlords 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 \$2,000 or the amount of rent paid, whichever is less.

Example: Emily paid \$4,800 in rent on her principal residence. She will claim a \$2,000 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 \$2,000 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 during 2001 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 24.

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 2001. They sold both of their homes during the year and bought a new one. Since Sue paid property tax on her home during 2001, and Mack paid property tax on his home during 2001, 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 on **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 deduction. 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 Indiana property tax as an expense on her federal Schedule C. She paid a total of \$1,200 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 2001 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.

Schedule 1: Deductions cont'd...

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.

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 or Form 1040A. 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 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 or Form 1040A.

Note: **Do not** enter any other types of pension or retirement income on these lines. Enter only the amount of social security, tier 1 &/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 received by you, 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, 2001;
- b) you were receiving military retirement or survivor's benefits in 2001; 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. For more information about this deduction, contact the Department to get Income Tax Information Bulletins #6 and #27.

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

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.

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 an 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.

Schedule 1: Deductions cont'd...

Line 9 - Insulation Deduction

If you installed new insulation, weather stripping, double pane windows, storm doors or storm windows in your Indiana home during 2001, you may be able to take the insulation deduction. To take the insulation deduction the following requirements must be met:

- the insulating items must have been installed in your principal place of residence located in Indiana;
- the part of your home where the insulating items were installed must have been built *before* January 1, 1998;
- the insulating items must be an *upgrade* and not a replacement **or** like-kind item (e.g., replacing a double pane window with a new double pane window won't qualify, but replacing a double pane window with a triple pane window will qualify); and
- the deduction must be taken in the year the insulating items were installed.

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

When claiming the deduction attach a separate sheet stating:

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

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

Line 10 - Disability Retirement Deduction

To take this deduction you must have:

- been permanently and totally disabled at the time of retirement;
- retired on disability before December 31, 2001;
- been under the age of 65 at the end of 2001; and
- received disability retirement income during 2001.

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 up to \$5,200 per qualifying individual.

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

Line 11 - Civil Service Annuity Deduction

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, 2001.

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 2001 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 (\$6000) or \$2000	\$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 (\$2,000 apiece), providing you both meet the age requirement.

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

Line 12 - 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 page 13 to determine your Indiana taxable unemployment income. If, after completing the worksheet, there is a difference between state and federal taxable unemployment compensation, enter the amount from line 7 of the worksheet as a deduction.

Line 13 - Indiana State Lottery Winnings

If you win any prize money from the Indiana Hoosier Lottery Commission, either by winning an instant game, a pull-tab game, or an on-line game such as Lotto Cash or Hoosier Lottery Powerball, you must report those winnings as income on your federal income tax return. However, Indiana **does not** tax winnings paid by the Hoosier Lottery Commission. Therefore, if you reported these winnings as "other income" on the front page of your federal return, enter this amount as a deduction.

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

Line 14 - Indiana Net Operating Loss Deduction

You may take a deduction for the Indiana portion of the total federal net operating loss deduction you added back on line 3 of

Schedule 1: Deductions cont'd...

Form IT-40. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2001.) The amount you deduct will be stated as a positive figure. Attach the following copies to your state tax return:

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

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

Line 15 - Enterprise Zone Employees

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

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

Anderson	Gary	Michigan City
Bedford	Grissom Aeroplex	Mitchell
Bloomington	Hammond	New Albany
Connersville	Indiana Army Ammo	Portage
East Chicago	Indianapolis	Richmond
Elkhart	Jeffersonville	South Bend
Evansville	Kokomo	Terre Haute
Fort Harrison	Lafayette	
Fort Wayne	Marion	

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

The amount of the deduction is one-half ($\frac{1}{2}$) 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.

***A qualified employer cannot be a governmental agency or a not-for-profit organization (with no unrelated tax liabilities).**

Line 16 - Recovery of Deductions

If you did not complete the "other income" line on your federal Form 1040, then **do not** complete this line.

Generally, Indiana **does not** allow you to claim itemized deductions from federal Schedule A. However, if you reported *recovered* itemized deductions as "other income" on your 2001 federal Form 1040, 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.)

Line 17 - Human Services Tax Deduction

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

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

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

Line 18 - Indiana Partnership Long Term Care Policy Premiums Deduction

A deduction is available for the amount of premiums paid during 2001 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:

...please turn the page 

Unemployment Compensation Worksheet

Note: If you were married but filing separately, and you lived with your spouse at any time during 2001, 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 ($\frac{1}{2}$) 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 12	7		

Schedule 1: Deductions cont'd...

This policy qualifies under the Indiana Long Term Care program for Medicaid Asset Protection. This policy may provide benefits in excess of the asset protection provided in the Indiana Long Term Care program.

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

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

No double deduction. 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, line 18.

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.

Line 19 - Other Deductions

The **only** deductions that can be claimed on this line are:

- Law Enforcement Reward Deduction;
- Airport Development Zone Deduction;
- Holocaust Victim's Settlement Payment Deduction; and/or
- Medical Savings Account Deduction.

List the type of deduction you are claiming and the amount being claimed.

Law Enforcement Reward Deduction

If you reported an amount you received as a reward as "other income" on the front page 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.

Airport Development Zone Deduction

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

Your *employer* will provide you with Form IT-40QEC if you 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.

Holocaust Victim's Settlement Payment Deduction

In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

An eligible individual is one who directly received a settlement payment, or an heir of an individual who is eligible to receive a settlement payment. Holocaust victim's settlement payment is a payment received: as a result of the settlement action entitled "In re Holocaust Victim's Asset Litigation"; under the German Act Regulating Unresolved Property Claims; under any foreign law providing payment for Holocaust claims; or as a result of a settlement of any other Holocaust claim, including insurance claims and claims relating to looted art, financial assistance or slave labor wages.

You must attach a copy of your federal tax return to verify the claimed deduction.

Medical Savings Account Deduction

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

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.

Indiana Exemptions: Lines 8 - 11

Line 8 - 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 8 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) and any qualifying dependents on this return.

Line 9 - 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 who is your 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, 2001, or be a full-time student who is under the age of 24 by December 31, 2001.

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 9.

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 9 for a total of \$1,500.

Note: Not all dependent children eligible to be claimed as exemptions on the federal tax return will be eligible for this additional exemption. For instance, if you claimed a grandson or nephew as an exemption on your federal tax return, you should also claim an exemption for them on line 8. However, since he doesn’t meet the *Dependent Child Definition* above, you won’t be able to claim the additional exemption on line 9.

Line 10 - 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 x \$1,000.

Line 11 - 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 x \$500.

County Tax: Schedule CT-40 Instructions

If, on January 1, 2001, 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.

A county has a tax if it has tax rates next to its name on the chart on page 21.

Note: If the county on the chart has the initials “NA” in the rate columns, it doesn’t have a county tax. It is listed for the 2-digit county code number only.

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, 2001, 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, 2001. If you had more than one home in Indiana on this date, then your county of residence as of January 1, 2001, 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 2001.

If you moved to another Indiana county after January 1, 2001, the county where you lived for tax purposes will not change until next year.

- If, on January 1, 2001, you lived in a county that has a tax, then you will owe county tax on all of your Indiana adjusted gross income.

Want your refund quick?

File electronically and use direct deposit.

County Tax instructions cont'd...

- If, on January 1, 2001, 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, 2001 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, 2001. If you began working in another county after January 1, 2001, the county where you worked for tax purposes *will not change until next year*.

If you had more than one job on January 1, 2001, 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, 2001. She quit that job and began a new one in Johnson County on February 10, 2001. She will enter the Marion County 2-digit code (49) as the county where she worked even though she changed jobs during the year.

If, on January 1, 2001, 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, 2001, enter their 2-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, 2001, 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, 2001, 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, 2001, 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 by January 1, 2001, put your county of residence 2-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, 2001, both of you need to figure your county tax separately on Section 1.
- If both of you lived in a county on January 1, 2001, 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 12, *except for your spouse's*, to figure your tax.

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

Where Did You Live?

- Did you live in a county on January 1, 2001, 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, 2001, 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 13 of Form IT-40.
- If you are filing a joint return and you both lived in the same county on January 1, 2001, enter in Column A the state taxable income from line 13 of Form IT-40. Leave Column B blank.

Example 2 - On January 1, 2001, Jack and Diane lived in the same county that has a tax. They'll enter their Form IT-40, line 13 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, 2001, enter each person's share of state taxable income from Form IT-40, line 13, in the appropriate columns.

Example 3 - Simon and Tina married in 2001 and are filing a joint return. On January 1, 2001, Simon lived in Greene County and Tina lived in Clay County. Their Form IT-40 line 13 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 13 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 .0125.

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 15.

County Tax Schedule CT-40

Section 2: Line-by-line Instructions

Complete Section 2 if, on January 1, 2001:

- you were a resident of a county not having a county tax, but
- 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 and/or net farm income from federal Schedule F. **Do not** include passive source income like nonbusiness 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 2001, 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.

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 2001, 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 must have a direct relationship to the income being taxed on 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.

Remember your Sales and Use Tax obligation. See instructions on pages 18 & 19.

County Tax instructions cont'd...

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, line 15. She should claim that \$7,500 deduction on line 2.

These deductions are limited to the following: payments made to IRA accounts or self-employed retirement plans; medical savings account deduction; moving expense deduction; * self employment tax deduction; Keogh, self-employed SEP and SIMPLE plans; active military pay deduction and enterprise zone deduction.

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

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 having a tax. She has a \$21,000 wage income and a \$1,400 moving expense. Tim has \$23,000 net income from his photography shop and claimed a \$700 self employed SEP deduction. He'll enter his \$23,000 income on line 1 of Section 2 and the \$700 SEP deduction on line 2 of Section 2. He's not eligible to take the moving expense deduction because the wage income that it is in relation to is not being taxed for county tax purposes.

Line 4

If you are filing a single or married filing separately tax return, enter your total exemptions from Form IT-40, line 12. If you are filing a joint tax return, enter your exemption(s) (personal, over 65 and/or blind) included on Form IT-40, line 12. Note: You cannot claim your spouse's exemption. Exemptions for dependents can be claimed by either spouse, as long as the total of line 4, Columns A and B is not greater than line 12 on the Form IT-40.

Example 11 - On January 1, 2001, Jack and Sue lived in a county not having a tax. Jack worked in a county that did have a tax. They claimed \$4,500 in total exemptions (\$1,000 each plus \$1,000 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 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 15 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 15.

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

Line 16 - 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 by multiplying 5% (.05) times the total purchases.

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

To figure your tax you should complete the worksheet at the bottom of page 19. If you did pay sales tax to the state where the item was originally purchased you are allowed a credit against your Indiana use tax for an amount up to 5%.

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

Line 17 - Household Employment Taxes

If you paid cash wages during 2001 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.

If you paid cash wages over \$1,300 to a household worker who is your employee, you may have needed to have withheld state and county income taxes. If you want to pay these taxes on your Indiana income tax return, contact the Department for Schedule IN-H.

Indiana Credits

Lines 19 and 20 - 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.

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

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

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

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

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

Line 21 - 2001 Estimated Tax Paid

If you made estimated tax payments for state and/or county tax, enter the total paid for 2001 on this line. Also include any payments made with Form IT-9 "Extension of Time to File" for tax year 2001.

Note: Do not include on this line any estimated tax paid for tax year 2002.

Line 22 - Unified Tax Credit for the Elderly

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

- you and/or your spouse must have been age 65 or older by December 31, 2001;
- if married and living together at any time during the year, you must file a joint return;
- the amount on line 1 of Form IT-40 must be *less than* \$10,000;
- you must have been a resident of Indiana for six months or more during 2001; and
- you must not have been in prison for 180 days or more in 2001.

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

Important:

- If a spouse dies after January 1, 2001, 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 12, 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 new Lake County residential income tax credit. See line 24 instructions on page 24 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 July 1, 2002. The only exception to this rule is if you have a valid extension to file your tax return. In this case, your due date is either your extension date or July 1, whichever is later.

To figure your Unified Tax Credit for the Elderly:

Use Table A if:

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

- you are filing a joint return, lived with your spouse during 2001 and both of you were age 65 or older by December 31, 2001; **or**
- both you and your spouse met all the requirements, and your spouse died after January 1, 2001.

Sales/Use Tax Worksheet			
List all purchases made during 2001 from out-of-state companies.			
Description of personal property purchased from out-of state	Date of Purchase(s)	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	1		
2. Sales/use tax: Multiply line 1 by .05 (5%)	2		
3. Sales tax previously paid on the above items (up to 5% per item)	3		
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-40, line 16. If the amount is negative, enter zero and put no entry on line 16 of the IT-40	4		

Indiana Credits cont'd...

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 2001, 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 22.**

Line 23 - Indiana's Earned Income Credit: Schedule IN-EIC

You may be eligible to claim Indiana's Earned Income Credit if you meet **all** of the following requirements.

- ✓ You have at least one qualifying child¹,
- ✓ Your qualifying child lived with you in the United States for more than half of 2001,²
- ✓ Your total federal income³ is less than \$12,000,
- ✓ At least 80% of your total income is earned income, **and**
- ✓ If you are a full-year Indiana resident or a part-year/full-year nonresident of Indiana, you must have taxable income from Indiana sources (you must have an entry on line 1 of Form IT-40.)

¹ Unlike the federal earned income credit, you **must** have a qualifying child to be eligible to claim this credit.

² See **Military personnel stationed outside the United States** on page 23.

³ See total federal income definition in the next column.

The Earned Income Credit (EIC) 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 \$408.

Information in the following sections will help you determine your eligibility and, if eligible, figure your credit.

Schedule IN-EIC

Section A – Figure your Total Federal Income

Total Federal Income

Your total federal income is your total federal income before federal adjustments. This amount must be less than \$12,000.

Note: You may not be required to file a federal tax return. However, you will need to complete a federal tax return for the purpose of figuring this amount.

Section B - Qualifying Child

A qualifying child is a child who:

1. Is your son, daughter, adopted child, grandchild, stepchild, or foster child, and
2. Was, at the end of 2001:
 - under age 19, or
 - under age 24 and a student (see page 22), or
 - any age and permanently and totally disabled (see page 22), **and**
3. Lived with you in the United States for more than half of 2001 (for all of 2001 if a foster child).

If the child did not live with you for the required time, see the **Exception** on page 22.

A child does not always have to be your dependent to qualify. But if the child was married or is also a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. See **Married Child** and **Qualifying Child of More Than One Person** in the next column.

Example. You are divorced and have a 7-year-old son. Although you had custody of your son, he is claimed as a dependent on his other parent's 2001 federal tax return. Your son is **your** qualifying child for this credit because he meets each of the five requirements listed earlier. Your son is not a qualifying child of his other parent because he did not live with the other parent for more than half of 2001 and the following **exception** does not apply.

**...Indiana earned income credit instructions
continue on page 22**



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



Form
IT-40
State Form 154
(R / 8-01)

2001

**Indiana Full-Year Resident Individual
Income Tax Return**

Due April 15, 2002

If you are **not** filing for the calendar year January 1 through December 31, 2001, enter period from: _____ to: _____

Your Social Security Number		Spouse's Social Security Number		Check the box if you are married filing separately. ☐								
A		B		C								
Your first name		Initial	Last name									
D		E	F									
If filing a joint return, spouse's first name		Initial	Last name									
G		H	I									
Present address (number and street or rural route) (If you have a P.O. box, see page 5.)				School District Number (see page 34)								
J				N								
City		State	Zip Code + 4		Foreign Country (if applicable)							
K		L	M		O							
Enter the 2-digit county code numbers (found on page 6 in the instruction booklet) for the county where you lived and worked on January 1, 2001.					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 nearest whole dollar (see instructions, pg 7)							
<table border="0"><tr><td colspan="2">Taxpayer</td><td colspan="2">Spouse</td></tr><tr><td>P County where you lived </td><td>Q County where you worked </td><td>R County where you lived </td><td>S County where you worked </td></tr></table>						Taxpayer		Spouse		P County where you lived	Q County where you worked	R County where you lived
Taxpayer		Spouse										
P County where you lived	Q County where you worked	R County where you lived	S County where you worked									

1. Enter your federal adjusted gross income from your federal return (see page 9)	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 (attach Form 4972: see page 9)	4		
5. Add lines 1 through 4 Total Indiana Income ▶	5		
6. Indiana deductions: Enter amount from Schedule 1, line 20 and attach Schedule 1	6		
7. Line 5 minus line 6 Indiana Adjusted Gross Income ▶	7		
8. Number of exemptions claimed on your federal return x \$1,000. (If no federal return was filed, enter \$1,000 per qualifying person: see page 14.)	8		00
9. Additional exemption for certain dependent children (see page 15.) Enter number x \$1,500	9		00
10. Check box(es) below for additional exemptions if, by December 31, 2001: <u>You were:</u> ☐ 65 or older ☐ or blind. <u>Spouse was:</u> ☐ 65 or older ☐ or blind. Total the number of boxes checked x \$1,000	10		00
11. Check box(es) below for additional exemptions if, by December 31, 2001: <u>You were:</u> ☐ 65 or older and line 1 above is less than \$40,000. <u>Spouse was:</u> ☐ 65 or older and line 1 above is less than \$40,000. Total the number of boxes checked x \$500	11		00
12. Add lines 8, 9, 10 and 11 Total Exemptions ▶	12		00
13. Line 7 minus line 12 (if answer is less than zero, leave blank) State Taxable Income ▶	13		
14. State adjusted gross income tax: Multiply line 13 by 3.4% (.034)	14		
15. County income tax. See instructions on page 15	15		
16. Use tax due on out-of-state purchases (see page 18)	16		
17. Household employment taxes: Attach Schedule IN-H (see page 18)	17		
18. Add lines 14 through 17. Enter here and on line 27 on the back Total Tax ▶	18		
19. Indiana state tax withheld: (From box 17 of your W-2s, box A of WH-18s or from 1099s)	19		
20. Indiana county tax withheld: (From box 19 of your W-2s, box B of WH-18s or from 1099s)	20		
21. 2001 Estimated tax paid: Include any extension payment made on Form IT-9	21		
22. Unified tax credit for the elderly: see instructions on page 19	22		
23. Earned income credit: Enter amount from Section D, line D4 and attach Schedule IN-EIC	23		
24. Lake County residential income tax credit (see page 24)	24		
25. Indiana credits: Enter the total from Schedule 2, line 12 and attach Schedule 2	25		
26. Add lines 19 through 25. Enter here and on line 28 on the back Total Credits ▶	26		
AA BB CC DD			

Turn the page ➞

Schedule 1: Indiana Deductions
(Schedule 2 begins after line 20 below)

Attachment
Sequence No. **01**

Enter your first name, middle initial and last name and spouses full name if filing a joint return

Your Social
A Security Number

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Instructions for Schedule 1 begin on page 9.

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

B _____ Landlord's name and address

C _____ Amount of rent paid \$ D _____

Number of months rented E _____ Enter the lesser of \$2,000 or amount of rent paid

2. Residential Homeowner's Property Tax deduction: 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

3. State tax refund reported on federal return (see page 11)
4. Interest on U.S. Government Obligations (see page 11)
5. Taxable Social Security benefits (see page 11)
6. Taxable Railroad Retirement benefits (see page 11)
7. Military Service deduction: \$2,000 maximum for qualifying individual (see page 11)
8. Non-Indiana Locality Earnings deduction:\$2,000 maximum per qualifying person(see page 11)
9. Insulation deduction: \$1,000 maximum: attach verification (see page 12)
10. Disability Retirement deduction:\$5,200 maximum per qualifying person (see page 12)
Attach Schedule IT-2440
11. Civil Service Annuity deduction: \$2,000 maximum per qualifying person (see page 12)
12. Nontaxable portion of Unemployment Compensation (see page 12)
13. Indiana Lottery Winnings (see page 12)
14. Indiana Net Operating Loss deduction: attach Schedule IT-40NOL (see page 12)
15. Enterprise Zone Employee deduction: attach Schedule IT-40QEC (see page 13)
16. Recovery of deductions (see page 13)
17. Human Services deduction (see page 13)
18. Indiana partnership long term care policy premiums deduction (see page 13)
19. Other deductions: list source(s) and amounts (see page 14) _____
20. Add lines 1 through 19 and enter total on line 6 of Form IT-40 **Total Deductions**

Please round all entries to nearest whole dollar (see instructions, pg 7)

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

Schedule 2: Indiana Credits

1. Credit for Local Taxes Paid Outside Indiana (see page 24)
2. County Credit for the Elderly: attach federal Schedule R (see page 26)
3. Other Local Credits: List source(s) and amounts (see page 26) _____
Important: Lines 1 plus 2 & 3 cannot be greater than the county tax due on IT-40 line 15 (see page 26)
4. College Credit: Attach Schedule CC-40 (see page 27)
5. Credit for Taxes Paid to Other States: attach other state's return (see page 27)
6. Research Expense Credit: attach Form IT-20REC (see page 28)
7. Neighborhood Assistance Credit: attach Schedule NC-20 (see page 28)
8. Enterprise Zone Credits (attach appropriate schedule: see page 28)
9. Teacher Summer Employment Credit: attach Schedule TSE (see page 28)
10. Twenty-First Century Scholars Program Credit (see page 28)
11. Other Credits: List source(s) and amounts (see page 29) _____

Important: Lines 4 through 11 added together cannot be greater than the state adjusted gross income tax due on IT-40 line 14 (see instructions on page 31)

12. Add lines 1 through 11 and enter total on line 25 of Form IT-40 **Total Credits**

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

Schedule CT-40

Form IT-40, State Form 47907
(R / 8-01)

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 spouses full name if filing a joint return

Your Social
A Security Number

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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, 2001.

(Enter 2-digit county code # from the chart on page 21.)

--	--

R Spouse's county of residence as of January 1, 2001.

(Enter 2-digit county code # from the chart on page 21.)

--	--

1. Enter the amount from IT-40, line 13. Note: If both you and your spouse lived in the same county on January 1, enter the entire amount from Form IT-40, line 13 on line 1A only. See instructions on page 16

2. If you claimed a non-Indiana locality earnings deduction on Schedule 1, line 8, enter the amount here. If not, leave blank

3. Add lines 1 and 2

4. Enter the resident rate from the county tax chart on page 21 for the county code number shown above

5. Multiply line 3 by the rate on line 4

6. Add lines 5A and 5B. Enter the total here. **Note: Perry County Residents: If you live in Perry County and worked in the Kentucky counties of Breckinridge, Hancock or Meade, you must complete lines 7 and 8.** Otherwise, enter the total here and on line 9 below (see page 17)

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

8. Multiply line 7 by .005 and enter total here

9. Line 6 minus line 8. Enter the total here and on line 15 of Form IT-40

Column A - Yours

Column B - Spouse's

1A			1B		
2A			2B		
3A			3B		
4A			4B		
5A			5B		
			6		
			7		
			8		
			9		

SECTION 2: To be completed by those taxpayers who, on January 1, 2001, 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, 2001. (Enter 2-digit county code # from the chart on page 21.)

--	--

S Spouse's county of principal employment as of January 1, 2001. (Enter 2-digit county code # from the chart on page 21.)

--	--

1. Enter your principal employment income by entering the total income from your W-2s, net self-employment income (from Federal Schedule C or C-EZ) and/or farm income (from Federal Schedule F). If you worked two or more jobs at the same time, enter the portion you earned from your main job. See page 17 for further Section 2 instructions

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

3. Subtract line 2 from line 1

4. Enter some or all of the exemptions from line 12 of Form IT-40 (see instructions on page 18)

5. Subtract line 4 from line 3

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

7. Multiply the income on line 5 by the rate on line 6

8. Enter total of 7A plus 7B. Add to any Section 1, line 9 amount, and carry to line 15 of Form IT-40

Column A - Yours

Column B - Spouse's

1A			1B		
2A			2B		
3A			3B		
4A			4B		
5A			5B		
6A			6B		
7A			7B		
			8		

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

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Section A: Figure your Total Federal Income

Enter the "total income" before federal deductions (e.g. IRA deduction, student loan deduction, etc.) from your federal Form 1040, Form 1040A, or Form 1040EZ (if less than zero, enter zero) A1 \$ _____

Is the line A1 amount less than \$12,000? ☐ Yes, Continue to Section B. ☐ No, **STOP**. You do not get this credit.

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

	Enter each Child's Name here (Please print clearly or type)	1 First Last	2 First Last	3 First Last	4 First Last
Check only <u>one</u> box in each section for each child listed.					
B-1	Your child	a ☐	a ☐	a ☐	a ☐
	Adopted child	b ☐	b ☐	b ☐	b ☐
	Grandchild	c ☐	c ☐	c ☐	c ☐
	Stepchild	d ☐	d ☐	d ☐	d ☐
	Foster child, (not related)	e ☐	e ☐	e ☐	e ☐
	Foster child, (related)	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 (If not, see below)(if foster child, must have lived with you entire year)	k ☐	k ☐	k ☐	k ☐
	Child was born or died in 2001, and lived with you while alive in 2001.	l ☐	l ☐	l ☐	l ☐

You must have a qualifying child to continue to Section C. A child qualifies only if a box is checked in Sections B-1, B-2 and B-3.
If you do not have a qualifying child, **STOP**. You do not get this credit. (Attach a separate sheet of paper to list additional children.)

Section C: Figure your Earned Income

Before you begin: If you were a household employee and received a W-2 for less than \$1,300 in 2001 **or** were a minister or member of a religious order, see Special Rules in the booklet or on the back of this schedule before completing this section. Also see Special Rules if your federal adjusted gross income includes workfare payments or any amount paid to an inmate in a penal institution.

Enter your (and spouses if filing joint) wages, salary, tips and other compensation from federal Form 1040, 1040A, or Form 1040EZ C1 \$ _____

Enter any nontaxable earned income (e.g. from box 12 of your W-2 form; see instructions in the booklet) C2 \$ _____

If you were self-employed, complete the worksheet on the back and enter the amount from line 4 C3 \$ _____

Add lines C1, C2 and C3 and enter here (if this is a loss, **STOP**. You do not get this credit) C4 \$ _____

Enter amount from Section A line A1 above \$ _____ Multiply by 80% (.80) and enter here C5 \$ _____

Is the amount on line C4 equal to or greater than the amount on line C5?

☐ No, **STOP**. You do not get this credit. ☐ Yes, **Continue to Section D on the back to figure your credit.**

Section D: Figure your Credit

Maximum allowable amount D1 \$ **12,000**

Enter your total federal income from Section A line A1 D2 \$ - _____

Subtract line D2 from line D1 and enter the difference here D3 \$ _____

Multiply line D3 by 3.4% (.034). This is your credit (if less than zero, enter zero.) Enter here and on Form IT-40 line 23 or on Form IT-40PNR line 21. **NOTE:** You must attach this schedule to your tax return to receive the credit **Indiana's Earned Income Credit** ➤ D4 \$

Worksheet: Complete only if you were self-employed

If filing a joint return and your spouse was also self-employed or reported income and expenses on federal Schedule C or C-EZ as a statutory employee, combine your spouse's amounts with yours to figure the amounts to enter below.

1. If you are filing federal Schedule SE:

- a. Enter any net farm profit or (loss) reported from federal Schedule F, and net earnings (loss) from self-employment from farm partnership, Schedule K-1 (Form 1065), that are reported on federal Schedule SE, Sections A or B 1a _____
- b. Enter any amount of net self-employment income or (loss) (other than farming) reported from federal Schedule(s) C/C-EZ, and net self-employment earnings or (loss) (other than farming) from partnership K-1 (Form 1065) and Schedule K-1 (Form 1065-B) that are reported on federal Schedule SE, Sections A or B 1b _____
- c. If you elected one or both of the optional methods on federal Schedule SE, enter the total of the farm optional method (after limitation) plus the nonfarm optional method (after limitation) 1c _____
- d. Add lines 1a, 1b and 1c 1d _____
- e. Enter the amount of self-employment tax shown as an adjustment on the front of your federal Form 1040 1e _____
- f. Subtract line 1e from line 1d **1f** _____

2. If you are NOT required to file federal Schedule SE (for example, because your net earnings from self-employment were less than \$400), complete lines 2a through 2c. But **do not** include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of **federal Form 4029 or federal Form 4361**.

- a. Enter any net farm profit or (loss) from federal Schedule F, and net earnings or (loss) from self-employment from farm partnership, Schedule K-1 (Form 1065) 2a _____
- b. Enter any net profit or (loss) from federal Schedules C and C-EZ, net earnings (loss) from self-employment from federal Schedule K-1 (Form 1065) (other than farming), and net earnings (loss) from federal Schedule K-1 (Form 1065-B) (other than farming) 2b _____
- c. Add lines 2a and 2b. Enter the total even if a loss **2c** _____

3. If you are filing federal Schedule C or C-EZ as a statutory employee,

enter the gross receipts from that federal Schedule C or C-EZ **3** _____

4. Add lines 1f, 2c and 3. Enter the total here and on Schedule IN-EIC, Section C, line C3 even if a loss. If the result is a loss, enter it in parentheses **4** _____

You will need to complete the above worksheet if you have earnings from self-employment because these earnings are earned income for the credit. You may have earnings from self-employment if:

- You own your own business,
- You are a minister or member of a religious order, or
- You reported income and expenses on federal Schedule C or C-EZ as a statutory employee.

Statutory employee's earnings. If you reported income and expenses on federal Schedule C or C-EZ as a statutory employee, your earnings from self-employment are the gross receipts from either schedule.

Other earnings. Your earnings from self-employment in a business you own, or from your services as a minister or member of a religious order, are earned income for the credit.

If you do not have to file federal Schedule SE, your earnings (or loss) from self-employment are the net profit or loss from your self-employment activities.

Special procedures for a minister or member of a religious order.

If you file federal Schedule SE and the amount on that schedule includes an amount that was also reported as wage income on federal Form 1040, determine how much of the income reported on federal Form 1040 was also reported on federal Schedule SE. If you received a housing allowance or were provided housing, **do not** include the allowance of rental value of the parsonage as nontaxable earned income on line 4 of the worksheet above if it is required to be included on federal Schedule SE. Then, determine how much of the income reported as wage income on federal Form 1040 was also reported on federal Schedule SE. Next, subtract that income from the wage income on federal Form 1040. Then, enter only the result on line 1 of the worksheet above.

2001 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	.009*	.0045*
02	Allen	.01	.0055
03	Bartholomew	.01	.0025
04	Benton	.0125	.005
05	Blackford	.0125	.005
06	Boone	.01	.0025
07	Brown	.0125	.005
08	Carroll	.011	.0035
09	Cass	.0125	.005
10	Clark	NA	NA
11	Clay	.01	.0025
12	Clinton	.0125	.005
13	Crawford	.01	.005
14	Daviess	.01	.0025
15	Dearborn	.006	.0015
16	Decatur	.0125	.005
17	DeKalb	.0125	.005
18	Delaware	.008	.0035
19	Dubois	.01	.0055
20	Elkhart	.0125	.005
21	Fayette	.01	.0025
22	Floyd	.003	.003
23	Fountain	.01	.0025
24	Franklin	.0125	.005
25	Fulton	.01175	.00425
26	Gibson	.005	.005
27	Grant	.01	.0025
28	Greene	.01	.0025
29	Hamilton	.01	.0025
30	Hancock	.0115	.004
31	Harrison	.01	.005
32	Hendricks	.0125	.005
33	Henry	.01	.0025
34	Howard	.009	.00375
35	Huntington	.0125*	.005*
36	Jackson	.0135	.005
37	Jasper	.01	.0025
38	Jay	.0125	.005
39	Jefferson	NA	NA
40	Jennings	.0125	.005
41	Johnson	.01	.0025
42	Knox	.0025	.0025
43	Kosciusko	.01*	.00475*
44	LaGrange	.0125	.005
45	Lake	NA	NA
46	LaPorte	.0095	.007
47	Lawrence	.01	.0025
48	Madison	.01*	.0025*
49	Marion	.007	.00175
50	Marshall	.01	.0025
51	Martin	.01	.004

County Code #	County Name	Resident Rate	Nonresident Rate
52	Miami	.0085	.004
53	Monroe	.01	.0025
54	Montgomery	.01	.0025
55	Morgan	.01	.0025
56	Newton	.01	.0025
57	Noble	.01125*	.00375*
58	Ohio	.01	.0025
59	Orange	.0125	.005
60	Owen	.0125	.005
61	Parke	.0125	.005
62	Perry	.01	.00625
63	Pike	.004	.004
64	Porter	NA	NA
65	Posey	NA	NA
66	Pulaski	.0155	.005
67	Putnam	.0125	.005
68	Randolph	.0125	.005
69	Ripley	.0125	.005
70	Rush	.0125	.005
71	St. Joseph	.0075*	.003375*
72	Scott	.01	.0025
73	Shelby	.0125	.005
74	Spencer	.006*	.00525*
75	Starke	.00875*	.00625*
76	Steuben	.01125*	.00375*
77	Sullivan	NA	NA
78	Switzerland	.01*	.0025*
79	Tippecanoe	.01	.0055
80	Tipton	.0125	.005
81	Union	.0125	.005
82	Vanderburgh	.01	.0025
83	Vermillion	.001	.001
84	Vigo	NA	NA
85	Wabash	.0125	.005
86	Warren	.0125	.005
87	Warrick	.005*	.005*
88	Washington	.0125	.005
89	Wayne	.0125	.005
90	Wells	.0125	.005
91	White	.0125	.005
92	Whitley	.012	.0045

**00 All Other States
except the following:**

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

Indiana Earned Income Credit cont'd...

Exception. The child, including a foster child, is considered to have lived with you for all of 2001 if **both** of the following apply.

1. The child was born or died in 2001, and
2. Your home was the child's home for the entire time he or she was alive during 2001.

The following explain some of the terms used earlier.

- An **adopted child** includes a child placed with you for adoption by an authorized placement agency, even if the adoption is not final.
- A **grandchild** is any descendent of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.
- A person is your eligible **foster child** if:
 1. the child lived with you for the whole year;
 2. you cared for that child as you would your own child; and
 3. the eligible foster child must be your brother, sister, step-brother, or stepsister (or a descendent of any of those), or a child who is placed with you by an authorized placement agency.
- A **student** is a child who, during any 5 months of 2001 –
 1. was enrolled as a full-time student at a school, or
 2. took a full-time, on-farm training course. The course had to be given by a school or a state, county or local government agency.

A **school** includes elementary schools, junior and senior high schools, colleges, universities, and technical, trade, and mechanical schools. It does **not** include on-the-job training courses, correspondence schools, and night schools. *Night school:* Your child is not considered a full-time student if attending school only at night. However, full-time attendance at a school may include some attendance at night as part of a full-time course of study. *Vocational high school:* Students who work on "co-op" jobs in private industry as a part of a school's prescribed course of classroom and practical training are considered full-time students.

- A child is **permanently and totally disabled** if, by the end of 2001, both the following apply:
 1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, **and**
 2. A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Married Child

If your child was married at the end of 2001, that child is a qualifying child only if you can claim him or her as an exemption on line 8 of Form IT-40. Exception: If this child's other parent can claim him/her as an exemption on the other parent's federal income tax return, then this child can be your qualifying child.

Qualifying Child of More Than One Person

If you and someone else have the same qualifying child, the person with the higher modified adjusted gross income (AGI) for 2001 is the only one who may be able to claim the credit. The person with the lower modified AGI cannot claim the credit. This is true even if the person with the higher modified AGI does not claim the credit or meet all of the rules to claim the credit.

Example. You and your 5-year-old daughter moved in with your mother in April 2001. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your modified AGI for 2001 was \$6,000, and your mother's was \$11,000. Because your mother's modified AGI was higher, your daughter is your mother's qualifying child. You **cannot** take this credit even if your mother does not or cannot claim the credit.

If three or more persons have the same qualifying child, the person with the highest modified AGI is the only one who may be able to claim the credit.

Unmarried couples living together.

If an unmarried couple lives together with a qualifying child of both persons, the person with the higher modified AGI is the only one who may be eligible to claim the credit. The person with the lower modified AGI cannot claim the credit with a qualifying child. **Note:** If the other person is your spouse and you file a joint return, this rule does not apply.

How to Figure your Modified AGI (Adjusted Gross Income)

If you have a qualified child of more than one person you must figure modified AGI for each person. First, complete your federal income tax return.

- If you filed federal Form 1040EZ, your modified AGI is the line which states, "This is your **adjusted gross income**" on that form.
- If you filed federal Form 1040A, your modified AGI is line 8b plus the line which states, "This is your **adjusted gross income**" on that form.
- If you filed federal Form 1040, your modified AGI is the total of line 8b plus the line which states, "This is your **adjusted gross income**" on that form, increased by the amounts of (1) any capital loss claimed on Federal 1040, (2) three-fourths of any business loss from federal Schedule C and any farm loss from federal Schedule F, and (3) any nontaxable distributions from a pension, annuity, or individual retirement arrangement (IRA). But modified AGI does not include any distribution that is not taxable because it (a) was a trustee-to-trustee transfer or (b) was rolled over into a similar type of plan during the period allowed for rollovers. If you converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA, see federal Publication 596 to figure your modified AGI. Also see that publication to figure your modified AGI if you are filing federal Schedule E or you are claiming a loss from the rental of personal property not used in a trade or business.

Residency Test

To meet the residency test, the child:

1. Must have lived with you for more than half the year (the whole year if the child is an eligible foster child), and
2. The home must be in the United States (one of the 50 states or the District of Columbia).

Note: You are not required to have a traditional home for purposes of the child living with you. For example, you could qualify if your child lived with you for more than half the year in a homeless shelter.

Birth or death of a child. The child is considered to have lived with you for all of 2001 if **both** of the following apply.

1. The child was born or died in 2001, and
2. Your home was the child's home for the entire time he or she was alive during 2001.

Temporary absences, such as for school, vacation, or medical care, count as time lived at home.

Military personnel stationed outside the United States. U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that period for purposes of the earned income tax credit.

Extended active duty means you are called or ordered to duty for an indefinite period or for a period of more than 90 days. Once you begin serving your extended active duty, you are still considered to have been on extended active duty even if you serve less than 90 days.

Section C – The information in this section will help to determine your earned income

Earned income

This credit is called the “earned income credit” because, to qualify, you must work and have earned income. If you are married and file a joint return, you meet this rule if at least one spouse works and has earned income.

Earned income is:

1. Wages, salaries, tips and other employee compensation*, plus
2. Net earnings from self-employment (figure your earnings from self-employment on the Worksheet on Schedule IN-EIC, line 4).

*For purposes of figuring this credit, earned income does not include the following:

- Workfare payments,
- Taxable scholarship or fellowship grant that was not reported on a W-2 form, and/or
- An amount paid to an inmate in a penal institution.

Nontaxable Earned Income

Certain earned income is not taxable, but it must be included to see if you can take this credit. Nontaxable earned income includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work.

Some examples of nontaxable earned income are listed here:

- Amounts shown in box 12 of your W-2 form with a code “Q”.
- Housing allowances or rental value of a parsonage for clergy members. However, if you are filing federal Schedule SE, see Special procedures for a minister or member of a religious order on the back of Schedule IN-EIC.
- Meals and lodging provided for the convenience of your employer.
- Salary deferrals. For example, the deferred compensation amount shown in box 12 of the W-2 form qualifies as a salary deferral.
- Excludable dependent care benefits from federal Form 2441.
- Excludable employer-provided adoption benefits from federal Form 8839.
- Salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form.

Include the total of your nontaxable earned income on Section C, line C2.

Special Rules

Household Employees. If you were a household employee who did not receive a W-2 form because your employer paid you less than \$1,300 in 2001, be sure to include the amount you were paid.

Workfare Payments. These are cash payments certain families receive from a state or local agency that administers public assistance funds under the federal TANF program. These cash payments are made in return for work experience activities (including work associated with remodeling or repairing publicly assisted housing) or community service program activities. These are not earned income for purposes of the EIC. If the total wage income on federal Form 1040 or 1040A includes such income, subtract that income from the amount reported. Enter the result on Schedule IN-EIC, Section C, line C-1.

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

Inmates. Amounts paid to inmates in penal institutions for their work are not earned income for purposes of the EIC. If the total wage income on Form 1040 or 1040A includes such income, subtract out that income amount. Enter the result on Schedule IN-EIC, Section C, line C-1.



Line 24 - Lake County (Indiana) Residential Income Tax Credit

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

- 1. You paid property tax to Lake County (Indiana) during 2001 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.** Your “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).
- 3. You are not claiming the Residential Homeowner’s Property Tax Deduction 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 during 2001? ☐ 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 during 2001 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 24 A3 \$ _____

WORKSHEET B: Earned Income Phaseout

Complete if your earned income is between \$18,000 and \$18,600.

- B1** Allowable maximum earned income B1 \$ **18,600.00**
- B2** Enter your earned income from Step 2 above B2 \$ _____
- B3** Subtract B2 from B1 (if answer is zero or a (negative amount,) **STOP**.
You do not get this credit) B3 \$ _____
- B4** Multiply the amount on B3 by .5 (50%) B4 \$ _____
- B5** Enter the amount of Indiana property tax you paid during 2001 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 24 B6 \$ _____

Important: Remember, you can claim either this credit **OR** the Residential Homeowner’s 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 11 instructions.

Line 1 - Credit for Local Taxes Paid Outside of Indiana

If you figured county tax on Form IT-40, line 15, **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).

Schedule 2 instructions cont'd...

The *County Income Tax Chart* found on page 21 of this booklet lists the counties with their combined tax rates, if applicable. For instance, the Martin County resident tax rate of .01 is made up of COIT (.008) plus CEDIT (.002) for a .01 combined county tax rate. If the county you paid tax to assesses CEDIT, the *Rate Conversion Chart* in the next column will help you to determine the correct rate to use to figure this credit.

Step 1: Figuring your rate: If your January 1, 2001, county of residence is on the chart in the next column, use the rate in Column A to figure your credit. If that county isn't on the chart, use the resident rate you entered on Schedule CT-40, Section 1, line 4.

If your January 1, 2001, county of residence doesn't have a county tax but the January 1, 2001, county where you worked is on the chart in the next column, use the rate in Column B to figure your credit. If that county isn't on the chart, use the nonresident rate that you entered on Schedule CT-40, Section 2, line 6.

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

- A. Enter the amount of tax paid to the non-Indiana locality A _____
- B. Multiply the amount of income taxed by the non-Indiana locality by the rate from Step 1 B _____
- C. Enter the amount of Indiana county income tax shown on Form IT-40, line 15 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 15, **and**
- you had to pay a local income tax outside Indiana.

Automated Taxpayer
Information System
(317)233-4018



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

By calling from a touch-tone telephone, you may access the status of your current year individual income tax refund check, information about outstanding liabilities for individuals or businesses, and pre-recorded tax topics.

Rate Conversion Chart

County	A Resident	B Nonresident
Adams	.006	.0015
Allen	.006	.0015
Benton	.01	.0025
Blackford	.01	.0025
Brown	.01	.0025
Carroll	.01	.0025
Cass	.01	.0025
Clinton	.01	.0025
Crawford	.0075	.0025
Decatur	.01	.0025
DeKalb	.01	.0025
Delaware	.006	.0015
Dubois	.006	.0015
Elkhart	.01	.0025
Floyd	(Cannot take credit)**	
Franklin	.01	.0025
Fulton	.01	.0025
Gibson	(Cannot take credit)**	
Hancock	.01	.0025
Harrison	.0075	.0025
Hendricks	.01	.0025
Howard	.007	.00175
Huntington	.01	.0025
Jackson	.011	.0025
Jay	.01	.0025
Jennings	.01	.0025
Knox	(Cannot take credit)**	
Kosciusko	.007*	.00175*
LaGrange	.01	.0025
LaPorte	.005	.0025
Martin	.008	.002
Miami	.006	.0015
Noble***	.01	.0025
Orange	.01	.0025
Owen	.01	.0025
Parke	.01	.0025
Perry	.005	.00125
Pike	(Cannot take credit)**	
Pulaski	.013	.0025
Putnam	.01	.0025
Randolph	.01	.0025
Ripley	.01	.0025
Rush	.01	.0025
St. Joseph	.0055*	.001375*
Shelby	.01	.0025
Spencer ***	.001	.00025
Starke	.005	.0025
Steuben***	.01	.0025
Tippecanoe	.006	.0015
Tipton	.01	.0025
Union	.01	.0025
Vermillion	(Cannot take credit)**	
Wabash	.01	.0025
Warren	.01	.0025
Warrick	(Cannot take credit)**	
Washington	.01	.0025
Wayne	.01	.0025
Wells	.01	.0025
White	.01	.0025
Whitley	.01	.0025

* These rates have changed since last year.

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

*** New addition to list.

Schedule 2 instructions cont'd...

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* below 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 15 D _____

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

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

County Credit for the Elderly Chart

If your County Tax Rate is:	Then your Factor is:	If your County Tax Rate is:	Then your Factor is:
0.001	0.00667	0.007	0.04667
0.0015	0.01	0.0075	0.05
0.00175	0.01167	0.008	0.05333
0.0025	0.01667	0.0085	0.05667
0.003	0.02	0.00875	0.058333
0.003375	0.0225	0.009	0.06
0.0035	0.02333	0.0095	0.06333
0.00375	0.025	0.01	0.06667
0.004	0.02667	0.011	0.07333
0.00425	0.2833	0.01125	0.075
0.0045	0.03	0.0115	0.07667
0.00475	0.031667	0.01175	0.07833
0.005	0.03333	0.012	0.08
0.00525	0.035	0.0125	0.08333
0.0055	0.03667	0.0135	0.09
0.006	0.04	0.0155	0.10333
0.00625	0.04167		

Important: See the **Limitation** in the next column.

Line 3 - Other Local Credits

Community Revitalization Enhancement District Credit

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 Department of Commerce before it is made. The credit is equal to 25% of the qualified investment made by the taxpayer during the taxable year.

Pass through entities (S corporations and partnerships) are not eligible for the credit.

The credit is non-refundable and cannot be carried back. You may carryforward any excess credit to the next tax year.

Since any unused portion of the credit is to be carried forward to the next tax year, special calculations must be made to arrive at the amount to be used. This credit is allowed to offset both state and local tax due. To figure the amount of credit to be utilized this year, use the following steps.

- Step 1** Enter the county tax from IT-40 line 15 A _____
- Step 2** Enter the total of lines 1 plus 2 from Schedule 2 B _____
- Step 3** Subtract line B from line A (if less than zero, enter zero) C _____
- Step 4** Enter the full amount of your Community Revitalization Enhancement District credit D _____

The amount to be entered on line 3 of Schedule 2 is the smaller of the line C or line D amounts. Also, see the Community Revitalization Enhancement District credit instructions for line 11 on page 29.

Contact the Department of Commerce at (317) 232-8911 for additional information.

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 15; 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 15 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.

Schedule 2 Credits cont'd...

Line 4 - College Credit

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

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.

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 2001 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)

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.

Group B

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

Kentucky	Michigan	Ohio
Pennsylvania	Wisconsin	

If you were an Indiana resident during 2001 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.

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-40NR, 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 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 14 C

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona	Oregon
California	Washington D.C.

If you were an Indiana resident during 2001 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.

**Schedule 2 Credits, lines 4-11: See
Limitation on page 30**

Group D

No State Income Tax (No credit allowed)

Alaska	Florida	Nevada	South Dakota
Texas	Washington	Wyoming	

If you were an Indiana resident during 2001 and had income from one of the states in Group D, you are not allowed to claim this credit. These states do not have an income tax. You must file an Indiana resident return and pay Indiana tax on all your income.

Line 6 - Research Expense Credit

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

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

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

Line 7 - Neighborhood Assistance Credit

If you made a contribution or engaged in activities to upgrade areas in Indiana, you may be able to claim a credit for this assistance. This credit is administered by the Department of Commerce. Form NC-20 must be attached to claim this credit.

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.

Line 8 - Enterprise Zone Credits/Airport Development Zone Credits

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

Anderson	Gary	Michigan City
Bedford	Grissom Aeroplex	Mitchell
Bloomington	Hammond	New Albany
Connersville	Indiana Army Ammo	Portage
East Chicago	Indianapolis	Richmond
Elkhart	Jeffersonville	South Bend
Evansville	Kokomo	Terre Haute
Fort Harrison	Lafayette	
Fort Wayne	Marion	

Currently, an airport development zone is established within the City of Gary. Areas within the City of Terre Haute and areas within

Allen County are also eligible to designate airport development zones.

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

Businesses organized as partnerships, S corporations and fiduciaries are eligible to 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. If the entity has no adjusted gross income tax liability, then the partners and/or shareholders are entitled to claim their share of the credit on their individual income tax return.

Income Tax Information Bulletin #66, EZ Schedules, and Schedule LIC will provide additional information about these credits. You can get the information bulletin and forms by contacting the Department of Revenue. The Department of Commerce can provide additional information about the Enterprise Zone Investment Cost Credit. You may contact the Department of Commerce at: Indiana Department of Commerce, One North Capitol, Suite 600, Indianapolis, IN 46204, phone number (317)232-8911.

Line 9 - Teacher Summer Employment Credit

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

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

Line 10 - Twenty-First Century Scholars Program Credit

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

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.



**Schedule 2 Credits, lines 4-11: See
Limitations on page 30**

Line 11 - Other Credits

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

Maternity Home Credit

An income tax credit is allowed for maternity home owners providing a temporary residence to at least one pregnant woman for at least 60 consecutive days during her pregnancy. The maternity home owner must annually file an application with the State Department of Health to be eligible to claim this credit. A copy of the approved application must be attached to your tax return before the credit can be taken. Contact the Maternal and Child Health Division at (317) 233-1261 to obtain an application and more information about this credit.

Historic Rehabilitation Tax Credit

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

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

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

Riverboat Building Credit

A tax credit has been established for any individual or company that builds or refurbishes a riverboat licensed to conduct legal gambling in Indiana. This credit is equal to 15% of the qualified investment and can be carried forward to subsequent tax years. The Department of Commerce must approve the costs of the qualified investment BEFORE the costs are incurred. Contact the Indiana Department of Commerce, Development Finance Division, One North Capitol, Suite 700, Indianapolis, IN 46204, or call (317) 232-8800 for more information about this credit.

Industrial Recovery Tax Credit

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the enterprise zone board approves the application and the plan for rehabilitation, you are entitled to a credit based on the "qualified investment". Request additional information regarding the procedures for obtaining the credit from the Indiana Department of Commerce, Community Development Division, One North Capitol, Suite 600, Indianapolis, IN 46204, or call (317) 232-8911.

Military Base Recovery Tax Credit

A taxpayer that is an owner or developer of a military base recovery site may be eligible for a credit if investing in the rehabilitation of real property located in a military base recovery site according to a plan approved by the Enterprise Zone Board. For more information about this contact the Department of Commerce at: Indiana Department of Commerce, Community Development Division, One North Capitol, Suite 600, Indianapolis, IN 46204, phone number (317) 232-8911.

Individual Development Account Credit

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 Indiana Department of Commerce before a contribution qualifies for pre-approval.

The credit is equal to 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: Indiana Department of Commerce, Community Development Division, One North Capitol, Suite 600, Indianapolis, IN 46204, or call (317) 232-8911.

Community Revitalization Enhancement District Credit

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.

Use the following steps to figure your credit. 

Step 1	Enter the adjusted gross income tax from IT-40 line 14	A	_____
Step 2	Enter the total of the credits on lines 4 through 11 (not including this credit) from Schedule 2	B	_____
Step 3	Subtract line B from line A (if less than zero, enter zero)	C	_____
Step 4	Enter the full amount of your Community Revitalization Enhancement District Credit	D	_____
Step 5	Enter any amount from Schedule 2, line 3	E	_____
Step 6	Subtract E from D and enter the difference	F	_____

The amount to be entered on line 11 of Schedule 2 is the smaller of line C or line F.

Schedule 2 Credits, lines 4-11: See Limitations below

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. The amount available for carryover purposes is line D minus the smaller of line C or line F, minus the Schedule 2 line 3 amount.

Keep a copy of this worksheet for your records.

For more information, contact the Indiana Department of Commerce, Community Development Division, One North Capitol, Suite 600, Indianapolis, IN 46204, or call (317)232-8911.



Capital Investment Tax Credit

Effective January 1, 2001, a pass-through entity is eligible for a capital investment cost tax offset 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: Indiana Department of Commerce, Development Finance Division, One North Capitol, Suite 700, Indpls., IN, 46204, or call (317)232-8782.



Rerefined Lubricated Oil Facility Tax Credit

Effective January 1, 2001, through December 31, 2005, a pass-through entity may be eligible, as determined by the Indiana Department of Commerce, 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: Indiana Department of Commerce, Development Finance Division, One North Capitol, Suite 700, Indpls., IN 46204, or call (317)232-8782.

Limitation: There is one final limitation if you have more than one entry on lines 4 through 11 of Schedule 2. These credits, *when combined*, cannot be greater than the state adjusted gross income tax shown on Form IT-40 line 14; 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 14 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 12 - Total Credits

Add the credits on lines 1 through 11 (keeping in mind the limitations), and enter the total here. Carry this amount to Form IT-40, line 25.

IT-40 Back Page Instructions

Line 29 - Overpayment

If the line 28 total credits are more than the line 27 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 30 - Contribution to Indiana Nongame and Endangered Wildlife Fund

The Indiana Endangered Wildlife Fund offers you the opportunity to play an active role in the conservation of Indiana's wildlife. The money you donate to the fund goes directly to the protection and management of more than 550 wildlife species in Indiana - from songbirds and spotted turtles to bald eagles and river otters. Just enter the amount of your refund you want to give to the Endangered Wildlife Fund in the box on line 30. Donations must be a minimum of \$1.00.

You can learn more about Indiana's Nongame and Endangered Wildlife Program on the Internet at www.wildlife.in.gov/

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

The Department may examine your return and find that your actual overpayment or refund is less than you calculated. If you entered a donation to the Indiana Nongame and Endangered Wildlife Fund and applied a payment to your 2002 estimated tax account, the overpayment will be applied first to the estimated tax payment and then to the wildlife fund. Any amount left will be refunded to you.

Line 32 - Amount to be Applied as a 2002 Estimated Tax Installment Payment

If you expect to have income during the 2002 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.

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

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 32 of Form IT-40.

You may use some or all of your line 31 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 31. 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 32, and enter the \$20 additional amount due on line 36.

Important: Any installment payment amount entered on line 32 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, 2002 will be considered to be a 2002 first installment payment; June 1, 2002, will be considered to be a 2002 second installment payment; and July 20, 2002, will be considered to be a 2002 third installment payment. **Note:** If you are filing this return *after* January 15, 2003, 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.

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 32 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 33 - 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% of this year's tax due or 100%* 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 33.

*You must have timely paid 100% of lines 14 and 15 of your 2000 IT-40. Note: If last year's **adjusted gross income** was more than \$150,000 (\$75,000 for married filing separately), you must pay 110% 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 16, 2001, first installment due date.

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

Line 34 - You have a refund if line 31 is greater than the combined amounts entered on lines 32 and 33. However, if the combination of line 32 plus line 33 is *greater* than the line 31 overpayment, no refund is due. Instead, you will have an amount due. Enter the amount on line 36 and leave line 34 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 2001 tax return, a claim for refund of excess withholding credits must be made no later than April 15, 2004. A claim for refund of all other excess payments and refundable credits must be made by April 15, 2005. (The postmark date of the filing of your return is when the claim is considered to be made.)

Line 35 - Direct Deposit

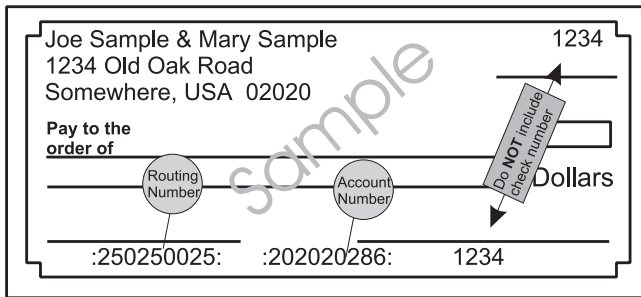
If you want your refund directed into your bank account, complete lines 35a, b and c.

- 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.

For more information on direct deposit, please see "Where's Your Refund" on page 5.

Line 36 -

- If line 34 is less than zero, you have an amount due. Enter here as a positive number and skip to line 37.

OR

- If line 27 is greater than line 28, complete the following steps:

- A. Subtract line 28 from line 27 and enter the total here A _____
- B. Enter any amount from line 32 B _____
- C. Enter any amount from line 33 C _____
- D. Add lines A + B + C. Enter total here and on line 36 D _____

Line 37 - Penalty

If your tax return is filed after the April 15, 2002 due date and you have an amount due, you will probably owe a penalty. Penalty is 10% of the amount due (line 36 minus lines 32 and 33) or \$5.00, whichever is greater. Exception: If you have an extension of time to file, are filing by the extended filing due date, and have prepaid at least 90% of the amount due by the April 15, 2002, due date, then no penalty is due.

Line 38 - Interest

If your tax return is filed after the April 15, 2002 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 36 minus lines 32 and 33. Contact the Department for the current interest rate by calling (317) 232-2240.

Line 39 - Amount You Owe - Payment Options

There are several ways you can 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.



You may pay the Amount You Owe on line 39 with a major credit card over the Internet. Log on to the web site at **www.in.gov/dor/epay** 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.

The Department is looking into other alternative ways to pay taxes. Various options are being reviewed while going to print, including paying by phone. Call 1-866-729-4682 toll free to find out about credit card phone options, or contact the Department at (317)232-2240, or any of the District Offices listed on page 38, for further information about credit card phone options.

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

Returned Checks

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

Remember your Sales and Use Tax obligation. See instructions on pages 18 & 19.

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.

Sole Proprietor

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

Deceased Individual Information

If the taxpayer and/or spouse died during 2001, 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, 2001, would be entered as 01/09. See instructions on page 8 for more information.

Note: If the taxpayer and/or spouse died before 2001, or after December 31, 2001, 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 15, 2002, and filing your Form IT-40 by April 15, 2002, **or**
- b) filing your Form IT-40 by March 1, 2002, 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.

Motor Vehicle Information

Indiana law requires you to give certain information about all motor vehicles you owned or leased on December 31, 2001, when you file your income tax return.

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

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

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

Authorization Section

If someone other than you completed this tax return, you can give the Department permission to discuss your tax return with that person. Place a checkmark in the appropriate box on the back of the tax return. Also, you must enter that person's identification number in the boxes provided at the end of this section. Enter the person's social security number, 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.

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.

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 4-digit number in the appropriate space on the front of your Indiana return.

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

Indiana School Districts Cont'd...

County

District Number and Name

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 M.S.D. Decatur Township
5310 Franklin Township Comm.
5330 M.S.D. Lawrence Township
5340 M.S.D. Perry Township
5350 M.S.D. Pike Township
5360 M.S.D. Warren Township
5370 M.S.D. Washington Township
5375 M.S.D. Wayne Township
5380 Beech Grove
5385 Indianapolis Public
5400 Speedway City

Marshall

5455 Culver Community
5470 Argos Community
5480 Bremen Public
5485 Plymouth Community
5495 Triton
7150 John Glenn
7215 Union-North United

Martin

5520 Shoals Community
5525 Loogootee Community

Miami

5615 Maconaquah
5620 North Miami Consolidated
5625 Oak Hill United
5635 Peru Community

Monroe

5705 Richland-Bean Blossom Community
5740 Monroe Co. Community

Montgomery

5835 North Montgomery Comm.
5845 South Montgomery Comm.
5855 Crawfordsville Comm.

Morgan

5900 Monroe-Gregg
5910 Eminence Consolidated
5925 M.S.D. Martinsville
5930 Mooresville Consolidated
4255 Nineveh-Hensley-Jackson United

Newton

5945 North Newton
5995 South Newton

Noble

6055 Central Noble Community
6060 East Noble
6065 West Noble
4535 Lakeland
8625 Smith-Green

Ohio

6080 Rising Sun-Ohio County Community

Orange

6145 Orleans Community
6155 Paoli Community
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
6350 Tell City-Troy Township

Pike

6445 Pike County

Porter

6460 M.S.D. Boone Township
6470 Duneland
6510 East Porter County
6520 Porter Township
6530 Union Township
6550 Portage Township
6560 Valparaiso Community
4925 Michigan City Area

Posey

6590 M.S.D. Mount Vernon
6600 M.S.D. North Posey Co.
6610 New Harmony Town and Township

Pulaski

6620 Eastern Pulaski Comm.
6630 West Central
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
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
1560 Sunman-Dearborn Comm.

Rush

6995 Rush County
3455 Charles A. Beard Memorial

St. Joseph

7150 John Glenn
7175 Penn-Harris-Madison
7200 Mishawaka City
7205 South Bend Community
7215 Union-North United
4805 New Prairie United

Scott

7230 Scott Co. District No. 1
7255 Scott Co. District No. 2

Shelby

7285 Shelby Eastern
7350 Northwestern Consolidated
7360 Southwestern Consolidated
7365 Shelbyville Central
1655 Decatur Co. Community

Spencer

7385 North Spencer County
7445 South Spencer County

Starke

7495 Oregon-Davis
7515 North Judson-San Pierre
7525 Knox Community
5455 Culver Community

Steuben

7605 Fremont Community
7610 Hamilton Community
7615 M.S.D. Steuben County
1835 DeKalb County Central United
4515 Prairie Heights Comm.

Sullivan

7645 Northeast
7715 Southwest

Switzerland

7775 Switzerland County

Tippecanoe

7855 Lafayette
7865 Tippecanoe
7875 West Lafayette Comm.
0395 Benton Community

Tipton

7935 Northern Community Schools
7945 Tipton Community

Union

7950 Union County

Vanderburgh

7995 Evansville-Vanderburgh

Vermillion

8010 North Vermillion Comm.
8020 South Vermillion Comm.

Vigo

8030 Vigo County

Wabash

8045 Manchester Community
8050 M.S.D. Wabash County
8060 Wabash City

Warren

8115 M.S.D. of Warren County
0395 Benton Community
2440 Covington Community

Warrick

8130 Warrick County

Washington

8205 Salem Community
8215 East Washington
8220 West Washington

Wayne

8305 Nettle Creek
8355 Western Wayne
8360 Centerville-Abington Community
8375 Northeastern Wayne
8385 Richmond Community

Wells

8425 Southern Wells Comm.
8435 Northern Wells Comm.
8445 M.S.D. Bluffton-Harrison

White

8515 North White
8525 Frontier
8535 Tri County
8565 Twin Lakes
0775 Pioneer Regional Sch.

Whitley

8625 Smith-Green
8665 Whitley Co. Consolidated
4455 Whitko Community



Form IT-9
State Form 21006
(R / 8/01)

**2001 Application for Automatic Extension
of Time to File Indiana Form IT-40 or Form IT-40PNR**

Note: Form IT-9 is an automatic extension of time to file until June 17, 2002.
This IS NOT an extension of time to pay any state and/or county taxes due.

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

Who should file Form IT-9: You should file this form and pay your tax if you can't file your income tax return (IT-40 or IT-40PNR) by the April 15, 2002 due date and you expect to owe additional tax.

The IT-9 does not extend the time for paying your income tax. The filing extension is automatic if you pay at least 90% of your state and county taxes by April 15, 2002.

Penalty and Interest: Indiana will accept the federal extension date, plus allow an additional 30 days. However, you must still pay 90% of your Indiana taxes by April 15, 2002. If you don't, the extension is not valid and both penalty and interest will be charged on the balance due.
Note: Interest is due on any amount not paid by the April 15, 2002 due date.

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

Note: If no amount is due on line 12, do not file Form IT-9. No extension is required.

Estimated Tax Worksheet (see instructions below)	
1. 2001 Income: enter the total estimated or actual 2001 income	1
2. Total of exemptions (see IT-40 instructions on page 14 to figure amount)	2
3. State taxable income: line 1 minus line 2	3
4. State adjusted gross income tax: line 3 x .034	4
5. County income tax: line 3 x county income tax rate from the chart on page 21	5
6. Total tax: add lines 4 and 5Tax ▶	6
7. State and county income tax withheld (see instructions)	7
8. 2001 estimated income tax payments (see instructions)	8
9. Other credits (see instructions)	9
10. Total credits: add lines 7 through 9Credits ▶	10
11. Total tax: line 6 minus line 10 (if less than zero, enter zero)Total tax due ▶	11
12. Amount you should pay: line 11 x .90Extension payment ▶	12

Line 1: 2001 Income - Enter your total actual or estimated income for 2001. 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). Multiply this number by \$1000. You also may be eligible to claim certain children as additional exemptions (\$1,500 for each qualifying child). See page 14 of the 2001 Indiana Full-Year Resident Individual Income Tax Booklet for more information.

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

Line 8: 2001 Estimated Tax Payments - Enter your total estimated income tax payments paid to the Department for the 2001 tax year.

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

Line 12: Amount You Should Pay - Multiply line 11 by .90 (90%) and enter here. Pay this amount with Form IT-9, Extension Payment Voucher, on or before April 15, 2002. 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.

If line 12 shows no balance due, you don't need to file this form, unless you will be claiming the Unified Tax Credit for the Elderly after July 1, 2002.

Your extension payment must be claimed as a credit on line 21 of the IT-40 or line 19 of the IT-40PNR.

If you need additional help you may call the Department at (317) 232-2240 or visit your nearest District Office.

 Form IT-9 State Form 21006 (R / 8/01) Indiana Department of Revenue Extension Payment Voucher for Tax Year 2001 Due Date: April 15, 2002 Mail this voucher and payment to: Indiana Department of Revenue P.O. Box 6117 Indianapolis, IN 46206-6117				
Your First Name and Middle Initial		Last Name	Your Social Security Number	
If filing a joint return, Spouse's First Name and Middle Initial		Last Name	Spouse's Social Security Number	
Street Address				
City		State	Zip Code	
Your Daytime Telephone Number ()	Enter here amount you should pay from line 12 of the Estimated Tax Worksheet; this is your extension payment..... \$			



FORM
ES-40
State Form 46005
(R / 8-01)

Indiana Department Of Revenue 2002 Estimated Tax Payment Return

Print your name (first, middle and last)		Your Social Security Number	
If a joint return, print spouse's name (first, middle and last)			
Home address (number and street, or P. O. Box)		Spouse's Social Security Number	
City and State	Zip Code + 4		
Check the box to show which payment you are making:	Enter the amount of your payment here..... \$		
☐ 1st Installment Payment Due April 15, 2002	Mail this return and payment to: Indiana Department of Revenue P.O. Box 6102 Indianapolis, IN 46206-6102		
☐ 2nd Installment Payment Due June 17, 2002			
☐ 3rd Installment Payment Due September 16, 2002			
☐ 4th Installment Payment Due January 15, 2003			



Cut Along The Dotted Line

Estimated Income Tax Payments

If you expect to have income during the 2002 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.

If you don't want to make your first installment estimated payment for 2002 on your IT-40 or IT-40PNR income tax return, you can use the form at the top of this page to make the payment. The due dates are shown on the form. We suggest that first time estimated income taxpayers make a copy of the blank form. This is in case the vouchers that are automatically issued (after we receive your first payment) don't get to you by the next payment's due date.

Estimated Income Tax Worksheet	
A. Total estimated income for 2002	A
B. Total exemptions: see page 14 of instruction booklet	B
C. Amount subject to Indiana income tax (line A minus line B)	C
D. Amount of state income tax due (line C x .034)	D
E. Amount of county income tax due (line C x your county tax rate from page 21)	E
F. Total estimated income tax for 2002 (line D + line E)	F
G. a) Estimated State and County income tax withheld	G
b) Total of other credits a + b	H
H. Amount of Declaration (line F minus line G)	I
I. Each installment amount for 2002 (line H divided by 4)	

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

Indiana Department of Revenue District Offices

★ Indianapolis (Main Office)

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

1 Bloomington District Office

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

2 Clarksville District Office

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

Call for current address
(260) 456-3476

6 Kokomo District Office

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

7 Lafayette District Office

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

8 Merrillville District Office

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

9 Muncie District Office

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

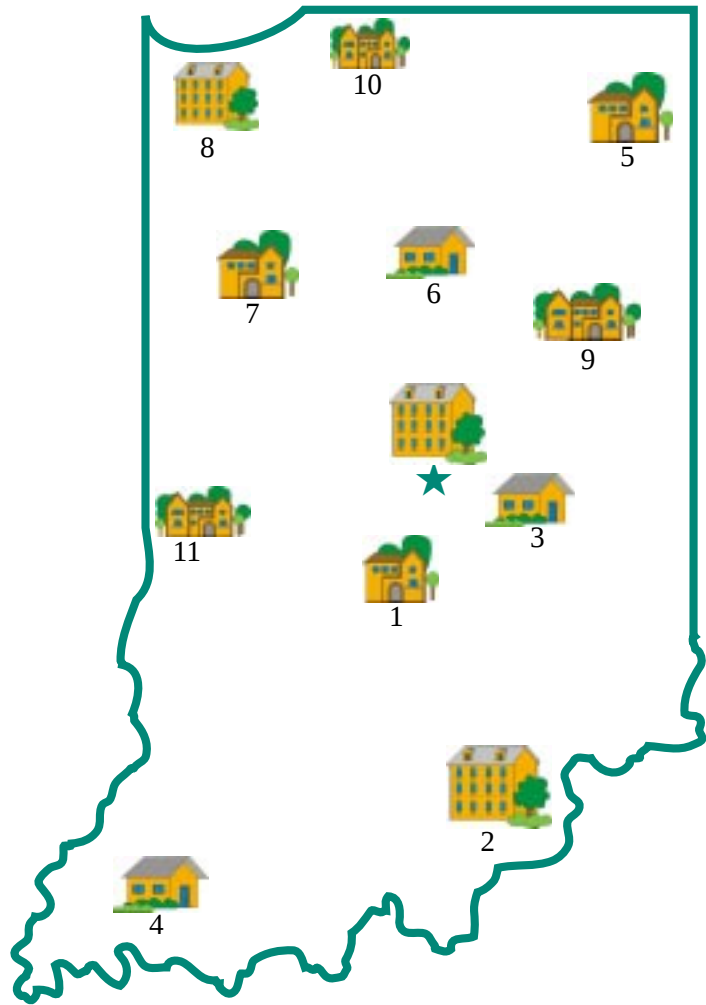
10 South Bend District Office

1025 Widener Lane, Suite B
South Bend, IN 46614
(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

Topic	Page	Topic	Page
2001 Changes	3	Elderly Taxpayers, cont'd...	
Address Change	5,7	Human Services Deduction	13
Authorization Section	33	Social Security/Railroad Retirement Benefits	11
County Income Tax		Unified Tax Credit for the Elderly	19
Code Numbers (2-digit)	6	Estimated Tax	19,30,37
County Credit for the Elderly	26	Exemptions	
County Tax Rates	21	Age 65 or Older	15
County Where You Worked	16	Blind	15
County Where You Lived	15	Dependents	15
Military Personnel	16	Personal	14
Retired, Homemakers or Unemployed Persons	16	Extensions	8,36
Credits		Farmers and Fishermen	33
Airport Development Zone Credit	28	Filing Methods	
Capital Investment Tax Credit	30	Electronic Filing Program	4
County Credit for the Elderly or		Personal Computer Filing	3
Permanently Disabled	26	Forms: Where to get them	
College Credit	27	District Offices	38
Community Revitalization Enhancement Dist ..	26,29	Internet Address	4,38
Credit for Local Taxes Paid Outside of Indiana	24	Post Offices and Libraries	4
Credit for Taxes Paid to Other States	27	Tax Fax System	3
Earned Income Credit	20	Full-Year Nonresidents	7
Enterprise Zone Credits	28	Full-Year Residents	7
Historic Rehabilitation Credit	29	Interest for Late Payment	32
Individual Development Account Credit	29	Internet Address	4,38
Industrial Recovery Credit	29	Large Print IT-40 Booklet	4
Lake County Residential Income Tax Credit	24	Lump Sum Distribution	9
Maternity Home Credit	29	Married Filing Separately	6
Military Base Recovery Tax Credit	29	Military Personnel	
Neighborhood Assistance Credit	28	County of Residence	16
Rerefined Lubricated Oil Facility Tax Credit	30	Extension of Time to File	9
Research Expense Credit	28	State of Residence	8
Riverboat Building Credit	29	Military Service Deduction	11
Teacher Summer Employment Credit	28	Motor Vehicles Information	33
Twenty-First Century Scholars Program Credit ..	28	Nongame and Endangered Wildlife Fund	30
Unified Tax Credit for the Elderly	19	Part-Year Residents	7
Credit Card Payments	32	Penalties	
Deceased Taxpayers	8,33	Penalty for Late Payment	32
Direct Deposit	31	Penalty for the Underpayment of Estimated Tax	31
District Offices	38	Returned Checks	32
Deductions		Preparation Assistance	4
Airport Development Zone Deduction	14	Public Hearing	5
Civil Service Deduction	12	Principal Place of Employment	16
Disability Retirement Deduction	12	Refunds	
Enterprise Zone Employees Deduction	13	Deceased Taxpayers	8
Holocaust Victim's Settlement Pymt. Deduction	14	General Information	5,7
Human Services Deduction	13	Offsets of Money Owed	30
Indiana Medical Savings Account Deduction	14	Residency	7
Indiana Partnership Long Term Care Insurance	13	Rounding	7
Insulation Deduction	12	School District Numbers	6,34,35
Interest on U.S. Government Obligations	11	Signing Tax Return	8,33
Law Enforcement Reward Deduction	14	Spanish Version IT-40 booklet with forms	4
Lottery Winnings	12	Tax Add Back	9
Military Service Deduction	11	Tax Computations	
Net Operating Loss Deduction	12	County Tax	15
Non-Indiana Locality Earnings Deduction	11	Household Employment Tax	18
Railroad Retirement/Social Security Benefits	11	Use Tax	18,19
Recovery of Deductions	11,13	Tax Forms	3
Renter's Deduction	9	Taxpayer Advocate	5
Residential Homeowner's Property Tax Deduction ..	10	Unemployment Compensation	12
Social Security/Railroad Retirement Benefits	11	When to File	8
State Tax Refund Reported on Federal Return	11	Where to Mail Your Return	20,33
Unemployment Compensation Deduction	12	Who Should File	7
Elderly Taxpayers			
County Credit for the Elderly			
or Permanently Disabled	26		
County Income Tax - Retired Persons	16		
Exemptions - Age 65 or Older	15		

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



2001 IT-40

This booklet contains:

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

Contributions to the Indiana Nongame and Endangered Wildlife Fund



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

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

If you would like to make a donation to the Fund, you may donate all or a portion of your tax refund on Line 30 of the IT-40. You can also complete the form below and mail it and your check or money order made payable to the Fund to: Department of Natural Resources, Division of Fish and Wildlife, W-273 Indiana Government Center South, 402 West Washington, Indianapolis, IN 46204.

You can learn more about Indiana's Nongame and Endangered Wildlife Program at: www.wildlife.in.gov/



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

Name(s)

Address

City

State

Zip Code

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